DEN NORSKE STATS
OLJESELSKAP A.S

ANNUAL REPORT AND ACCOUNTS

95

NINETEEN HUNDRED AND NINETY-FIVE

STATOIL

Den norske stats oljeselskap a.s - *Statoil - was founded in 1972. All its shares are owned by the Norwegian state. The company's object is, either by itself or through participation in or together with other companies, to carry out exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, as well as other business. Net operating revenue for the group in 1995 totalled NOK 87 billion. At 31 December, it had some 14 000 employees. Statoil is the leading player on the Norwegian continental shelf and the biggest petrol retailer in Scandinavia. It also ranks as one of the world's largest net sellers of crude oil and is a substantial supplier of natural gas to continental Europe. The group has pursued a gradual expansion outside Scandinavia in recent years. Statoil is responsible for managing the government's direct financial interest in partnerships engaged in exploration for as well as development, production and transport of petroleum on the Norwegian continental shelf.*

Statoil operates in the following countries:

Norway • Sweden • Denmark • Germany • Poland • Estonia Latvia • Lithuania • UK • Ireland • Belgium • Russia • Thailand Vietnam • Malaysia • Singapore • Azerbaijan • Kazakhstan Angola • Namibia • Nigeria • USA • Venezuela • China

1 9 9 5

Statoil made the biggest oil discovery off Denmark for 18 years as operator on the Siri structure, which is estimated to hold 145 million barrels of commercially-recoverable oil.

Statoil took over as production operator on the Heidrun field, which has a daily output of 220 000 barrels of oil. Commercially-recoverable reserves have been upgraded to 837 million barrels.

Acquisition of the listed Irish company Aran Energy Plc significantly increased Statoil's international reserves.

Statoil resolved to participate in an early production project for the Azeri/Chirag oil fields in the Caspian. This scheme is due to come on stream in 1997.

Expansion of the Kalundborg refinery was completed within the revised schedule and budget. Start-up of the new condensate refinery went as planned.

The Troll Oil Pipeline was laid cheaper and faster by Statoil than originally planned. This line carries production from Troll B, operated by Norsk Hydro, to Statoil's crude oil terminal at Mongstad.

Statoil's petroleum fields and transport systems maintained high regularity, and achieved good safety and environmental results.

Statoil secured three new operatorships in Norway's 15th offshore licensing round, as well as interests in five other licences.

The accounts for 1995 show a net profit of NOK 5.3 billion, the second highest in the group's history.

Troll tamed

Tow-out of the Troll A gas platform to the northern North Sea began on 10 May. The mighty unit was on the field on Norway's Constitution Day, 17 May. It ranks as the tallest structure ever moved by humankind.

When Troll was discovered in 1979, the question was whether it could be tamed. Could petroleum be produced in 350 metres of water? The answer today is that Troll has been tamed. Developing this field has posed demanding challenges at the extreme limits of technology. The result is an energy machine that will deliver gas to Europe for several generations.

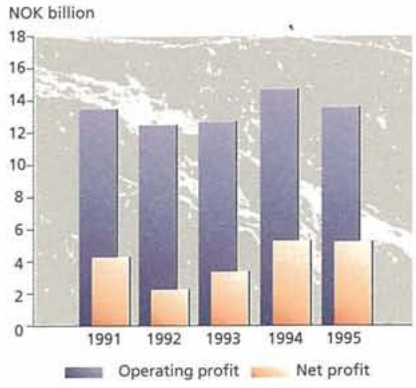
Norske Shell has been development operator for Troll Gas. Statoil takes over as operator for the long production phase on 19 June 1996.

Developing Troll has made Norway one of the most important players in the European gas market.

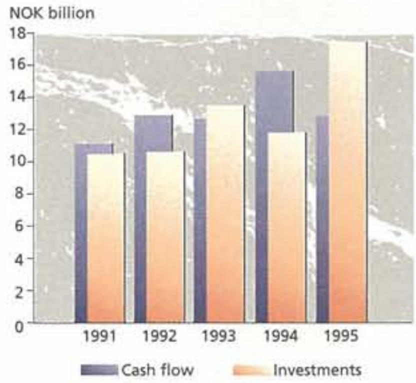
Picture: Dag Magne Soyland

FINANCIAL HIGHLIGHTS - IAS

Amounts in NOK million

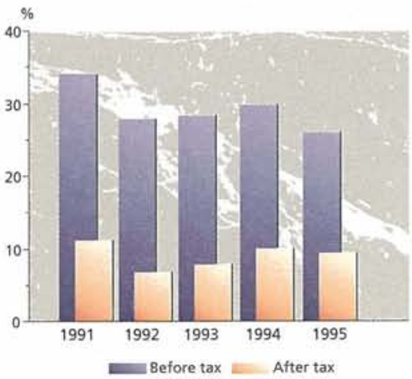


Profits

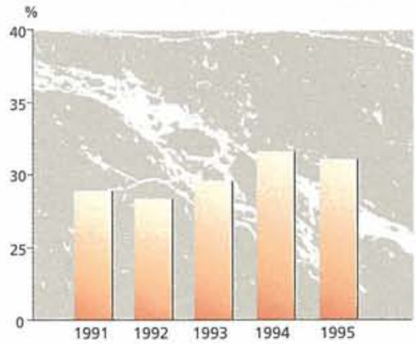


Cash flow and investments

	1995	*1994*	*1993*	*1992*	*1991*
Operating revenue	86 517	84 070	81 340	74 533	74 765
Operating profit	13 590	14 741	12 712	12 582	13 445
Profit before taxation	14 689	16 900	11 980	9 884	13 191
Net profit	5 265	5 379	3 394	2 300	4 254

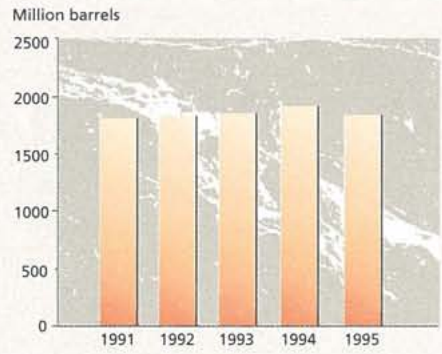


Return on capital employed

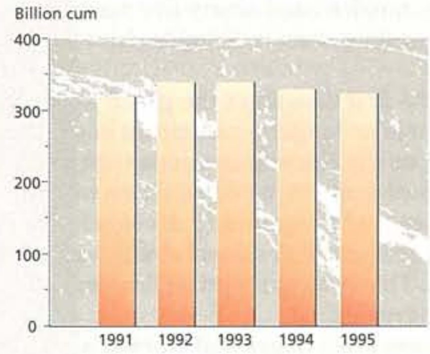


Equity ratio

	1995	*1994*	*1993*	*1992*	*1991*
Interest-bearing debt	25 161	20 157	25 742	24 606	20 610
Shareholder's equity	33 832	30 215	26 507	24 205	23 210
Investments and acquisitions	17 450	11 929	13 427	10 609	10 425
Cash flow from operations	12 934	15 736	12 590	12 911	11 385

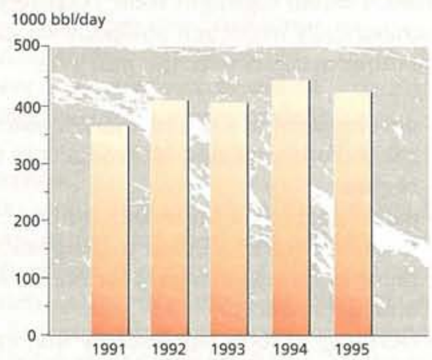


Oil reserves

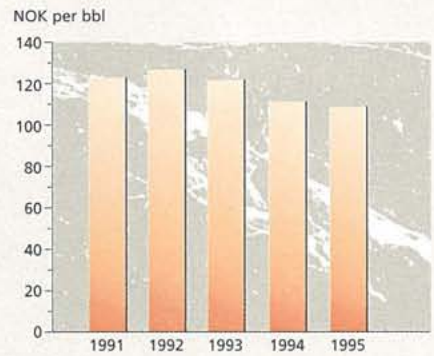


Gas reserves

	1995	*1994*	*1993*	*1992*	*1991*
Before-tax return on capital employed	26.0%	30.0%	28.3%	28.0%	34.3%
After-tax return on capital employed	9.5%	10.1%	7.8%	6.7%	11.0%
Return on equity	16.4%	19.0%	13.4%	9.7%	19.5%
Equity ratio	31.1%	31.6%	29.6%	28.3%	28.9%



Oil production



Quoted oil price - Brent Blend

	1995	*1994*	*1993*	*1992*	*1991*
Exploration expenditures (NOK million)	1 297	1 475	1 702	1 840	1 695
Equity oil produced, in thousands of barrels per day	424	449	414	418	379
Refined products, in thousands of barrels per day	216	224	225	212	193
Oil reserves, in millions of barrels	1 853	1 909	1 870	1 830	1 810
Gas reserves, in billions of cubic metres	324	330	340	340	320

DEFINITIONS:

Capital employed	=	Total assets less non-interest bearing debt
Before-tax return on capital employed	=	Profit before taxation plus borrowing costs as a percentage of average capital employed
After-tax return on capital employed	=	Net profit plus borrowing costs after taxation as a percentage of average capital employed
Return on equity	=	Net profit as a percentage of average shareholder's equity
Equity ratio	=	Shareholder's equity as a percentage of total balance less GDFI*-related accounts payable
Cash flow from operations	=	Cash receipts from and cash disbursements to operations less net financial disbursements less taxes paid
Reserves	=	Estimated proved resources

*)Government's direct financial interest in the petroleum industry, see page 30

Nineteen hundred and ninety-five marked another turning point in Statoil's short but hectic history.

For the first time since the group was founded in 1972, it is no longer a participant in all licences awarded on the Norwegian continental shelf. Statoil must compete on equal terms with other companies, and maintain and develop its leading position through professional ability and competitiveness. That is an appropriate development, and one we have desired.

We have great hopes that Norway's 15th offshore licensing round will represent the start of a new era in Norwegian petroleum operations. Although the geological uncertainties are considerable, the potential for major discoveries is present. Statoil secured three new operatorships

and substantial interests in five other licences. Together with our existing portfolio and the organisation's ability to reduce development and operating costs, these promising awards will lay the basis for achieving our ambitious goal of expanding Statoil's equity production from the Norwegian continental shelf.

Development of the Halten Bank as a major new Norwegian gas province was also among the key strategic decisions taken over the past year. The Åsgard project represents something new and forward-looking. Different groups of licensees with two operators, Saga Petroleum and Statoil, have collectively succeeded in restructuring their interests and collaboration in a way that has made marginal fields profitable. The ability and willingness of the companies to work together, in close interaction with the authorities, also provides a basis for a high level of production from the Norwegian continental shelf in a long-term perspective.

Statoil's international ambitions are rooted in the strategy defined for the group in 1990. It is gratifying to note that purposeful efforts are now starting to yield specific results.

Important discoveries were made in Denmark and Nigeria during 1995. The gas portfolio in Vietnam was expanded with new discoveries. Agreement on early production has been reached in Azerbaijan. Acquiring a small but interesting oil field on the Chinese continental shelf brought Statoil back into China with long-term ambitions. We secured a foothold in oil-rich Venezuela through our participation in two projects based on heavy crudes.

An important event was the acquisition of Ireland's Aran, which will strengthen Statoil's position in Ireland and the UK - particularly west of Shetland.

Looking at the rest of our international activities, I would highlight some relatively small but strategically important positions we have secured in other markets over the past year:

- development of a strong market position for petrol and other refined oil products in the Baltic region
- participation in a Malaysian refinery, which must be seen in relation to the growing importance of Asia as a market for Statoil's crude oil and oil products
- Germany's Netra pipeline, the first gas transport facility in continental Europe with Statoil participation.

I have chosen to characterise 1995 as a breakthrough year for Statoil's international operations. Earnings and cash flow come primarily from the Norwegian continental shelf, but the results we have seen in 1995 fully demonstrate our international competitiveness. I believe this can largely be explained by our long-term commitment to technology development and the core expertise we have gained off Norway. Obtaining a third of our total production from international operations within 10 years is a realistic ambition.

Harald Norvik
President and chairman of the executive board

The executive board: From left: Peter Mellbye, Harald Norvik, Terje Vareberg, Johan Nic Vold and Roger O'Neil.

Executive board:
Harald Norvik, president and chairman of the executive board
Peter Mellbye, executive vice president
Roger O'Neil, executive vice president
Terje Vareberg, executive vice president
Johan Nic Vold, executive vice president

Business areas:
Stig Bergseth, senior vice president, Exploration & Development Norway
Geir Pettersen, senior vice president, Oil Operations
Ottar Rekdal, senior vice president, Natural Gas Marketing & Supply
Henrik Carlsen, senior vice president, Natural Gas Production & Transport
Rolf Magne Larsen, senior vice president, International Exploration & Production
Harald Ynnesdal, senior vice president, Methanol
Kristian Hausken, senior vice president, Natural Gas Business Development
Leidulf Ramstad, senior vice president, Refining
Thor Inge Willumsen, senior vice president, Marketing
Sten Åke Forsberg, senior vice president, Oil Trading & Supply
Brit K S Rugland, senior vice president, Statoil Shipping & Maritime Technology
Kjølv E Egeland, senior vice president, Industrial Development
Allan Åkerstedt, senior vice president, Statoil Financial Services
Egil Gjesteland, senior vice president, Information Technology

Corporate staff functions
Erling Øverland, chief financial officer
Dick Andersson, general auditor, corporate audit
Eldar Sætre, senior vice president, corporate controllers and planning
Kåre Thomsen, senior vice president, corporate accounting and tax
Jacob S Middelthon, senior vice president, legal affairs
Martin Bekkeheien, senior vice president, corporate strategy development
Arnulf Østensen, senior vice president, health, environment, safety and quality
Peter J Tronslin, senior vice president, corporate procurement and industry relations
Randi Grung Olsen, senior vice president, human resources
John Ove Lindøe, senior vice president, public affairs

Corporate entities:
Roar S Andersen, senior vice president, research and development
Svein Andersen, senior vice president, corporate services

1. INTRODUCTION

Safe and efficient operation, necessary adaptation and improvement measures, and the development of new business opportunities have strengthened Statoil's position in recent years. This positive trend continued in 1995. A net profit for the year of NOK 5 265 million is on a par with 1994, and represents a satisfactory result given some decline in oil and gas prices.

Improvements introduced by Statoil have helped to achieve annual cost savings for the group in the region of NOK 500 million before tax. Measures to strengthen the organisation have been adopted to reinforce the process of continuous improvement. A flatter organisational structure encourages a stronger commercial focus, and provides more appropriate lines of responsibility and working methods.

SAFE AND EFFICIENT OPERATION

Most of the group's profits still derive from operations on the Norwegian continental shelf. However, earnings in the petrochemicals sector improved substantially during 1995. Profitability in the refining business was unsatisfactory.

The group's target is a return on capital employed after tax that compares with its international competitors. This ratio came to 9.5 per cent in 1995 as against 10.1 per cent the year before and 7.8 per cent in 1993. The equity ratio at 31 December 1995 was 31.1 per cent, which compares with 31.6 per cent a year earlier. A high level of investment in 1995 accounted for the decline in these key measures. The aim is to achieve an equity ratio of at least 35-40 per cent.

2. OPERATIONS, SAFETY AND THE ENVIRONMENT

Offshore production and development

Oil and gas production on the Norwegian continental shelf rose in 1995, with daily output passing three million barrels for the first time late in the year. But new oil discoveries off Norway failed to keep pace with production, both for Statoil and for the Norwegian offshore industry as a whole. Probable recoverable reserves added to Statoil's portfolio in 1995 through new discoveries and by upgrading existing finds totalled 108 million barrels of oil and three billion cubic metres of gas.

LESS EQUITY OIL

Statoil's equity production came to 424 000 barrels of oil per day - a decline of 25 000 barrels per day from 1994 - and 4.9 billion cubic metres of gas for the year as a whole. Statfjord remains the most important contributor to the group's oil output. Declining production from this field underlines the need to identify additional oil reserves and for a continuous focus on costs to maintain profitability. Work on improved recovery has yielded good results in recent years. Operating costs on Statoil-operated fields are now 25-30 per cent lower than they were two-three years ago. This improvement in cost efficiency must continue in coming years.

The group now operates 11 producing fields on the Norwegian continental shelf. Heidrun came on stream in autumn 1995. Norsk Hydro commenced oil production from Troll last year, and Statoil started up the pipeline that carries this output to the Mongstad terminal. The Yme field is ready to come on stream just over a year after the development plan was approved by the authorities. This project provides a good illustration, both technically and commercially, of the way Norway's many small offshore discoveries can be developed.

A major gas transport project was completed in 1995 by bringing the Europipe trunkline into operation between Sleipner East and Emden in Germany.

The group's international production comes from fields on the UK continental shelf and from the Bongkot find in the Gulf of Thailand.

Substantial cost reductions have been achieved in new field and transport system developments off Norway. The Norsok initiatives are yielding 30-40 per cent savings for the new projects now being approved.

Norske Shell is completing work on the Troll gas development, with contractual deliveries due to start on 1 October 1996. Operator responsibility will be transferred to Statoil on 18 June 1996. The Norne field, which ranks as the group's pilot project for cheaper and faster offshore development, is scheduled to come on stream in spring 1997.

Gas sales

New sales contracts have been agreed by the Gas Negotiating Committee with VNG in the former East Germany and with Gaz de France over the past two years. Options in the Troll gas sales agreements to increase gas deliveries by 50 per cent were exercised by all the buyers in 1995. This will raise Norway's annual gas sales by 7.8 billion standard cubic metres from 1998. Norwegian gas production is set to double from its current level by 2000. Statoil's share of this output will depend on future decisions by the authorities about allocating gas sales contracts to specific fields.

Oil trading, refining and marketing
Statoil is the biggest trader of North Sea crudes, and was responsible for selling 1.5 million barrels of oil per day in 1995. These volumes cover the group's equity production as well as the share of Norwegian offshore output accruing to the government through its direct financial interest. Statoil's marketing activities exploit the opportunities offered by the total global oil market. The group has a global trading network to sell production from a growing number of fields with different grades of crude.

Europe remains Statoil's largest oil market, but the North American east coast has become increasingly important. Demand from East Asia is expanding strongly as a result of economic growth in this region. East Asia will gradually become a more important market for crude and refined products from Statoil.

REFINING MARGINS SQUEEZED

In the marketing business, the group has maintained its position as the leading supplier of oil products to the Scandinavian market. It also continued expanding in the Baltic States, Poland and north-east Germany. Earnings by the retailing subsidiaries have been stable and satisfactory.

Persistently low refining margins and new demands imposed on products present the oil refinery sector with major challenges in terms of cost and technology. The expanded Kalundborg refinery came on stream during summer 1995, in line with the revised schedule. A number of steps have been taken by the Mongstad refinery in recent years to strengthen its competitive position. Improving results in the refining business is seen by the board as an important task. Apart from market pull, this calls for a continuous management focus through improvement programmes and regular benchmarkings with the most effective competitors.

Petrochemicals and methanol
Statoil is a leading player in the European petrochemicals market through its 50 per cent holding in Borealis. The latter has succeeded in responding to ever stiffer competition through effective use of technology, a strong financial position and economies of scale. Borealis had a good year in 1995. Operations were characterised by high plant availability and good margins for the year as a whole. Margins contracted sharply towards the end of the year, however, and the board sees a need for Borealis to initiate extensive measures that can secure its long-term competitiveness.

The group's investment in Borealis has a long-term and strategic character, and the aim is to provide this company with a stable framework for profitable operation and continued progress.

Statoil is responsible for building and operating the methanol plant at Tjeldbergodden, based on Heidrun gas as feedstock. With construction on schedule, the plant is due to come on stream in spring 1997.

Health, the environment and safety
Systematic efforts within Statoil to prevent injury to people as well as damage to the environment and physical assets are yielding good results. The lost-time injury rate declined from 5.2 per million working hours in 1994 to 3.7 in 1995.

Work on preventing gas leaks has a high priority. The number of such incidents declined by 50 per cent from 1994 to 1995.

Emissions and volumes of waste have been reduced through coordinated efforts and optimised operation. New technology is being developed and adopted with good results. Energy saving measures have cut emissions of carbon dioxide and nitrogen oxides per unit produced. Statoil and the rest of Norway's oil and gas industry maintain high safety and environmental standards. Nevertheless, a potential still exists for further improvement, and the group is working on technical solutions that will curb emissions even further.

3. DEVELOPMENT OF NEW BUSINESS OPPORTUNITIES
Statoil has come up with a number of new projects and investment opportunities during 1995. The group's overall capital spending was higher than in previous years. This investment will ensure a high cash flow as well as a stronger financial position and enhanced value creation in coming years.

SOLID RESULT FOR BOREALIS

Although the group occupies a central role as an operator on the Norwegian continental shelf, some of its equity holdings are too small. Statoil will seek to secure larger interests in individual licences through active efforts to optimise its portfolio and through new awards.

The Norwegian authorities awarded additional licences in the country's 15th offshore licensing round at the beginning of 1996. Statoil secured three new operatorships as well as interests in another five licences. Exploration results in the blocks awarded are awaited with great anticipation. For the first time since it was founded, the group did not receive interests in all the licences handed out. But the shares it gained were larger than in previous Norwegian licensing rounds.

Great emphasis is placed on finding solutions that use existing and planned gas transport capacity to benefit optimally from reserves in the Norwegian North Sea and off mid-Norway. In connection with the decision to build a fourth gas pipeline to continental Europe, the Statpipe, Zeepipe, Europipe and NorFra owners signed agreements in October on unitising their interests in the four transport systems. These agreements, which make Statoil operator for all the lines, have been sent to the Ministry of Industry and Energy for approval.

Statoil submitted a plan for development and operation of the Åsgard field in December 1995. This scheme calls for oil production to begin in 1998, with gas output starting two years later. That accords with recommendations from the Gas Supply Committee on which fields should be phased in to meet gas sales commitments that need allocating to sources of supply. A majority of committee members proposed in January 1996 that Åsgard gas should be landed at Kårstø.

MORE TEAMWORK

International operations

International operations by Statoil achieved a breakthrough in 1995. It was resolved to initiate early production from Azerbaijan's Azeri-Chirag field in the Caspian. An encouraging discovery - Siri - was made off Denmark, using a new exploration model that could be important for future exploration in the North Sea. Statoil as operator also struck oil in the first well drilled on a deepwater block off Nigeria. In Vietnam, the BP/Statoil alliance made its third substantial gas discovery in the Nam Con Son basin.

Statoil acquired Aran Energy Plc in 1995. This listed company has interests in a number of blocks on the UK and Irish continental shelves, which include the producing Gryphon, Alba and Dunlin fields. The Schiehallion find west of Shetland and the Connemara find off western Ireland are currently being evaluated for development.

INTERNATIONAL BREAKTHROUGH

The group became operator for the Lufeng oil field in the South China Sea, and is also involved in preliminary studies for Orimulsion and heavy crude production in Venezuela. As part of efforts to strengthen its presence in South-East Asia's interesting oil market, Statoil has taken a 15 per cent interest in an extension to Malaysia's Melaka refinery, which is now under construction.

Downstream commitments for gas

Becoming even more integrated in the downstream market is important for enhancing the value of Statoil's gas business. The group has a good basis for developing competitive operations in gas transport and electricity generation. Market conditions in Vietnam call for participation in all stages of the gas chain to secure development of the discoveries in which the group has an interest. Statoil is the majority shareholder in US gas company Eastern Group. It also has interests in German gas distributor VNG and in Germany's Netra pipeline between Etzel and Salzwedel, which was completed in October 1995.

Through Naturkraft, owned jointly with Norsk Hydro and Statkraft, the group is studying opportunities for building gas-fired power stations in Norway.

4. ORGANISATION AND PERSONNEL

Statoil faces considerable challenges in maintaining its profitability and competitiveness. A major reshaping of the organisation was accordingly implemented in 1995. These changes have helped to put a sharper focus on day-to-day operations, thereby enhancing value creation from existing investments. The new organisational structure shortens the distance between top management and employees in daily contact with customers, suppliers, partners and the authorities. At the same time, the group's value chain has become more visible. These adjustments have helped the organisation to generate a growing number of new project proposals.

The reorganisation has stimulated greater commercial involvement and a stronger focus on team work across business area and discipline boundaries.

As part of its improvement process and in parallel with Norsok, the group has made extensive efforts to implement and speed up measures that can enhance value creation in the project development phase.

The board is pleased to see that the administration, in close contact with the unions, has adopted measures to promote collaboration between management and employees in the group. A strong corporate culture, and the ability and willingness of employees to accept change, will be necessary if the challenges facing the group both at home and internationally are to be met in coming years.

At 31 December 1995, the Statoil group had 13 851 employees. This compares with 12 630 personnel 12 months earlier.

5. FINANCIAL DEVELOPMENTS

Statoil achieved one of its best annual results in 1995.

Operating revenues totalled NOK 86 517 million, and operating profit came to NOK 13 590 million as against 14 741 million in 1994. Net profit for the year amounted to NOK 5 265 million, compared with NOK 5 379 million the year before.

Exploration and production activities showed an operating profit of NOK 12 459 million as against NOK 12 997 million in 1994. Operating profit for refining and marketing declined by more than NOK 1 billion to NOK 245 million, while petrochemicals saw operating profit rise from NOK 204 million to NOK 1 106 million.

Brent Blend, the North Sea reference crude, traded during 1995 at an average price of NOK 108 (USD 17.02) per barrel. This compares with NOK 111 (USD 15.80) the year before. Gas prices tended downwards over the year, but petrochemical industry margins for 1995 as a whole were good. Refining margins remain low.

Capital spending by the Statoil group in 1995 totalled NOK 17 450 million, up by NOK 5.5 billion from the year before. Sixty-five per cent of this investment was made in Norway. The high level of spending reflects major projects on the Norwegian continental shelf, the Aran acquisition, construction of the methanol plant and the two shuttle tankers owned by Statoil for use on Heidrun.

The group's cash flow from operations totalled NOK 12 934 million in 1995 as against NOK 15 736 million the year before.

Accounts for the group prepared in accordance with Norwegian generally-accepted accounting principles (NGAAP) show an operating profit of NOK 13 892 million, down by NOK 1 528 million from 1994.

A net profit of NOK 3 483 million was recorded by the parent company, Den norske stats oljeselskap a.s. The board recommends the following allocation, inclusive of group contributions received (in NOK million):

Group contributions received	(229)
From restricted equity reversing fund	(41)
Allocated to statutory reserve	1 011
Dividend	1 850
Allocated to distributable reserve	892
Net profit	3 483

DEMANDING MARKETS

6. PROSPECTS

The Statoil group has achieved satisfactory results in recent years. Further improvements in value creation are a priority for the board, the management and employees. Challenges include the group's ability to operate new and existing facilities in a good and safe manner, to achieve strong commercial progress that adds value on the Norwegian continental shelf, to develop its position in the gas sector and to fulfil its international ambitions.

Value creation is becoming more demanding as competition grows in all markets. This demands good priorities for the group's financial resources, good management and effective utilisation of expertise and technology.

One of the biggest challenges facing the group will be to replace the decline in production from Norway's large offshore fields. Statoil continues to view the Norwegian continental shelf as highly interesting, with a substantial remaining resource potential. Exploration on the blocks awarded in the 15th offshore licensing round will be very significant for the group's opportunities to maintain and expand its production of oil and gas off Norway.

The group has established a good foundation for future profitable growth in its international operations. Its global upstream portfolio outside Norway embraces operations in 12 countries.

Ample supplies from Opec members and independent producing countries continue to influence the oil market. Growth in demand for energy is substantial, particularly from Asian nations, but production capacity - particularly for oil - will also continue expanding. Statoil does not expect any significant change in oil prices.

Total European gas consumption is likely to rise towards 2010. Most of this expansion will probably occur in countries that are relatively distant from the Norwegian continental shelf, creating a competitive disadvantage in the form of higher transport costs. Opportunities for additional sales of Norwegian gas are still present. The resources are there, but the market will be demanding.

Pressure on refining margins will probably persist. Retail operations should continue to yield satisfactory results in 1996, but competition is increasing and Statoil is making active efforts to strengthen the group's competitiveness.

Statoil's board of directors.
From left: Marit Reutz, deputy chairman Arnfinn Hofstad, Else Bugge Fougner, Tormod Hermansen, chairman Helge Kvamme, Iver Pehrson, Jetfred Sellevåg, Åse Simonsen and Yngve Hågensen

STAVANGER, 22 FEBRUARY 1996
THE BOARD OF DIRECTORS OF DEN NORSKE STATS OLJESELSKAP A.S

HELGE KVAMME
CHAIRMAN

ARNFINN HOFSTAD
DEPUTY CHAIRMAN

ELSE BUGGE FOUGNER

MARIT REUTZ

IVER PEHRSON

JETFRED SELLEVÅG

YNGVE HÅGENSEN

ÅSE SIMONSEN

TORMOD HERMANSEN

Deputies
Odd Angelvik, Jan Olav Brekke, Bjørn Torkildsen, Tine Eliassen, Tor Ragnar Pedersen, Oddmund Tungland, Anne R. Slind

Corporate assembly
Axel Buch, Brit Jakobsen, Jan Reinås, Arve Berg, Kristin Krohn Devold, Kjell Bjørndalen, Jorunn Strand Vestbø, Dagfinn Høybråten, Turid Enoksen, Bjørn Egeland, Sigrun Tonning Søgnen, Terje Nustad

Deputies
Knut Engdahl, Ragnhild Setsaas, Kari Austenå, Kjell Lund, Siri Bentsen, Jan Schøpp, Per Hasler, Amaradasa Ranaweera, Lill Heidi Bakkerud, Anders Storseth, Stein Bredal, Annbjørg Algerøy, Harry Tindeland

Observers
Per Audun Hole, Jan-Eirik Feste

Operations during the year

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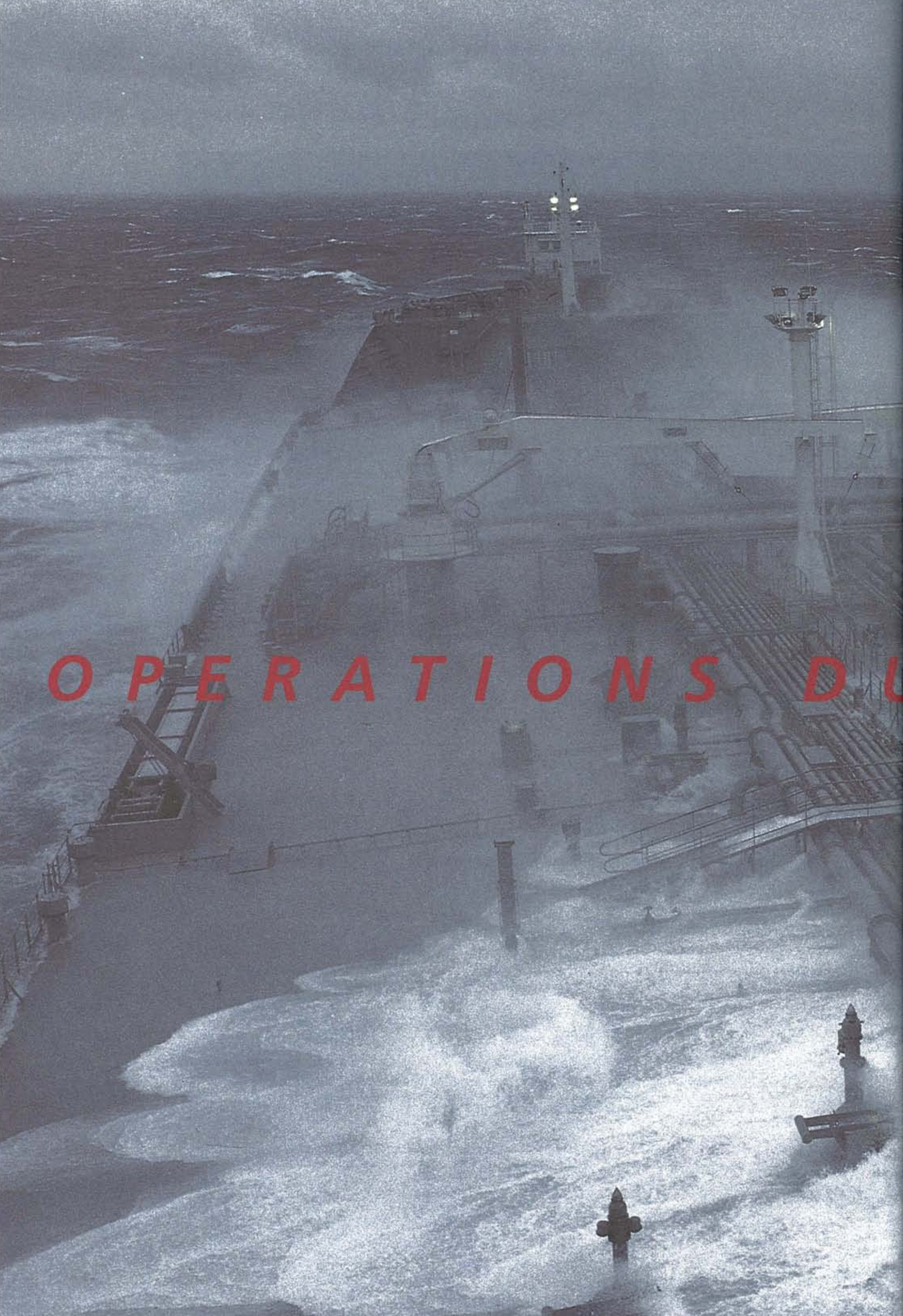
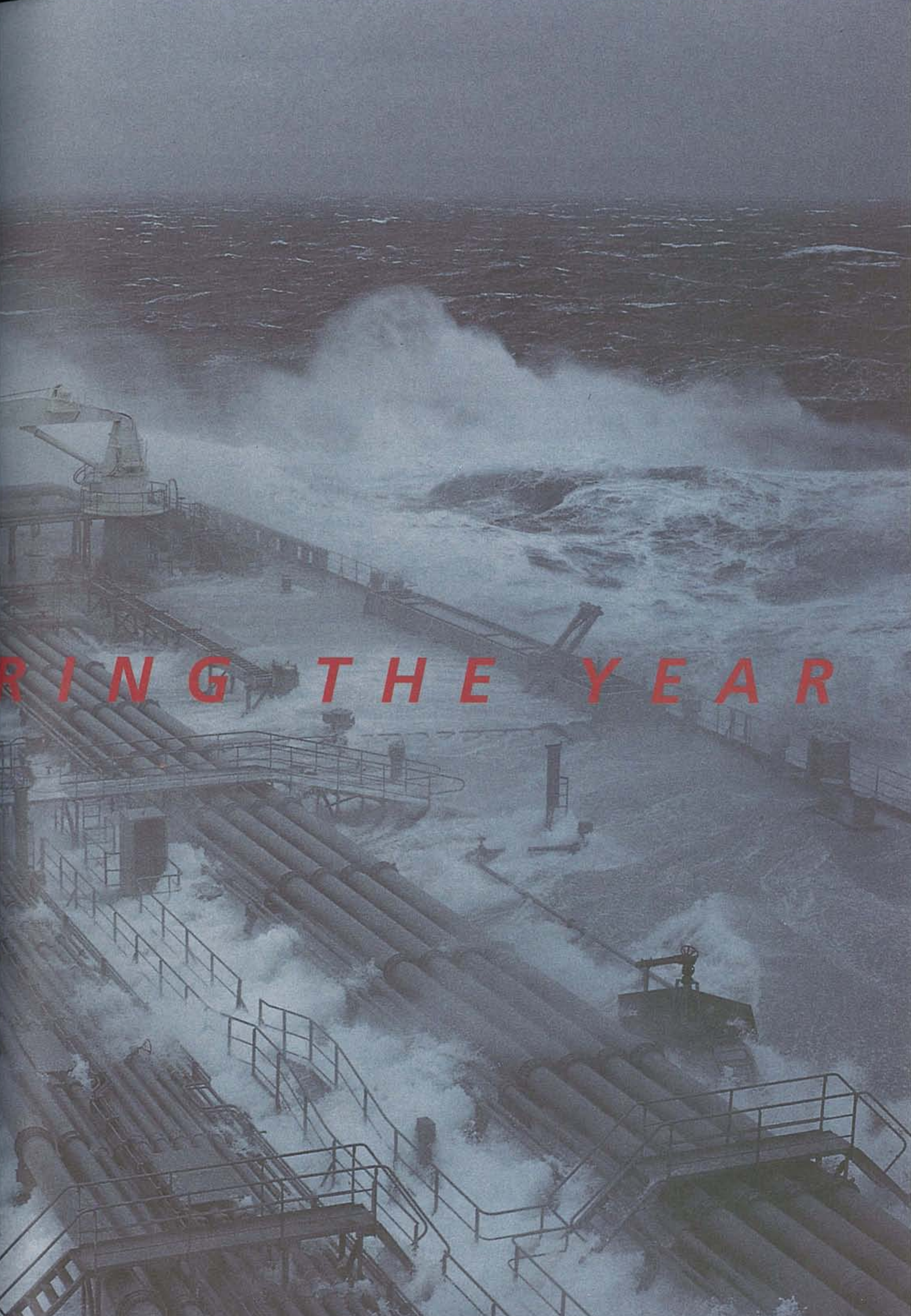


OPERATIONS DU


RING THE YEAR

EXPLORATION AND PRODUCTION

Exploration and production operations embrace the following business areas: Exploration & Development Norway, Oil Operations, Natural Gas Marketing & Supply, Natural Gas Production & Transport and International Exploration & Production.

The Heidrun platform in the Norwegian Sea came on stream during the autumn.

OPERATIONS

Equity oil supplies came to 424 000 barrels per day as against 449 000 barrels in 1994. This fall primarily reflects declining production from Statfjord. Gas sales totalled 13.4 million standard cubic metres per day, as against 12 million in 1994.

The Statfjord field produced its three billionth barrel of oil in March, while Gullfaks passed a billion barrels in May.

Operation and production from oil/gas fields and transport systems operated by Statoil enjoyed high regularity during the year. Every delivery commitment was met. All facilities showed good safety and environmental results.

Production from the biggest oil fields on the Norwegian continental shelf is in decline, and replacing this output represents a demanding challenge. Finding alternatives to Statfjord production ranks as a particular challenge for Statoil, which derives its largest oil volumes from this field.

Key figures (NOK million)

Income statement	*1995*	*1994*	*1993*
Operating revenue	27 993	29 898	29 506
Operating costs	10 061	12 012	11 825
Depreciation	5 473	4 889	4 721
Operating profit	12 459	12 997	12 960

Balance sheet at 31 December			
Current assets	5 160	5 821	5 890
Fixed assets	49 879	47 469	44 811
Total assets	55 039	53 290	50 701

The Statfjord North satellite came on stream in January 1995, and is now producing about 60 000 barrels of oil per day.

Production began from the Heidrun field in the Norwegian Sea during autumn 1995, and is now around 220 000 barrels of oil per day. This field was developed by Conoco, and Statoil took over as operator under the terms of the licence when production started. The group has upgraded estimated recoverable oil reserves in Heidrun from 750 million barrels to 837 million. Gas from the field is due to be brought ashore at Tjeldbergodden as feedstock for the new methanol plant being built by Statoil and DuPont/Conoco.

Oil production from the Troll B platform began in September, roughly three months ahead of schedule. Norsk Hydro is operator for this part of Troll. Some 190 000 barrels per day are now flowing from the platform. The pipeline carrying output from Troll B to the crude oil terminal at Mongstad was also completed three months ahead of schedule and at a final cost about 12 per cent below the original budget. Statoil is operator for installation and operation of this Troll Oil Pipeline.

Metering gas from the Norwegian continental shelf as it reaches Germany through Europipe.

Fields on stream - Some important equity holdings

Norway:	Holdings	Operator
Statfjord	42.7%	Statoil
Sleipner East	20.0%	Statoil
Gullfaks	12.0%	Statoil
Oseberg	14.0%	Hydro
Snorre	10.0%	Saga
Draugen	15.1%	Shell
Veslefrikk	18.0%	Statoil
Heidrun	11.3%	Statoil
Troll Oil	11.9%	Hydro
International:		
Bongkot, Thailand	10.0%	Total
Hyde, UK	45.0%	BP
Dunlin, UK	14.4%	Shell
Gryphon, UK	15.0%	Kerr McGee

Statoil exported 4.9 billion standard cubic metres of gas in 1995, and was also responsible for marketing 5.1 billion standard cubic metres of gas belonging to the government's direct financial interest. Overall, the group was responsible for marketing 10 billion standard cubic metres of gas in 1995, as against 9.2 billion the year before. Total Norwegian gas exports for the year came to 28.2 billion standard cubic metres, compared with 27.9 billion in 1994. Deliveries under the Troll gas sales agreements came to 7.6 billion standard cubic metres. Gas exports from the Norwegian continental shelf are set to increase sharply over the next few years.

Petroleum production by the group outside Norway in 1995 came to 590 million standard cubic metres of gas and condensate.

Gas began flowing from the Jupiter field on the UK continental shelf in October. The Hyde and Victor gas fields produced slightly less than planned for 1995. Britain's gas market is affected by low prices.

Thailand's Bongkot gas field is producing as planned.

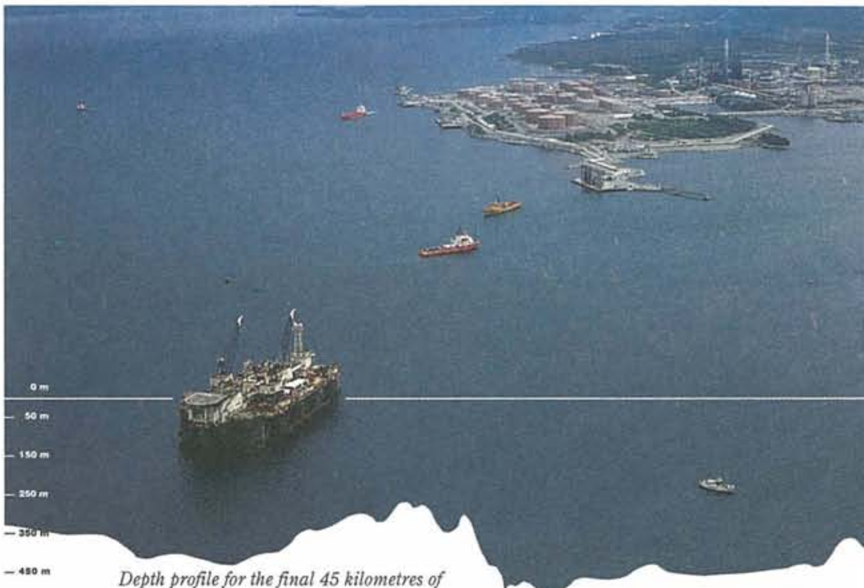
Production of oil and gas by Statoil outside Norway will more than double in 1996 through the acquisition of Aran's interests in the UK and the USA, and through increased output from Bongkot.

The Europipe trunkline, which runs from the Draupner E platform on block 16/11 in the Sleipner area to Emden, came on stream in September and is now carrying gas from Sleipner East to customers in Germany. Laying of Zeepipe IIA from Kollsnes to Sleipner East was completed in May, and this line is now being readied for operation. Zeepipe IIB from Kollsnes to Draupner E and the Haltenpipe line from Heidrun to Tjeldbergodden are on schedule.

All remaining options under the original Troll agreements were exercised by the buyers during 1995, boosting Norwegian gas exports by about four billion standard cubic metres annually after 2000. Over the lifetime of the contracts, these additional deliveries will increase gas sales by roughly 100 billion standard cubic metres.

Norway's Gas Negotiating Committee (GFU) signed a long-term contract with Gaz de France in January covering annual deliveries of two billion standard cubic metres in 2001-2026. This has enhanced the significance of France as a buyer of Norwegian gas. The decision by the Norwegian licensees to bring a new pipeline to continental Europe ashore in France also plays an important role in this context.

An additional sale of one billion standard



Depth profile for the final 45 kilometres of the pipeline route to Mongstad.

The Castoro Sei *laybarge installing the Troll Oil Pipeline in the Fens Fjord outside Mongstad.*

cubic metres was agreed with Germany's Ruhrgas during 1996. In addition, a supplementary sale of 500 million standard cubic metres from 1 October 1995 to 1 October 1996 was negotiated in autumn 1995 with Belgium's Distrigaz.

Purposeful efforts are being made by Statoil to cut production and development spending. The emphasis is on technical solutions that reduce investment and operating costs and on technology to improve recovery from existing fields. Through its Project 95 improvement programme, Statoil succeeded in trimming NOK 2.5 billion per year from earlier production cost estimates on the fields it operates. Agreements reached in 1995 under a programme to improve procure-

Yme is the smallest field brought on stream by Statoil.

The plan for development and operation of Åsgard was submitted by executive vice president Johan Nic Vold (right) and operations vice president Kyrre Nese to industry and energy minister Jens Stoltenberg.

ment for production and development offer opportunities for further savings.

DEVELOPMENT

The Storting (parliament) approved development plans for Norne in March 1995. Construction work began immediately. Based on Statoil's BRU principles for cheaper and faster development, these plans fit well with the principles in the Norsok programme. The group expects to develop Norne for NOK 7.5 billion as against an original estimate exceeding NOK 11 billion. Yme was developed during 1995. The smallest field operated by Statoil, it came on stream at the end of February 1996. A plan for development and operation (PDO) of the Yme Beta East satellite was approved by the Norwegian authorities in September, with production starting in May/June 1996. Overall oil reserves in Yme have been upgraded to 65.5 million barrels, with recovery expected to extend over six years.

Development of Sleipner West is on schedule. The Sleipner B wellhead platform was installed on the field in June, and drilling of production wells started in August. Construction of the Sleipner T gas treatment platform is on course. This installation will be placed on the Sleipner East field in spring 1996. The estimated cost of building the offshore facilities was further reduced in 1995 from an original figure of NOK 15.4 billion, and now stands at roughly NOK 13.5 billion.

The Troll Gas development is being pursued by Norske Shell. Statoil will take over the operatorship on 19 June 1996. Installed on 17 May, the Troll A platform is virtually complete. Statoil's production preparations are on schedule.

A PDO for the Gungne and Loke Triassic satellites in the Sleipner area was approved by the Ministry of Industry and Energy in August. Gungne will be developed by drilling an extended-reach well from Sleipner A. Gas is to be produced from Loke Triassic by extending the existing production well from the Loke Heimdal structure to the underlying Triassic reservoir. Both fields will come on stream in 1996.

Statoil submitted a PDO for the Åsgard field in the Norwegian Sea on 15 December. Recoverable reserves in Åsgard's three sub-fields are put at 230 billion standard cubic metres of gas and 774 million barrels of oil. The field will be developed with two floating installations - a production ship for oil due to come on stream in 1998 and a semi-submersible for gas production following in 2000. Reserves will be produced through 60 subsea-completed wells. Development spending is put at just under NOK 27 billion.

Statoil and a majority of the other members in the Norwegian Gas Supply Committee (FU) have recommended that Åsgard should be developed to deliver gas to continental Europe under existing sales contracts from the third quarter of 2000. This requires a new gas trunkline from the Norwegian Sea, tied to the existing transport systems in the North Sea. The FU has recommended that this line should run to Kårstø. A consequence of this recommendation is that a new trunkline - Europipe II - will be laid from Kårstø to Germany.

Great emphasis has been placed on reducing emissions from Åsgard. Efforts have concentrated on energy optimisation, heat recovery and turbines with low nitrogen oxide emissions.

A PDO for oil and condensate production from Gullfaks South, Rimfaks and Gullveig (the Gullfaks satellites) was submitted to the authorities in late 1995. This NOK 6.4 billion scheme embraces seven seabed templates with 24 subsea-completed wells, three new modules on Gullfaks A and flowline links. Oil reserves embraced by the

Commissioning the Troll A platform to produce from the North Sea's largest gas field.

Apprentices under training on Statoil's Sleipner A platform.

development are put at 222 million barrels, with production planned to start in late 1998.

The Ministry of Industry and Energy has approved the plan for installation and operation (PIO) of a fourth pipeline to carry Norwegian gas to continental Europe. Due to run from Draupner E to Dunkerque in France, this 840-kilometre transport system has been named NorFra. The line crosses six national sectors of the continental shelf and is costed at roughly NOK 9 billion. This investment includes the pipeline and a receiving terminal in Dunkerque. Statoil has been appointed operator for developing the system, with Gaz de France as technical operator for the terminal. NorFra will come on line in late 1998.

The Draupner platforms form a hub for Norwegian gas exports.

Agreement was reached in 1995 between the licensees on a unitisation of the NorFra, Zeepipe and Europipe transport systems and the lean gas section of Statpipe. The parties have also committed themselves to working for the inclusion of the Norpipe gas line and the Norsea gas terminal at Emden in a unitised system before this becomes operational on 1 October 1998. Europipe II and the Ekofisk bypass are expected to be incorporated as and when they become operational. The unitisation is expected to reduce transport costs, expand capacity utilisation and simplify the complex existing network of agreements between field licensees and transport system owners.

Internationally, Statoil has decided to participate in an early production project for the Azeri-Chirag field in Azerbaijan's sector of the Caspian Sea. The group has an 8.6 per cent interest in this field. Representing the initial development stage, early production is due to begin in mid-1997. Two possible alternatives for exporting the oil have been negotiated - northwards through Russia and westwards via Georgia.

Converting Norwegian gas to electricity for the Dutch market.

GAS MARKET AND SUPPLY

Gas consumption in western Europe rose from 300 billion standard cubic metres in 1993 to 305 billion cubic metres in 1994. This moderate expansion largely reflects a mild winter, which curbed household demand. Preliminary figures for the first half of 1995 show an increase of 5.5 per cent from the same period of 1994. West European gas consumption is likely to continue rising. The International Energy Agency (IEA) puts the figure for 2000 at roughly 360 billion standard cubic metres and for 2005 at approximately 420 billion - an increase of almost 40 per cent over the whole period. Consumption is expected to rise most strongly in the electricity generating sector as a result of new technology, enhanced environmental awareness and structural changes in the power business.

The build-up of gas deliveries under existing sales contracts means that Norway's share of the European market is expanding. Annual deliveries will almost double in 2000 to roughly 50 billion standard cubic metres. Under existing contracts, they will reach a peak of roughly 62.5 billion standard cubic metres in 2005. This calls for the development of new fields and pipelines. The aim is to achieve the highest possible value creation while maintaining Norway's reputation as a reliable gas supplier. Available reserves and the development of fields and transport systems put Norwegian gas in a good competitive position.

Existing gas contracts run for long periods and represent a substantial value. It is important that market behaviour helps to defend this value. At present, supplies to the European gas market are rising and the industry could experience structural changes in the wake of deregulation. Statoil's aim is to achieve further profitable gas sales that ensure the disposal of proven but unsold gas reserves. New sales are expected to be based on genuine market needs and on terms that do not undermine the value of existing contracts.

Statoil has important duties relating to gas sales and deliveries, operation of fields and infrastructure, and management of the government's direct financial interest (GDFI). As operator, the group strives at all times to act as the best representative for the gas owners in sales negotiations and price revisions. Great emphasis is placed on identifying the most profitable supply solutions and the most cost-effective approach to developing and operating the transport systems.

BUSINESS DEVELOPMENT

Estimated commercially-recoverable reserves held by Statoil on the Norwegian continental shelf total 1.9 billion barrels of oil and 324 billion standard cubic metres of gas.

Deepsea Bergen *tests the Siri discovery, which ranks as the biggest find on the Danish continental shelf for 18 years and the largest strike made by Statoil in 1995.*

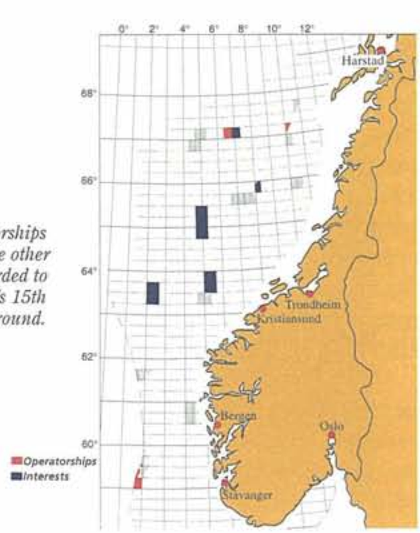
Transport systems		
Systems in operation:	Interest	Operator
Norpipe	50.0%	Phillips
Statpipe	58.3%	Statoil
Zeepipe	15.0%	Statoil
Oseberg Transport	14.0%	Hydro
Ula Transport	100.0%	Statoil
Sleipner East condensate	20.0%	Statoil
Frigg Transport	24.0%	Total
Frostpipe	20.0%	Elf
Troll Oil Pipeline	11.9%	Statoil
Europipe	15.0%	Statoil
Systems under construction:		
Haltenpipe	11.3%	Statoil
NorFra	9.7%	Statoil

Statoil drilled 15 wells off Norway in 1995, including 11 in the North Sea and four in the Norwegian Sea. The group also participated in 19 wells drilled in partner-operated licences. Outside Norway, Statoil was involved in 25 completed and spudded wells. It was operator for two of these - one off Denmark and the other off Nigeria. Both these wells encountered oil.

The group made a number of small discoveries on the Norwegian continental shelf in 1995. Despite their size, many of these finds are expected to come on stream quickly because they lie close to established infrastructure. Exploration results on the Norwegian continental shelf in 1995 were not satisfactory, either for Statoil or overall, because the estimated volumes discovered failed to replace the amounts produced. Statoil's share of reserves proved amounts to roughly 22 million barrels of oil and 400 million standard cubic metres of gas.

New discoveries were supplemented by the increase in resources provided by improved recovery from producing fields and upgrading of recoverable reserves in these fields. Together with discoveries and acquisition of reserves out-

Statoil and BP are continuing their exploration efforts in Vietnam after making encouraging gas discoveries.



Three new operatorships and interests in five other licences were awarded to Statoil in Norway's 15th offshore licensing round.

side Norway, Statoil was able to replace all of last year's production on the Norwegian continental shelf. Nevertheless, the group's overall reserves contracted slightly owing to the government's exercise of the sliding scale.

Interests varying between 15 and 40 per cent were secured by Statoil in eight new licences from Norway's 15th offshore licensing round in January 1996. The group was awarded the operatorship for three of these licenses - one in the North Sea and two in the Norwegian Sea. These assignments present Statoil with new challenges in deep water on the Vøring Basin, in areas close to the mid-Norwegian coast and in the North Sea oil province. Results of drilling in the newly-awarded blocks are awaited with great interest. Particular attention focuses on the deepwater are-

Statoil drilled its first well as operator off Nigeria in 1995.

as of the Norwegian Sea, where large geological structures have been identified. Exploration in the North Sea will continue in more mature petroleum provinces and close to established infrastructure. In these areas, small finds could be rapidly developed with good profitability.

Outside the licensing round, Statoil and the other Gullfaks licensees have secured interests in a previously-relinquished part of block 34/10. And the group has been awarded the northern part of block 9/5 together with the other licensees in the Yme field immediately to the north so that a satellite structure can be developed as part of the Yme project.

Statoil achieved an international breakthrough in 1995, strengthening its position in exploration and production outside Norway. The group's non-Norwegian reserves have increased from 145 million barrels of oil equivalents to 390 million. This increase reflects exploration results and the Aran acquisition.

An encouraging oil discovery was made by Statoil just before Christmas 1995 on the Siri block in the Danish North Sea, awarded to the group as operator at the beginning of the year. This discovery is the largest on the Danish continental shelf for 18 years, and the most substantial in the entire North Sea area during 1995. Statoil's preliminary estimates indicate that Siri contains 145 million barrels of recoverable oil. Further exploration of the area to identify additional reserves is being planned. The find lies in a completely new exploration province on the Ringkøbing-Funen Height outside the Central Graben.

Statoil was operator for the first deepwater well off Nigeria, which encountered hydrocarbons. Appraisal drilling will be needed to establish whether these reserves are commercially recoverable.

Work is under way off Thailand to find additional gas reserves in the Bongkot field that could be produced and sold via existing infrastructure.

Together with BP, Statoil has made two further promising gas discoveries off Vietnam. A development of these finds is being assessed in cooperation with the Vietnamese authorities. One goal for future exploration is to identify additional reserves of gas that can be tied to existing discoveries and fields. High priority is given to establishing a domestic gas market that can provide an outlet for the gas reserves.

Statoil secured control of Ireland's Aran Energy Plc towards the end of 1995. This acquisition brings the group holdings in a number of blocks on the Irish and UK continental shelves, including the producing Gryphon, Alba and Dunlin fields. Statoil also becomes a partner in the Schiehallion discovery west of Shetland and the Connemara field off western Ireland. The group is project development operator for the latter discovery.

Acquiring Aran has established Statoil as a leading player on the Atlantic margins of the European continental shelf. In this region, the group gained an interest in UK block 200/3b from Britain's 16th offshore licensing round. It has also secured the operatorship for 5.5 blocks off western Ireland, with a 27.5 per cent interest.

In January 1996, Statoil signed an agreement with Australia's Ampolex to acquire 75 per cent of the Lufeng 22-1 oil field in the South China Sea. The group expects to take over this interest in the first quarter of 1996, and will act as operator for development and operation of the field.

Negotiations on a production sharing agreement in Kazakhstan continued throughout 1995. In the meantime, Statoil participated in gathering seismic data from the Kazakh sector of the Caspian.

Seismic surveys in the Caspian.

Statoil and BP are still negotiating over rights to the Shakh Deniz prospect in Azerbaijan.

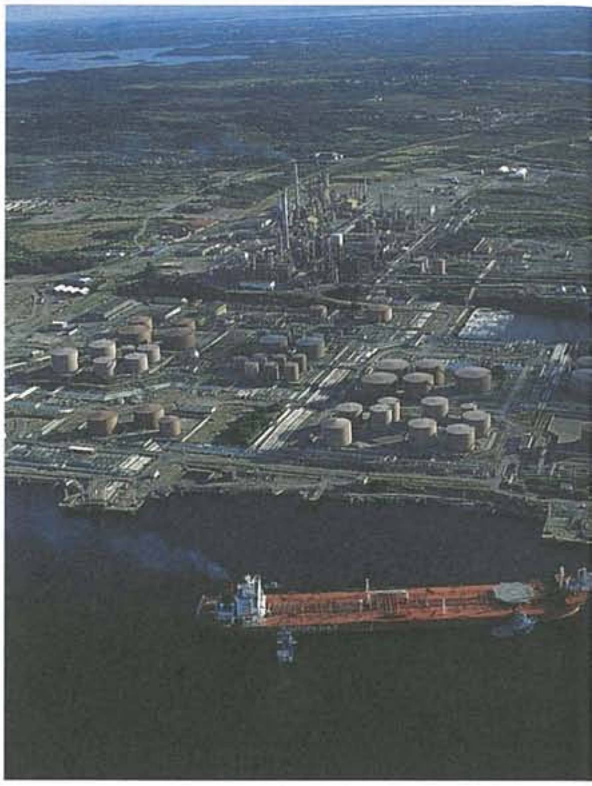
Two preliminary development agreements signed by Statoil in Venezuela focus on utilising heavy crude in the Orinoco Belt. One covers production of the special Orimulsion fuel based on bitumen (tar-like crude), and the other involves upgrading heavy crude to synthetic oil.

REFINING AND MARKETING

Refining and marketing operations embrace the following business areas: Refining, Marketing, Oil Trading & Supply, Statoil Shipping & Maritime Technology and Natural Gas Business Development.

OIL SALES

Statoil sold 650 million barrels of crude in 1995, corresponding to 1.8 million barrels per day. This



The refinery and crude oil terminal at Mongstad are important instruments in Statoil's crude oil strategy. Mongstad received its first cargo from Heidrun in 1995.

represents a 12 per cent increase from 1994, reflecting higher production from Norway's continental shelf and oil purchases. Oil accruing to the government as royalty and from its direct financial interest accounts for 62 per cent of total oil sales by the group. Statoil ranks as the third largest net seller of crude oil world-wide and the biggest exporter of North Sea oil.

The principal market remains north-western Europe, but large volumes are also sent to North America. Statoil intends to focus more strongly on other parts of the world, such as South-East Asia and the Mediterranean region.

Key figures (NOK million)

Income statement	*1995*	*1994*	*1993*
Operating revenue	74 101	73 096	64 289
Operating costs	72 176	69 907	62 000
Depreciation	1 680	1 800	1 598
Operating profit	245	1 389	691
Balance sheet at 31 December			
Current assets	18 262	15 942	12 694
Fixed assets	22 639	18 358	17 830
Total assets	40 901	34 300	30 524

An important role is played by the Mongstad oil terminal in Statoil's marketing strategy and exports of new crude oil grades. This facility and leased storage capacity in the Bahamas have helped to safeguard the value of crudes traded by the group at times when prices are under pressure.

The average price per barrel for Brent Blend, the North Sea reference crude, was USD 17.02 in 1995 as against USD 15.80 the year before. Prices fluctuated between USD 15.40 and USD 19.25, and stood at USD 19.05 on 31 December.

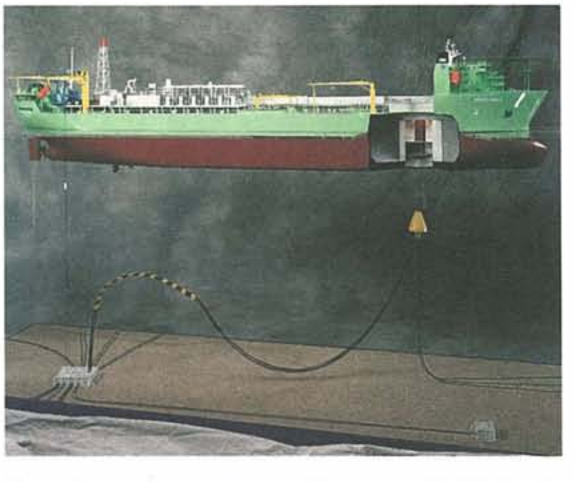
Statoil sold 12.6 million tonnes of refined oil products to customers outside its own marketing system in 1995, compared with 13.5 million in 1994.

Most of the output from the Mongstad and Kalundborg refineries is sold to north-western Europe. By and large, this market has a surplus of supplies today. At the same time, the market for refined products is becoming steadily more global. One challenge will therefore be to enter new markets and develop a trading operation that puts the group in a position to sell products world-wide. There is a general trend towards stricter environmental standards for refined products. Major differences in product specifications persist from country to country, and uncertainties prevail about the introduction of new national requirements and about their content. These considerations represent major challenges. The increasing globalisation of product sales means that our trading offices in the USA and Singapore will play a more important role.

Statoil sold about four million tonnes of natural gas liquids - propane, butanes, naphtha and condensate - in 1995 as against roughly 3.4 million tonnes the year before.

OIL SHIPPING

Statoil is a major ship operator with a modern fleet. These operations embrace conventional shipping as well as gas transport, offshore loading, floating production solutions, maritime technology, technical management and ship inspection. The overall fleet totalled 43 vessels of 3.1 million deadweight tonnes at 31 December, an increase of six units over the past 12 months. This tonnage includes 20 conventional tankers - seven crude oil and 13 product carriers - as well as 17 shuttle tankers and six liquefied petroleum gas carriers. Three of the shuttle tankers are owned by Statoil.

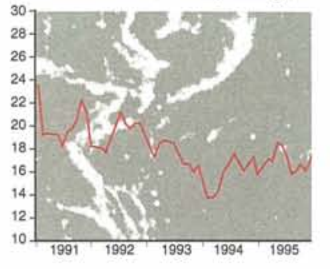


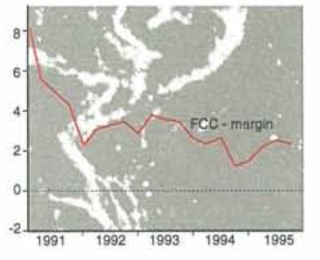
The multipurpose shuttle tanker Berge Hugin, *owned 50-50 by Statoil and Bergesen, is currently under construction.*

The group has gained comprehensive experience with offshore loading, and puts emphasis on being an operator with great expertise and a focus on safety. Its involvement with shuttle tankers has created a well-developed system for carrying Norwegian oil to destinations in north-western Europe.

Commercialisation of the new submerged turret loading (STL) and submerged turret production (STP) systems is continuing. A number of shuttle tankers have been converted to loading from STL buoys, and the concept is a base case for several conceptual solutions both offshore and at terminals/refineries with restricted port access. Further work on the STP and STL technology, combined with the development of a new vessel concept, has yielded the multi-purpose shuttle tanker (MST) solution. Two of these ships have been ordered from Samsung, and will be owned 50 and 100 per cent respectively by the group. Flexible production ship solutions have attracted much attention over the past year in a fast-expanding market with a portfolio of fields that are increasing in number but diminishing in size and producing life.

Crude oil price (Brent Blend), USD/bbl (Monthly average)





Gross refining margins North-west Europe 1995, USD/bbl (Quarterly average)

Statoil's position as a leading technology supplier and developer of concepts and as the world's largest operator of shuttle tankers, allows it to play an active role in the market for floating production solutions.

The group's aim is to develop and market the STL and STP technologies for international use. This goal is being pursued in cooperation with Norwegian companies.

MARKETING

Marketing operations expanded in 1995, and roughly 1 900 service stations in 10 countries carried the Statoil logo at 31 December.

Stiff competition affected all important product categories during the year, particularly in Scandinavia but also in the group's new markets around the Baltic.

The principal markets are in Scandinavia. Statoil Norge, Svenska Statoil and Statoil Denmark are leading retail companies, covering the whole range from private to industrial customers.

Despite tougher competition, the roughly 1 550 service stations owned by the group in Scandinavia retained about 25 per cent of the petrol market. Statoil's market share for all products fell from 23 to 22 per cent.

A steadily growing share of investment in the retail sector is devoted to environmental measures. Statoil has played a leading role in phasing out leaded petrol. At the beginning of 1996, the group took new steps in developing the quality of its petrol by introducing a grade containing only two per cent benzene.

In Ireland, Statoil expanded its sales volume by almost 10 per cent during 1995. However, competitive pressure on margins lowered results by comparison with the year before. Agreement was reached in late 1995 on acquiring Conoco's 257 service stations in Ireland. The Irish authorities have opposed this deal on the grounds that it would give Statoil excessive market dominance.

Statoil has reached agreement with McDonald's on joint occupancy of a number of interesting sites in Estonia, Latvia and Lithuania.

The new refinery at Kalundborg in Denmark was opened in 1995.

NEW MARKETS

Statoil established a total of 55 new stations during the year in five countries - Estonia, Latvia, Lithuania, Poland and Germany.

A number of western countries have decided to make a commitment in the Baltic States and Poland. Stronger competition over new sites is one result of this focus. To lay a good foundation for future operations, Statoil has given priority to this work as well as to recruitment and training of local staff for the service station network.

REFINING

Very weak margins in the refining market in 1995 led to poor earnings for the group's two refineries. Substantial over-production makes the petrol market particularly difficult. Results for Statoil's refineries at Mongstad in Norway and Kalundborg in Denmark are unsatisfactory. Depressed refining markets have been particularly negative for upgraded facilities like the Mongstad refinery. An extensive turnaround at this plant was completed largely on schedule and to budget. The new condensate facility at the Kalundborg refinery was successfully brought on line.

Good progress was made with the plant to remove sulphur from gas oil at Mongstad, and costs also developed

At the inauguration of the Kalundborg refinery. From right: Statoil chief executive Harald Norvik, Prince Joachim of Denmark, staff engineer Carl Erik Møller and president Poul Luxhøj, both Statoil Denmark.

favourably. This facility is due to come on line in the first quarter of 1996.

Refining margins are expected to remain weak in 1996. This means a sharp focus is needed on competitiveness and improvements. The market will make increasingly stringent demands for quality and environmental properties. Adapting products to meet these requirements will be a major challenge.

The group agreed in 1995 with Malaysian state oil company Petronas and Conoco to take a 15 per cent holding in the expansion of Malaysia's Melaka refinery. This holding will strengthen Statoil's presence in South-East Asia's interesting and growing oil market. Refining margins in this region have been higher than Europe's since the late 1980s.

NATURAL GAS BUSINESS DEVELOPMENT

An application for a licence to build two gas-fired power stations in Norway was submitted in February 1996 by Naturkraft, a jointly-owned subsidiary of Statoil, Norsk Hydro and Statkraft. Due to be located at Kårstø north of Stavanger and Kollsnes near Bergen, the planned facilities would use gas from the Norwegian continental shelf to generate electricity for the Nordic market. Such production offers environmental benefits through a possible replacement of energy sources that cause more pollution. Participation in Naturkraft gives its owners opportunities to process natural gas in Norway and a position in a rapidly-expanding area of application for this energy source.

Market conditions in Vietnam encourage participation along the whole gas chain to develop reserves in which the group has a stake. Statoil has interests in German gas distributor VNG and the Netra pipeline between Etzel and Salzwedel in Germany, which was completed in October 1995. Expanding Netra to take more Norwegian gas by laying a line from Etzel to Dornum is under consideration.

Statoil increased its shareholding in USA's Eastern Group to 76.5 per cent in 1995. Involved in gas production and distribution, this company had revenues of NOK 2.6 billion for the year.

Thanks to a liberalisation of the market and increased availability of supplies, British gas prices fell by about 50 per cent in 1995. This has weakened margins for the whole gas industry. Prices in the UK are expected to remain low for the next few years. Various strategies for future operations at Alliance Gas, owned 50 per cent by BP, 40 per cent by Statoil and 10 per cent by Norsk Hydro, are under consideration in light of the particular market conditions prevailing in the UK.

Production and packing of pellets at the Borealis plant in Beringen, Belgium.

PETROCHEMICALS

Petrochemical operations embrace Statoil's 50 per cent interest in Borealis and the Methanol business area.

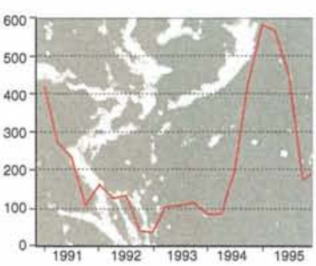
Key figures (NOK million)

Income statement	*1995*	*1994*	*1993*
Operating revenue	1 261	244	5 535
Operating costs	155	40	5 615
Depreciation	0	0	368
Operating profit	1 106	204	-448
Balance sheet at 31 December			
Current assets	125	0	1 894
Fixed assets	6 337	3 431	3 114
Total assets	6 462	3 431	5 008

A methanol plant based on gas from the Heidrun field is being built by Statoil at Tjeldbergodden in mid-Norway.

BOREALIS

This group was established in 1994 by merging petrochemical operations at Statoil and Neste of Finland. Owned 50-50 by these two parents, Borealis ranks as one of the leading European petrochemical groups with 6 700 employees and production facilities in eight countries. Its principal products are the plastic raw materials polyethylene and polypropylene, plus the base petrochemicals ethylene and propylene.



Petrochemical margins
Cash flow margin 1995 DEM/t
(Quarterly average)

Very good results were achieved by Borealis in 1995. Prices and margins were very high during the first half-year, but margins narrowed considerably from the third quarter as demand contracted. The petrochemicals market at the beginning of 1996 is characterised by low prices and weak margins, but with signs of a more balanced market and improved margins.

An extensive "Value for Money" improvement programme was initiated by Borealis in 1995 to strengthen its long-term competitiveness. The group also restructured the ownership of its European plants during 1995 to improve its cost position. Under an agreement with the national authorities, the ethylene plant in Portugal will be acquired in March 1996. In Belgium, Borealis concluded an agreement to sell its 35 per cent interest in FinaBorealis, with three ethylene plants, to Exxon on 1 January 1996. The group's new polyethylene plant in Finland is due to begin commercial production in the first quarter of 1996.

Global competitiveness and participation in growth markets outside Europe will be necessary in the longer term to secure profitability and value creation.

METHANOL

A methanol plant is under construction at Tjeldbergodden together with an associated terminal for the pipeline from Heidrun and an air separation plant. This project is on schedule. Commercial methanol deliveries are due to commence on 1 April 1997.

STATOIL FINANCIAL SERVICES

Responsibility for managing corporate assets and liabilities, insurance and managing the group's financial risks rests with Statoil Financial Services. This business area covers preparation and implementation of financial strategies and guidelines, financial advice for other entities in the group, trading in equities, foreign exchange and fixed income instruments, and financial risk controls.

These operations are handled by the parent company's finance department, Statoil Coordination Center NV and Statoil Forsikring a.s in Brussels and Stavanger respectively, and the finance departments of the principal subsidiaries.

FINANCIAL RISK MANAGEMENT

Financial risk is managed through established group strategies and mandates for interest rate, foreign exchange and funding risks. The main purpose is to hedge exposures in foreign currencies against the Norwegian krone on the basis of the assumed price adjustment period following exchange rate fluctuations.

Net cash flow in foreign currencies for the Statoil group totalled NOK 68 billion in 1995. The largest currency exposures expressed in NOK million were as follows:

USD	60 000	DKK	2 450	GBP	(1 160)
SEK	3 600	DEM	1 180		

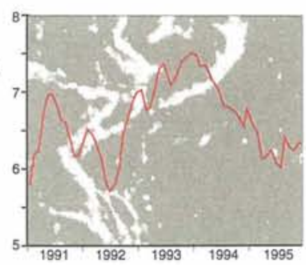
The strategy for liability management of the loan portfolio seeks to ensure that short-term interest commitments give the lowest loan costs over time. An average interest rate of 6.6 per cent was achieved on the group's loan portfolio - which is mainly in USD - during 1995, as against 5.6 per cent the year before.

Risk management distinguishes between financial portfolios linked to commercial operations and the trading portfolio that embraces purely financial transactions. Risk and results are measured and supervised separately for each of the portfolios.

Statoil Financial Services uses management tools that provide continuous information on the group's financial exposure, both on and off the balance sheet. Risk sensitivities are updated on a daily basis, partially and collectively for the various risks.

LIQUIDITY AND FINANCING

The group's liquid reserves at 31 December totalled NOK 6.6 billion, including NOK 3.3 billion in undrawn committed lines of credit. Liquid assets held by the group are placed in domestic and international capital markets, primarily in government bonds and bank deposits.



USD exchange rate NOK/USD (Monthly average)

At the end of 1995, the group's long-term loan portfolio totalled NOK 18.8 billion with an average maturity of 6.6 years. Statoil refinanced a credit facility of USD 1 billion in the Euro-dollar market during the year. Agreed with a group of 18 international banks, this refinancing substantially reduced costs while extending the duration of the facility to seven years. Loans corresponding to about NOK 1.5 billion were also raised in DEM and ECU from the European Investment Bank.

Statoil has the highest ratings for short-term debt from US rating companies Moody's and Standard & Poor's. The rating for long-term debt is Aa2 and AA+ respectively.

FUND MANAGEMENT

Statoil Financial Services is responsible for asset management of three separate securities portfolios that belong to the parent company, Statoil Forsikring (insurance) and Statoil's pension funds respectively. Some NOK 8.4 billion of the total funds under management - which amounted to roughly NOK 11.7 billion (including NOK 6.3 billion in the pension funds) - was held in the form of bonds, including NOK 1.8 billion in foreign government bonds.

Roughly NOK 1.5 billion is placed in shares, primarily in the Norwegian stock market. To spread the risk, however, part of the expansion in the share portfolio during 1995 was placed in foreign securities.

PROPERTY INSURANCE

Statoil Forsikring provides the group with cover for land-based and offshore installations under construction and in operation at their estimated replacement cost. Policies also cover third-party liability risks. The company covers only Statoil-related insurance risks. It retains about 18 per cent of the sum insured, which totals roughly NOK 77 billion, for its own account. The balance is placed in the Norwegian and international reinsurance market. Total insurance provisions at 31 December amounted to NOK 3.5 billion.

STATOIL'S PENSION FUNDS

The Statoil pension funds are organised as independent trusts with the purpose of providing retirement and disability pensions for employees as well as pensions for surviving spouses and children. The pension funds have about 10 000 members in employment and 800 pensioners, and manage funds totalling NOK 6.3 billion. The pension funds are not consolidated in Statoil's balance sheet.

STATOIL'S OVERALL MANAGEMENT RESPONSIBILITY

Statoil manages the state's overall interests on the Norwegian continental shelf in addition to the group's own equity interests. State interests are gathered in the government's direct financial interest (GDFI), which is included directly in the central government budget and accounts. Statoil's management function is authorised in its articles of association and means that the group represents the overall group and state interest in each licence and partnership. In addition, Statoil is responsible for selling all oil and gas produced for the GDFI. Separate financial statements are kept by the group for the GDFI. Statoil's own financial statements solely reflect its equity share.

The pro forma consolidated figures for Statoil and the GDFI presented here show Statoil's overall management responsibility.

PRODUCTION

Availability of oil, including NGL, totalled 533 million barrels in 1995. Comprising 182 million barrels for Statoil's equity share and 351 million for the GDFI, this figure represents an increase of 26 million barrels from the year before. Statoil's production declined by 10 million barrels from 1994, while GDFI production rose by 36 million barrels.

RESERVES

Exploration operations proved 195 million barrels of oil and four billion standard cubic metres of gas in 1995.

Combined with farm-ins, farm-outs and an upgrading of earlier proven and probable reserves, these discoveries contributed to an overall four per cent increase in reserves to 7 041 million barrels of oil and 1 604 billion standard cubic metres of gas.

RESULTS

Operating profit for the overall management responsibility came to NOK 33 100 million in 1995. Statoil's operating profit came to NOK 13 600 million, while the corresponding figure for the GDFI was NOK 19 500 million.

PROPERTY, PLANT AND EQUIPMENT

The net overall addition of these assets amounted to NOK 41 billion, split between NOK 25 billion for the GDFI and NOK 16 billion for Statoil.

Key figures (NOK million)	*1995*	*1994*	*1993*
Operating revenue	123 000	112 300	110 500
Operating costs	68 200	61 500	63 900
Exploration costs	2 200	3 000	2 700
Depreciation	19 500	16 800	15 700
Operating profit	33 100	31 000	28 200
Property, plant and equipment at 1 Jan	188 900	170 500	147 700
Investments (net)	40 900	35 200	38 500
Depreciation	19 500	16 800	15 700
Property, plant and equipment at 31 Dec	210 300	188 900	170 500

HEALTH, THE ENVIRONMENT, SAFETY AND QUALITY

Statoil will be in the forefront on health, the environment and safety.

Environmental strategies and standards for work on health, the environment and safety have been drawn up for the group's national and international operations. A separate environmental report is published alongside this annual report.

Two fatal accidents unfortunately occurred in connection with Statoil operations during 1995. A contractor employee died in an incident at the Emden gas terminal in Germany, while the driver of a road tanker was killed in a traffic accident in Norway while working for Statoil.

The goal of a further reduction in the group's lost-time injury rate was achieved in 1995. A rate of 5.2 per million working hours the year before declined to 3.7. This indicator of the group's safety performance also embraces its contractors. The target is to lower the rate even further in coming years.

No serious gas leaks occurred on Statoil's offshore installations in 1995, a result that reflects a commitment in recent years to preventing such incidents. At the same time, the total number of gas leaks declined substantially.

Norwegian environment minister Thorbjørn Berntsen fills up with low-benzene petrol from Statoil

A serious fire in the petroleum coke plant at the Mongstad refinery shut this operation down for a time, but without disrupting the rest of the facility.

The chief executive's health, environment and safety prize for 1995 was awarded to the department responsible for getting submarine pipelines ready for operation (RFO). Part of Natural Gas Marketing & Supply, this team has devoted substantial efforts over the years to reducing environmental loads and achieving cost reductions. It can now point to very good results in both these areas. At the same time, all health, environment and safety aspects have been handled in an excellent manner.

Statoil places emphasis on maintaining a complete overview of emissions from its own activities and products, and of their possible impact on the natural environment. This is achieved not least through impact assessments and monitoring programmes. Environmental impact assessments were done for the Gullfaks satellites, NorFra, Yme, Ekofisk bypass, Norne, Naturkraft and Åsgard projects in 1995.

Programmes for monitoring air quality around Mongstad and Kårstø have been completed. The air quality in both places proved very good. Concentrations of dust, nitrogen dioxide and sulphur dioxide are far below recommended limits, and the level of pollution is considerably lower than in Norway's major cities.

A tool for improved registration and reporting of offshore consumption and emissions has been adopted.

To support the selection of environment-friendly chemicals, Statoil has formed a collaboration over Charm, a computer system that provides an evaluation of the environmental risk posed by a chemical.

Consumption of chemicals has been reduced. Replacements have also been found for some of the least environment-friendly drilling chemicals. Improved systems for drying gas have cut glycol consumption on Sleipner East and Statfjord by more than 50 per cent.

Oil recovery during well testing totalled 88 000 barrels. Such production was previously flared because the drilling rig could not process and store the crude. Other energy-saving measures include reduced flaring, construction of heat-recovery units and optimised turbine operation. Guidelines for waste treatment within the group have been drawn up.

Country studies, environmental surveys and risk analyses, and emergency response assessments for operations in new parts of the world are being done to the same standards applied on the Norwegian continental shelf. The first well has been drilled off Nigeria. This operation was pursued to the same environmental standards as in the North Sea, and in line with requirements applied off Norway.

Activities in the Caspian are being planned within the same framework. Environmental standards are strict, and advanced treatment technol-

Statoil's environmental report for 1995.

ogy is due to be employed. Extensive environmental mapping has been done.

Statoil has also contributed expertise to the collaboration over Orimulsion production in Venezuela, and has influenced environmental analyses as well as decisions on the measures to be adopted.

No lost-time injuries were reported from the group's international operations in 1995. Statoil has made active efforts to enhance overall emergency response in the event of accidents and to improve its efficiency. A number of emergency response analyses have been implemented, covering much of the group's offshore operations. This work provides a more reliable basis for appropriate dimensioning of emergency response measures.

Extensive studies of overall emergency response have also produced recommendations for organisational and operational simplifications and improvements. A new and improved system for disaster management by platform managers and operations vice presidents has been developed and implemented. Training in various emergency response functions is under way using a newly-developed simulator at Nutec, and new and improved oil spill clean-up equipment has been acquired in connection with production from Heidrun and Yme. A number of measures were implemented in 1995 to integrate suppliers and contractors in Statoil's HES management system, and to allow them to participate in the group's training and improvement activities.

RESEARCH AND DEVELOPMENT

Research and development at Statoil aim to provide expertise and skills needed to achieve the group's commercial goals with solutions that satisfy its requirements for profitability, safety and environmental protection. NOK 555 million was spent on research in 1995. In addition, the Statoil Research Centre did work worth NOK 65 million for the Borealis petrochemicals group and for licences in which Statoil is operator or partner.

A new technology for collecting seismic data from the seabed (Sumic) has been developed and tested, not least on the Tommeliten field. New solutions are developed to meet the challenges posed by deeper water, smaller discoveries and longer distances to land or established infrastructure. The commitment to multiphase transport technology, allied with a focus on oil and gas properties and materials technology, has yielded valuable results for fields in operation and for production solutions that need to be developed.

Key challenges for research and development are:

Growing water depths and smaller fields
Long-distance gas transport
Ageing field installations
Finding new commercially-recoverable resources
Improving the recovery factor in producing fields
Reducing the time between discovery and production
Developing technically and economically attractive development solutions for proven reserves
Enhancing value added at the group's refineries.

Great attention is being paid to the potential for utilising seismic data to predict rock types and their possible gas, oil and water content. Combining conventional seismic and surface data with information registered on the seabed, these methods help to reduce drilling risk and uncertainty in reservoir description.

Trials have established that 13 per cent Cr steel can be welded by conventional welding methods. Using this alloy in production and transport lines offshore could cut costs by 15-50 per cent. The saving could reach as much as NOK 500 million on Åsgard, providing current pipelaying techniques can be utilised.

A solution for catenary steel risers has been developed for production facilities in deep water. Currently the subject of a patent application, this innovation permits ship-based recovery of oil and gas in water depths or at temperatures that prohibit the use of flexible risers. It also allows large-diameter export risers to be used. Studies were carried out in water depths down to 1 300 metres.

Developing a simulation model for pipeline transport of oil, tied to Statoil's dynamic simulation tool for gas transport, enhances value creation by securing stable oil and gas deliveries, higher utilisation and optimal operation of transport systems. The model also satisfies official requirements for a leak detection system. Oil properties such as density and viscosity can be calculated by the simulation tool with good accuracy. It is in constant use at Statoil's Bygnes operations centre.

Collaboration with BP and others has shown that treatment of residual water after wellstream separation on the platform can be sharply reduced.

Statoil's commitment over many years to multiphase flow technology has yielded versatile expertise that produces good research results, which have either been adopted or form the basis for further work. A flow simulator for seabed flowlines on Statfjord has now been qualified and calibrated with data from the field. These were collected during multiphase well tests performed in summer 1995. The multiphase flow model has become more accurate, allowing cheaper and simpler field development solutions to be chosen. This model was used during commissioning of the Statfjord satellites.

A licence has been awarded by Statoil to Alcatel/Aker for a patented system to heat pipelines. This Combipipe induction heating method reduces the risk of hydrate (ice-like plugs) forming in the line. Alcatel/Aker will commercialise the concept world-wide.

In cooperation with Shell, Statoil has tested a new substance intended to prevent hydrate plugs forming in gas/condensate pipelines. This product could reduce the use of chemicals to about one per cent of today's volume, and offers substantial cost savings. Allowing hydrate to form but making it transportable, the substance is currently being tested for use on Sleipner.

Work to optimise production of isomerate - a petrol component - has been pursued in cooperation with the Mongstad refinery. Three principal elements contributed to the encouraging result: installation of equipment for reducing pollutants in the feedstock, replacement of old catalysts with new and better variants, and optimisation of operating conditions for the plant.

RESEARCH PRIZE

Statoil's research prize for 1995 was awarded to Professor Bjørn Magnussen at the Norwegian Institute of Technology (NTH) for his contributions in the field of combustion processes. Presented for the fifth time, the NOK 150 000 prize goes to Norwegian researchers who have achieved substantial results in areas relevant to Statoil's operations.

Professor Bjørn Magnussen receives Statoil's research prize for 1995.

Statoil's Research Centre in Trondheim.

NEW COMMERCIAL OPPORTUNITIES AND INDUSTRIAL COOPERATION

Statoil collaborates with Norwegian industry to develop commercial opportunities based on the group's raw materials, infrastructure and technology. Key elements in this work include securing the rights to technology, purchase and sales of such rights, and equity holdings in selected companies.

A separate Industrial Development business area is dedicated to strengthening Statoil's competitive position by developing commercial opportunities of this kind that cut across the other business areas, and that support the group's core operations - including commercialisation of Statoil technology.

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Through its LUP supplier development programme, Statoil cooperates with industry over product developments that can reduce its costs, improve the environment and enhance safety while providing new business opportunities for suppliers. Important projects in 1995 included collaboration with Jotun and Carboline on developing more cost-effective and environment-friendly protective coatings for use on platforms.

Development of new cost-saving systems for ship-based offshore loading and production is a priority area, and the basis for the group's commitment to multipurpose vessels. A new element in the development of this business is the formation of the Advanced Production Systems (APS) company by Statoil and Aker in December 1995 to own and lease out process equipment for short production assignments on floating installations. This operation is based on Statoil's commitment to multipurpose ships. The process modules can also be leased in the international market to operators or shipowners with suitable vessels or floaters. Other priority areas include industrialisation of multiphase flow and drilling technology.

Statoil has joined forces with Hafslund Nycomed to establish Norferm, a company that is exploring opportunities for producing bio-proteins from natural gas.

An air separation plant is under construction at Tjeldbergodden in cooperation with Aga and DuPont/Conoco.

SPONSORSHIPS

Statoil has used sponsorship for a number of years as a marketing instrument and a means of promoting the group's image.

SPORT

The group has an extensive sports agreement with the Norwegian Olympic Committee, which makes Statoil the only principal sponsor for all Norwegian top-class sport and the development of sporting talent in Norway. Running for three years, this agreement involves a total outlay of NOK 25.5 million. Support for the National Sports Centre in Oslo is a key element.

Under the framework agreement, contracts have been concluded with a total of 30 associations for both summer and winter sports. These give Statoil the right to utilise athletes, coaches and managers in its internal and external marketing. In return, the associations receive direct financial support and are able to offer members a special training programme at the National Sports Centre, where the country's leading experts in top-class sport are concentrated. Statoil also participates in the Olympiatoppen partnership and is a principal sponsor of the Norwegian Rowing Federation.

CULTURE

Statoil cooperated for several years with four successful Norwegian musicians: cellist Truls Mørk, trumpet player Ole Edvard Antonsen, pianist Leif Ove Andsnes and violinist Marianne Thorsen. These contracts terminated at the end of 1995, and have been replaced by agreements with three other talented musicians. The group concluded a two-year contract with soprano Bodil Arnesen in autumn 1994, and initiated a two-year cooperation with violinist Henning Kraggerud and pianist Helge Kjekshus.

For many years, Statoil has been an important contributor to several major music festivals in Norway. These include the International Festival in Bergen, the Festival of Northern Norway, the Steinvikholmen Music Theatre in mid-Norway and Stavanger's Chamber Music Festival. The group also contributed last year to the creation of an international summer academy during the Chamber Music Festival in Stavanger.

The group has collaborated for a number of years with the Stavanger Symphony Orchestra, which has won wide acclaim lately both in Norway and abroad for its musical progress. Statoil also initiated a collaboration with the Trondheim Symphony Orchestra in 1995.

Statoil collaborated for several years with Norwegian musicians Truls Mørk and Ole Edvard Antonsen.

INCOME STATEMENT - STATOIL GROUP

Norwegian Accounting Principles 1993	1994	1995	NOK million	International Accounting Standards 1995	1994	1993
			Sales and other operating revenue			
92 876	98 535	**101 080**	Operating revenue	**101 080**	98 450	92 876
(11 819)	(14 820)	**(15 705)**	Sales tax, excise duties	**(15 705)**	(14 820)	(11 819)
283	448	**1 149**	Share of net profit in associated companies (12)	**1 142**	440	283
81 340	84 163	**86 524**	Net operating revenue (2, 3)	**86 517**	84 070	81 340
			Operating costs			
38 559	41 570	**45 013**	Cost of goods sold (3)	**45 013**	41 567	38 559
21 705	19 158	**19 420**	Payroll and other operating costs (4)	**19 420**	19 158	21 705
1 702	1 475	**1 297**	Exploration costs (6)	**1 020**	1 528	1 427
6 464	6 540	**6 902**	Depreciation (7)	**7 474**	7 076	6 937
68 430	68 743	**72 632**	Total operating costs	**72 927**	69 329	68 628
12 910	15 420	**13 892**	**Operating profit**	**13 590**	14 741	12 712
(1 604)	1 319	**(812)**	Financial items (8, 9)	**1 099**	2 159	(732)
11 306	16 739	**13 080**	**Profit before taxation** (19)	**14 689**	16 900	11 980
8 297	11 247	**8 474**	Taxation (10)	**9 414**	11 520	8 580
6	1	**10**	Minority shareholders' interest	**10**	1	6
3 003	5 491	**4 596**	**Net profit**	**5 265**	5 379	3 394

BALANCE SHEET - STATOIL GROUP

At 31 December

Norwegian Accounting Principles 1993	1994	1995	*NOK million*	*International Accounting Standards* 1995	1994	1993
			Assets			
			Current assets			
			Liquid assets (11)			
2 396	2 677	**1 037**	Bank deposits	**1 037**	2 677	2 396
3 058	3 099	**5 116**	Other liquid assets	**5 261**	3 142	3 297
			Short-term receivables (11)			
10 551	13 063	**16 328**	Accounts receivable	**16 328**	13 063	10 551
3 808	2 352	**2 705**	Other receivables	**2 705**	2 354	3 808
			Stocks (11)			
1 442	1 358	**802**	Raw materials	**802**	1 358	1 442
1 530	1 757	**1 718**	Finished products	**1 718**	1 757	1 530
22 785	24 306	**27 706**	Total current assets	**27 851**	24 351	23 024
			Fixed assets			
			Shares and long-term investments			
487	3 728	**4 519**	Associated companies (12)	**4 581**	3 795	487
1 128	1 095	**1 085**	Shares in other companies (12)	**1 085**	1 095	1 128
1 421	2 885	**4 086**	Investments (5)	**4 086**	2 885	1 421
59 965	60 217	**68 189**	**Property, plant and equipment** (6, 7)	**75 663**	67 064	66 945
63 001	67 925	**77 879**	**Total fixed assets** (2)	**85 415**	74 839	69 981
85 786	92 231	**105 585**	**Total assets**	**113 266**	99 190	93 005

BALANCE SHEET - STATOIL GROUP

At 31 December

Norwegian Accounting Principles 1993	1994	1995	NOK million	International Accounting Standards 1995	1994	1993
			Liabilities and shareholder's equity			
			Current liabilities			
5 984	3 779	**6 405**	Interest-bearing debt (13)	**6 405**	3 779	5 984
6 457	10 088	**12 499**	Accounts payable	**12 499**	10 088	6 457
3 133	5 059	**3 842**	Taxes payable (10)	**3 842**	5 059	3 133
1 076	1 615	**1 851**	Dividend payable	**1 851**	1 615	1 076
5 579	5 468	**6 595**	Other current liabilities	**6 595**	5 468	5 579
22 229	26 009	**31 192**	**Total current liabilities**	**31 192**	26 009	22 229
			Long-term liabilities			
19 758	16 787	**20 048**	Loans (14)	**18 756**	16 378	19 758
3 937	4 279	**5 126**	Other long-term liabilities (15)	**5 126**	4 279	3 937
15 480	16 942	**17 992**	Deferred taxation (10)	**24 256**	22 265	20 530
39 175	38 008	**43 166**	**Total long-term liabilities**	**48 138**	42 922	44 225
44	44	**104**	**Minority shareholders' interest**	**104**	44	44
			Shareholder's equity (16, 19)			
4 940	4 940	**4 940**	Share capital	**4 940**	4 940	4 940
19 398	23 230	**26 183**	Retained earnings	**28 892**	25 275	21 567
24 338	28 170	**31 123**	**Total shareholder's equity**	**33 832**	30 215	26 507
85 786	92 231	**105 585**	**Total liabilities and shareholder's equity**	**113 266**	99 190	93 005

Guarantees and secured liabilities (17)
Other liabilities and commitments (18)

Stavanger, 22 February 1996

Helge Kvamme — Arnfinn Hofstad — Else Bugge Fougner

Tormod Hermansen — Yngve Hågensen — Marit Reutz

Iver Pehrson — Jetfred Sellevåg — Åse Simonsen

Harald Norvik
President and
chairman of the executive board

Norwegian Accounting Principles 1993	1994	1995	*NOK million*	*International Accounting Standards* 1995	1994	1993
			Cash flow from/(to) operations			
81 517	80 727	**81 743**	Cash receipts from operations	**81 743**	80 727	81 517
(61 909)	(57 672)	**(60 605)**	Disbursements to operations	**(60 328)**	(57 391)	(61 459)
(758)	(584)	**(696)**	Net financial items	**230**	44	(120)
(7 348)	(7 644)	**(8 711)**	Taxes paid	**(8 711)**	(7 644)	(7 348)
11 502	14 827	**11 731**	Net cash flow from operations	**12 934**	15 736	12 590
			Cash flow from/(to) investing activities			
(12 339)	(11 028)	**(16 247)**	Acquisition of fixed assets	**(17 450)**	(11 929)	(13 427)
121	1 254	**512**	Sale of property, plant, equipment	**512**	1 246	121
(12 218)	(9 774)	**(15 735)**	Net cash flow to investing activities	**(16 938)**	(10 683)	(13 306)
			Cash flow from/(to) financing activities			
(900)	155	**(2 119)**	Change in other liquid assets	**(2 119)**	155	(900)
750	(1 299)	**1 995**	Change in short-term debt	**1 995**	(1 299)	750
3 142	2 060	**5 385**	New long-term debt	**5 385**	2 060	3 142
(3 747)	(4 612)	**(1 282)**	Reduction in long-term debt	**(1 282)**	(4 612)	(3 747)
(1 253)	(1 076)	**(1 615)**	Dividend paid	**(1 615)**	(1 076)	(1 253)
(2 008)	(4 772)	**2 364**	Net cash flow from/(to) financing activities	**2 364**	(4 772)	(2 008)
(2 724)	281	**(1 640)**	Net changes in bank deposits	**(1 640)**	281	(2 724)
5 120	2 396	**2 677**	Bank deposits at 1 January	**2 677**	2 396	5 120
2 396	2 677	**1 037**	**Bank deposits at 31 December**	**1 037**	2 677	2 396

1. **Accounting policies**
The group accounts have been prepared in accordance with both the International Accounting Standards (IAS), issued by the International Accounting Standards Committee, and the Norwegian generally accepted accounting principles (NGAAP). They include the accounts of the parent company, Den norske stats oljeselskap a .s (Statoil), and its subsidiaries as described in note 9 to the parent company's accounts.

Significant differences between the NGAAP and IAS accounts are explained in a separate section below.

Group consolidation

- Subsidiaries are defined as companies in which Statoil, directly or indirectly, has a majority voting interest. Shares in subsidiaries are eliminated against the cost of investment as shown in Statoil's books. Any assignable excess of purchase price over book value is included in the relevant assets and depreciated accordingly. Other excess value is classified as goodwill.
- Associated companies are defined as companies over which the group has a significant influence and where the ownership position is of a lasting and strategic nature. Shares in such companies are accounted for in accordance with the equity method.
- Jointly-controlled operations are included in the respective income statement and balance sheet items.
- Inter-group transactions and balances are eliminated.

Foreign currency translation
On consolidation, income statements in foreign currencies are translated at average rates of exchange for the year, while assets and liabilities are translated at closing rates of exchange. Currency translation differences are posted directly against shareholder's equity.

Bank deposits
Bank deposits include cash in hand, time deposits and other liquid assets maturing less than three months from the date of purchase.

Other liquid assets
Other liquid assets are assessed at market value and include monetary instruments maturing between three and twelve months from the date of purchase, plus listed securities.

Stocks
Stocks are valued at the lower of acquisition cost as defined by the first-in-first-out principle and anticipated net sales price. Stocks kept in reserve under government decree, and which cannot be used in current operations, are assessed at the lower of the original cost price and anticipated net sales price (the last-in-first-out principle).

Hedged stocks are valued at the lower of acquisition cost and hedged price.

The acquisition cost of produced goods consists of direct materials, direct wages and allocated indirect production costs. For purchased goods, cost price and transport costs are included.

Gas swapping
Gas swapping/loan agreements are accounted for in accordance with the sales method, whereby the borrower records the sale as income on delivery to the customer. A corresponding provision is made for the anticipated future cost of production and possible transport of the gas to be redelivered. When lending gas, the lower of the production cost and the present value of estimated future sales price is included in current assets.

Over/under-lifting of petroleum
When the volume of petroleum lifted from a field differs from the participating equity interest, the production cost is adjusted for the over/under-lift.

Property, plant and equipment
Such assets are valued at acquisition cost less accumulated depreciation. Any upgrading costs which significantly increase the capacity or life of the asset are capitalised.

- *Maintenance and site removal costs*
  Ordinary maintenance and repairs are charged against income when performed. Provisions are made for costs related to periodic maintenance programmes.
  Provisions are made for future site removal costs based on the current price level and an anticipated removal concept.
- *Capitalised interest*
  Interest costs related to major equipment under construction are capitalised as part of the cost price and depreciated along with the capital asset concerned.
- *Oil and gas exploration costs*
  Drilling of exploratory wells in which hydrocarbons have been found are capitalised, as are acquisitions of exploration acreage. If, on further evaluation, the reserves are not considered commercial, such exploration costs are charged against income.
- *Leasing*
  Major lease agreements which are *de facto* finance leases are capitalised and depreciated over the term of the lease. The instalment element of the lease obligation is shown as a long-term loan in the balance sheet, and the leased equipment as a fixed asset.
- *Depreciation*
  Depreciation of production installations and

transport systems for oil and gas is calculated for each individual field or field-dedicated transport system, using the unit of production method based on estimated proved reserves.
Ordinary depreciation of transport systems used by several fields and of other assets is calculated on the basis of their economic life expectancy, using the straight line method.

Goodwill
Goodwill is capitalised and depreciated over its economic life expectancy, up to a maximum of 20 years, using the straight line method.

Norm price and royalty
The authorities stipulate monthly norm prices for the crude oil produced on the Norwegian continental shelf. This norm price provides the fiscal basis and is also the price paid by Statoil for the government's equity and royalty oil.

The government's royalty oil consists of royalty taken in kind. The quantities delivered by Statoil as royalty for its participation in the various production licences are booked at the norm price and shown as income and operating costs respectively in the income statement.

Trading
Trading of crude oil and products is included in operating revenue and operating costs to the extent that such transactions involve physical deliveries. The net proceeds of transactions not involving physical deliveries are included in operating revenue.

As manager of the government's direct financial interest in the petroleum industry, Statoil markets and sells the government's share of production.

The title to such oil when directly sold from a field to an external customer is not transferred to Statoil. The net result of this trading business is included in operating revenue. The value of government equity crude bought by Statoil for future sale to external customers or for refining is included in group operating revenue and operating costs respectively.

Statoil buys all oil received by the government as royalty in kind from fields on the Norwegian continental shelf. Statoil includes the costs of purchase and proceeds from the sale of this royalty oil in its operating costs and operating revenue respectively.

Unrealised gains and losses on forward sales of crude oil and products are recorded as income/expenses as incurred.

Research and development
Costs of research and development are charged against income as incurred.

Pensions
Pension rights earned by group employees are mainly secured through pension schemes in insurance companies or the group's own pension fund.

Annual costs and the liability incurred are calculated on the basis of a straight-line earning of pension rights. The liability is compared with the market value of the pension funds. Changes in the pension obligation due to altered economic and actuarial assumptions are allocated over the average remaining pension-earning period.

Transactions in foreign currencies
Items in foreign currency are translated to Norwegian kroner as follows:

- Income, expenses and fixed assets are recorded at a monthly rate of exchange set for accounting purposes.
- Liabilities and current assets are translated at closing rates of exchange.

Financial instruments
The following accounting policies are applied for the principal financial instruments:

- *Currency swap agreements*
  For long-term debt exchanged from the original foreign currency to another (open) currency at an agreed rate of exchange, the open currency position is applied when translating the debt to NOK.
- *Forward currency contracts*
  Unrealised gains or losses on hedging contracts are offset against losses or gains on the items hedged. The interest element is allocated over the contract period.
  Unrealised gains or losses on trading contracts are recorded in the income statement as incurred.
- *Interest swap agreements*
  The net effect of income and costs related to interest swap agreements is allocated over the contract period.

Taxation
The taxation item in the income statement represents the total amount of payable and deferred taxes related to the current year's profit, as well as changes in deferred taxation due to amended tax rates. The deferred taxation liability comprises both future taxes payable on reversal of temporary differences, and deferred tax calculated on assignable value added or reduced on consolidation of subsidiaries in accordance with the acquisition method. Earned uplift has no fiscal effect on future reversals, and is not considered when calculating the deferred taxation liability.

Full provision is made using closing date tax rates and undiscounted amounts.

Amended presentation and estimates
Share of net profit in associated companies has been reclassified and is presented as a separate item under operating revenue. The comparable figures for previous years have been restated accordingly. Depreciation of oil and gas production facilities and field-dedicated transport systems is effective from 1 January 1995 based on estimated proved reserves. At the same time, the period of depreciation for onshore production plants has been changed from 15 to 20 years. The respective depreciation effects of these amendments amount to an increase of NOK 500 million for exploration and production and a reduction of NOK 200 million for refining and marketing. Their after-tax effect is a NOK 30 million rise in net profit.

Summary of significant differences between group accounts prepared in accordance with Norwegian accounting principles and the International Accounting Standards:

Exploration costs
Under Norwegian accounting practice, all exploratory drilling costs and acquisitions of exploration acreage are charged against income as incurred.

Interest
Under Norwegian accounting practice, interest is charged against income as incurred

Listed securities classified as current assets
Under Norwegian accounting practice, unrealised gains are not recognised as income.

Unrealised foreign exchange gains
Under Norwegian accounting practice, unrealised foreign exchange gains related to long-term monetary items are not recognised as income.

Forward trading
Under Norwegian accounting practice, unrealised gains related to forward trading in foreign currency, crude oil and refined products are recognised as income only to the extent that such transactions are made for hedging purposes and where gains are offset by unrealised losses on the hedged object.

2. Disclosures by business segments and geographic distribution

Business segments
Inter-group sales are recorded at estimated market value

NOK million	*Operating revenue**	*External sales*	*Operating profit/(loss)*	*Fixed assets*
For 1995 and at 31 December 1995:				
Exploration and production	27 993	10 985	12 459	49 879
Refining and marketing	74 101	74 021	245	22 639
Petrochemicals	1 261	1 261	1 106	6 337
Other operations and eliminations	(16 838)	250	(220)	6 560
Total	86 517	86 517	13 590	85 415
For 1994 and at 31 December 1994:				
Exploration and production	29 898	11 807	12 997	47 469
Refining and marketing	73 096	71 712	1 389	18 358
Petrochemicals	244	244	204	3 431
Other operations and eliminations	(19 168)	307	151	5 581
Total	84 070	84 070	14 741	74 839
For 1993 and at 31 December 1993:				
Exploration and production	29 506	11 728	12 960	44 811
Refining and marketing	64 289	63 922	691	17 830
Petrochemicals	5 535	5 531	(448)	3 114
Other operations and eliminations	(17 990)	159	(491)	4 226
Total	81 340	81 340	12 712	69 981

*Operating revenue includes profit after taxation in associated companies

Geographic distribution
Based on company location

NOK million	*Operating revenue*	*External sales*	*Operating profit/(loss)*	*Fixed assets*
For 1995 and at 31 December 1995:				
Norway	70 677	66 630	12 607	67 265
Europe (excluding Norway)	16 159	15 168	1 002	20 531
Other	4 776	4 719	(19)	1 308
Eliminations	(5 095)		-	(3 689)
Total	86 517	86 517	13 590	85 415
For 1994 and at 31 December 1994:				
Norway	69 713	66 600	13 925	61 558
Europe (excluding Norway)	14 615	13 947	953	14 879
Other	3 641	3 523	(137)	596
Eliminations	(3 899)			(2 194)
Total	84 070	84 070	14 741	74 839
For 1993 and at 31 December 1993:				
Norway	66 990	62 339	12 734	58 205
Europe (excluding Norway)	16 028	14 972	125	15 005
Other	4 192	4 029	(147)	487
Eliminations	(5 870)			(3 716)
Total	81 340	81 340	12 712	69 981

3. Operating revenue analysed by product groups

NOK million	*1995*	*1994*	*1993*
Crude oil and NGL	43 828	42 360	37 675
Pipeline transport	5 334	5 577	5 566
Natural gas	4 911	3 204	2 596
Refined products	24 641	26 493	26 514
Other revenue	7 803	6 436	8 989
Total	86 517	84 070	81 340
Foreign sales, included above:			
Crude oil and NGL	40 870	39 422	34 328
Natural gas	4 490	3 064	2 130
Refined products	19 581	21 942	21 332
Other revenue	5 707	4 320	7 093
Total	70 648	68 748	64 883

Total crude oil availability includes purchased royalty and government equity crude at NOK 22 438 million.
Cost of goods sold, NOK 45 013 million, consists of purchased royalty and government equity crude plus other goods purchased for resale.
Operating revenue includes royalties of NOK 1 988 million. An equivalent amount is included in other operating costs.

4. Payroll and other operating costs

NOK million	1995	1994	1993
Payroll and statutory social benefits	6 311	5 899	6 557
Other operating costs	18 295	18 701	20 063
Costs charged to licences	(5 186)	(5 442)	(4 915)
Payroll and other operating costs	19 420	19 158	21 705

Pension costs

Most of the group's employees are covered by pension plans entitling them to defined future pension benefits. These benefits are mainly dependent on the number of years of their pensionable service, their final pensionable salary level and the size of National Insurance benefits.

The parent company and Statoil Norge a.s employees are insured through Statoil Pensjonskasse (pension fund), which is organised as an independent trust. Its funds are mainly invested in government, county or municipal bonds.

Employees in subsidiaries are insured through various insurance company plans.

The pension costs of the financial year and the accrued obligation are calculated on the basis of a straight-line earning of pension rights.

The group's accrued pensions are analysed as follows:

NOK million	1995	1994	1993
Vested pension benefits earned	(4 280)	(3 438)	(4 115)
Non-vested early retirement benefits earned	(95)	(54)	(112)
Pension funds	6 220	4 805	3 986
Unrealised effect of changed estimates	210	75	856
Total	2 055	1 388	615

Accrued pensions are classified in the financial statements as:

Long-term investment	2 612	1 887	1 139
Other long-term liabilities	557	499	524

Discount rate/assumed rate of return	7.5%	7.5%	6.0%
Discount factor	7.0%	7.5%	6.0%
Assumed increase in salaries	4.0%	4.0%	3.5%
Assumed adjustment of the National Insurance base rate	3.0%	3.0%	3.0%

The latest actuarial analysis was made in 1995.

Net pension costs are analysed as follows:

NOK million	1995	1994	1993
Present value of the period's earnings	310	313	390
Interest cost of pension obligation	222	202	119
Expected return on pension funds	(405)	(324)	(185)
Allocated effect of changes in estimates and difference between actual and expected return	5	4	45
Pension cost included in payroll and statutory social benefits	132	195	369

5. Investments

Investments include prepaid pension costs of NOK 2 612 million as shown in note 4.
A subordinated loan to Borealis a.s of NOK 633 million is also included.

Geographic distribution
Based on company location

NOK million	*Operating revenue*	*External sales*	*Operating profit/(loss)*	*Fixed assets*
For 1995 and at 31 December 1995:				
Norway	70 677	66 630	12 607	67 265
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Discount factor	7.0%	7.5%	6.0%
Assumed increase in salaries	4.0%	4.0%	3.5%
Assumed adjustment of the National Insurance base rate	3.0%	3.0%	3.0%

The latest actuarial analysis was made in 1995.

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Present value of the period's earnings	310	313	390
Interest cost of pension obligation	222	202	119
Expected return on pension funds	(405)	(324)	(185)
Allocated effect of changes in estimates and difference between actual and expected return	5	4	45
Pension cost included in payroll and statutory social benefits	132	195	369

5. Investments

Investments include prepaid pension costs of NOK 2 612 million as shown in note 4.
A subordinated loan to Borealis a.s of NOK 633 million is also included.

6. Exploration expenditures

NOK million	*1995*	*1994*	*1993*
Capitalised at 1 Jan	2 602	2 724	2 485
Incurred during the year	1 297	1 475	1 702
Expensed share of current year's exploration activities	(930)	(1 194)	(1 251)
Expensed, previously capitalised	(90)	(333)	(176)
Depreciation	(77)	(60)	(38)
Exchange adjustments	(7)	(10)	2
Capitalised at 31 Dec - IAS	2 795	2 602	2 724

The capitalised amount at 31 December 1995 includes NOK 1 163 million in exploration expenditures in areas not approved for development.
Under NGAAP, exploration expenditures are charged against income as incurred.

7. Property, plant and equipment

NOK million	*Machinery, office furniture, vehicles, etc.*	*Prod plant offshore*	*Prod plant onshore*	*Buildings and sites*	*Vessels*	*Intangibles*	*Construction in progress*	*Property, plant, equipm IAS*	*Adjustments (Note 1)*	*Property, plant, equipm NGAAP*
Historical cost at 1 Jan 95	5 616	68 639	26 965	5 634	2 361	366	18 950	128 531	(7 954)	120 577
Additions	320	12 162	5 123	410	1 291	96	(3 186)	16 216	(1 203)	15 013
Deletions at historical cost	76	330	265	54	55	0	162	942	0	942
Accumulated depreciation at 31 Dec 95	4 560	44 978	15 985	1 488	897	234	0	68 142	(1 683)	66 459
Book value at 31 Dec 95	1 300	35 493	15 838	4 502	2 700	228	15 602	75 663	(7 474)	68 189
Depreciation 1995	591	5 166	1 236	227	195	59	0	7 474	(572)	6 902

The book value of vessels, NOK 2 700 million, includes chartered vessels at NOK 966 million.

Construction in progress includes unallocated excess value related to the acquisition of Aran Energy Plc, NOK 605 million. The final allocation will be made in 1996.

Additions to and proceeds from sale of property, plant and equipment (sales price) during the last five years (NGAAP). NOK million

1995		*1994*		*1993*		*1992*		*1991*	
Addns	Sales	Addns	Sales	Addns	Sales	Addns	Sales	Addns	Sales
15 013	512	10 925	1 246	12 204	71	9 514	276	7 835	518

8. Financial items

The net amount is analysed as follows:

NOK million	*1995*	*1994*	*1993*
Dividend received	41	37	35
Gain/(loss) on sale of securities	89	(76)	236
Interest and other financial income	625	641	874
Currency exchange adjustments short-term items	(319)	178	283
Currency exchange adjustments long-term items	334	1 885	(1 666)
Interest and other financial expenses	(1 582)	(1 346)	(1 366)
Net financial items - NGAAP	(812)	1 319	(1 604)
Change unrealised gains on securities	103	(196)	233
Change unrealised exchange gains, long-term items	882	409	-
Capitalised building loan interest	926	627	639
Net financial items - IAS	1 099	2 159	(732)

9. **Financial derivatives**

Gap analysis for financial derivatives denominated in NOK million.

Time gap report

NOK million	*0-3 mths*	*3-6 mths*	*6-12 mths*	*1-3 yrs*	*3-5 yrs*	*5-10 yrs*	*Over 10 yrs*	*Total*
Forward contracts	-52	-2	-6	-8	0	0	0	-68
Interest rate swaps	885	0	316	1 642	4 645	1 118	2 212	10 818
Currency and interest rate swaps	0	0	374	545	1 632	(1 573)	0	978

Nominal values by product and currency

(Millions)	*USD*	*DEM*	*GBP*	*ECU*	*JPY*	*CHF*	*BEF*	*DKK*	*SEK*	*MYR*	*NOK*
Forward contracts	(1 832)	518	58	110	4 400	150	2 738	(2 153)	(421)	112	8 657
Interest rate swaps	1 149	325	0	60	0	0	7 000	117	0	0	0
Currency and interest rate swaps	(777)	427	0	50	51 200	0	2 555	(83)	0	0	0

Interest rate derivatives
Interest rate derivatives in Statoil are mainly used for asset and liability management, off and on balance.
Average interest sensitivity for the group's loans, bonds and interest derivatives throughout the year was NOK 410 million, based on modified duration and a parallel one per cent decline in interest rates.

Currency derivatives
Statoil makes sporadic use of OTC currency options.

10. **Taxation**
The taxable base is analysed as follows:

NOK million		*IAS*			*NGAAP*	
	1995	*1994*	*1993*	*1995*	*1994*	*1993*
Profit before taxation	14 689	16 900	11 980	13 080	16 739	11 306
Excess tax depreciation	(1 546)	(1 707)	(943)	(2 119)	(2 243)	(1 410)
Other temporary differences	(265)	(211)	(896)	705	71	(670)
Capitalised interest and exploration costs	(1 203)	(576)	(915)	-	-	-
Permanent differences	(757)	(656)	811	(748)	(817)	811
Current taxation base	10 918	13 750	10 037	10 918	13 750	10 037
Tax expenses are analysed as follows:						
Ordinary corporation tax	3 081	3 901	2 825	3 081	3 901	2 825
Special petroleum tax	4 149	5 380	4 092	4 149	5 380	4 092
Adjustment previous years	264	288	(237)	264	288	(237)
Total taxes payable	7 494	9 569	6 680	7 494	9 569	6 680
Deferred tax provision	1 920	1 951	1 900	980	1 678	1 617
Taxation for the year	9 414	11 520	8 580	8 474	11 247	8 297
Uplift benefit for the year	2 220	1 982	1 720	2 220	1 982	1 720

Deferred taxes are calculated on the basis of temporary differences between financial and tax accounting values at the closing date. Profit retained/loss carried forward in subsidiaries is not included in these calculations. Uplift earned, but not amortised, amounts to NOK 8.1 billion.

NOK million	1995		1994		1993	
	Base	Deferred tax	Base	Deferred tax	Base	Deferred tax
Excess tax depreciation, offshore	26 077	20 341	24 881	19 407	23 036	17 968
Excess tax depreciation, onshore	8 241	2 415	6 427	1 852	6 451	1 809
Other temporary differences	1 461	1 500	1 204	1 006	1 145	753
In accordance with IAS	35 779	24 256	32 512	22 265	30 632	20 530
Adjustments for NGAAP:						
Capitalised exploration costs	(2 795)	(1 895)	(2 602)	(1 901)	(2 724)	(1 960)
Capitalised interest	(4 679)	(3 371)	(4 245)	(3 113)	(4 256)	(3 029)
Unrealised gains	(1 499)	(998)	(521)	(309)	(239)	(61)
In accordance with NGAAP	26 806	17 992	25 144	16 942	23 413	15 480

11. Current assets

Other liquid assets

NOK million	1995	1994	1993
Time deposits	21	38	215
Listed shares	664	369	752
Bonds, certificates and other securities	4 576	2 735	2 330
Total IAS	5 261	3 142	3 297

NOK 145 million in unrealised gains at closing date are not included in the NGAAP accounts.

Other liquid assets in Statoil Forsikring a.s are included at NOK 3 979 million. These funds can only to a limited extent be lent to other companies in the group.

Short-term receivables

Accounts receivable and other short-term receivables are assessed at face value, less a provision for anticipated losses. The provision for bad debts at 31 December 1995 amounted to NOK 163 million.

Stocks

Stocks essentially consist of crude oil and refined products. Equity crude is considered as stock on passing the norm price point, normally when loaded on the field. Product stocks include stocks kept in reserve under government decree, assessed at NOK 207 million.

12. Shares and long-term investments

Shares in associated companies

NOK million	Book value	Share in profit/(loss)	Equity holding	Par value	Share capital
Borealis a s	4 241	1 192	50%	DKK 2 000	DKK 4 000
Malaysian Refining Company Sdn Bnd	132	0	15%	MYR 40	MYR 268
Other companies	208	(50)			
Total	4 581	1 142			

Voting stock and equity holdings are identical.

Shares in other companies
Shares in other companies totalled NOK 1 085 million, including NOK 807 million for ordinary shares in Saga Petroleum A/S. The equity holding in this company is 8.8 per cent, while 11.7 per cent of the voting stock is held.
A five per cent shareholding in Verbundnetz Gas AG is also included at NOK 218 million.

13. Interest-bearing debt

NOK million	*1995*	*1994*	*1993*
First year's instalment on long-term loans	2 078	1 283	2 450
Short-term bank loans and overdrafts	468	129	1 427
Net payable to co-venturers	2 210	2 367	1 928
Other interest-bearing debt	1 649	-	179
Current interest-bearing debt	6 405	3 779	5 984

14. Loans

Currency positions

Amounts in millions	*Long-term loans*	*Currency swap agreements*	*Currency position*	*Exchange rate*	*Book value NOK*
NOK	72		72		72
BEF	5 670	(2 555)	3 115	21.48	669
CHF	150		150	549.44	824
DEM	751	(427)	324	441.21	1 427
GBP	31	-	31	9.77	302
DKK	428	83	511	113.94	582
ECU	160	(50)	110	8.11	892
JPY	55 600	(51 200)	4 400	6.14	270
USD	1 723	777	2 500	6.32	15 796
Total					20 834
Instalments first year					(2 078)
Long-term loans - IAS					18 756
Unrealised currency exchange gains					1 292
Long-term loans - NGAAP					20 048

47

Long-term loans include USD 170 million in commitments related to financial leasing.

Average rate of interest in 1995, excluding currency exhange effects, was 6.6 per cent.

Available borrowing facilities at 31 December 1995 amount to NOK 3.3 billion.

Instalment plan, long-term loans

Year	*NOK million*
1996	2 078
1997	1 903
1998	3 640
1999	366
2000	1 370
Thereafter	11 477
Total	20 834

First-year instalments are included in current interest-bearing debt.

15. Other long-term liabilities

This item includes provisions of NOK 3 488 million for various insurance funds in Statoil Forsikring a.s and pension obligations of NOK 557 million as shown in note 4. Accrued future site removal costs of NOK 1 008 million are also included, of which the current year's provision amounts to NOK 233 million.

16. Equity changes IAS

The share capital consists of 49 397 140 shares at NOK 100 each.

NOK million	*1995*	*1994*	*1993*
Equity at 1 January	30 215	26 507	24 205
Net profit for the year	5 265	5 379	3 394
Dividend for the year	(1 850)	(1 615)	(1 076)
Change in foreign currency translation adjustment	202	(56)	(16)
Equity at 31 December	33 832	30 215	26 507

For reconciliation to the NGAAP, see note 19.

17. Guarantee commitments and secured liabilities

Of total guarantees provided by the group, NOK 434 million, the parent company has issued NOK 220 million.

18. Other liabilities and commitments

Contingent liabilities and insurance
Like any other licensee, Statoil has unlimited liability for possible compensation claims arising from its offshore operations, including transport systems. The company has taken out insurance to cover this liability up to about NOK 4 500 million for each incident, including liability for claims arising from pollution damage.
Statoil's assets are insured at their estimated replacement value. Offshore installations are covered through Statoil Forsikring a.s, which reinsures most of the risk in the international insurance market. Eighteen per cent is retained.

Lease agreements
At 31 December 1995, Statoil had signed one- to eight-year lease agreements for five drilling rigs, helicopter services equivalent to seven helicopters, and 14 supply/stand-by vessels. In addition to the capitalised lease cost of vessels, Statoil has chartered 30 vessels with remaining lease periods ranging from one to 13 years.

Current commitments under non-terminable charter parties and lease agreements are:

Year	*NOK million*
1995	1 487
1996	1 108
1997	949
1998	704
1999	553
Thereafter	1 615
Total	6 416

Transport agreements
The group has made only minor commitments to transport oil and gas via transport systems in excess of its equity holdings in the same systems.

Contractual commitments

NOK million	*1996*	*Thereafter*	*Total*
Contractual commitments made	5 360	3 901	9 261

The contractual commitments comprise acquisition and construction of properties, plant and equipment.

Other commitments
As a condition for being awarded oil and gas exploration and production licences, participants are committed to drill a certain number of wells. At the end of 1995, the group was committed to participate in 28 wells offshore Norway and 20 wells abroad, with an average interest of about 20 per cent.

19. Reconciliation of accounts in accordance with Norwegian accounting principles to International Accounting Standards

As stated in note 1, the NGAAP differ in some areas from the IAS. A reconciliation of profit before taxation and shareholder's equity from the IAS to the NGAAP is given below.

NOK million	*1995*	*1994*	*1993*
Profit before taxation - IAS	14 689	16 900	11 980
Net capitalised/expensed exploration costs	(277)	51	(275)
Net capitalised interest on building loans	(926)	(466)	(639)
Change in unrealised gains and other IAS differences	(979)	(282)	(234)
Depreciation of capitalised exploration costs and building loan interest	573	536	474
Profit before taxation - NGAAP	13 080	16 739	11 306
Shareholder's equity - IAS	33 832	30 215	26 507
Capitalised exploration costs	(2 795)	(2 602)	(2 724)
Capitalised interest on building loans	(4 679)	(4 245)	(4 256)
Change in unrealised gains and other IAS differences	(1 499)	(521)	(239)
Deferred taxation	6 264	5 323	5 050
Shareholder's equity -NGAAP	31 123	28 170	24 338

NOK million		*1995*	*1994*
Operating revenue	(2)	68 417	67 191
Operating costs			
Cost of goods sold		34 847	32 155
Payroll and other operating costs	(3, 4)	14 003	14 247
Exploration costs		1 003	1 150
Depreciation	(5)	5 787	5 527
Total operating costs		55 640	53 079
Operating profit		12 777	14 112
Financial items	(6)	(990)	1 141
Profit before taxation		11 787	15 253
Taxation	(7)	8 304	11 032
Net profit		3 483	4 221
Allocation of net profit:			
Group contribution		(229)	(70)
Restricted equity reversing fund		(41)	(41)
Statutory reserve		1 011	955
Dividend		1 850	1 614
Distributable reserve		892	1 763
		3 483	4 221

BALANCE SHEET - STATOIL

At 31 December

Assets

NOK million		*1995*	*1994*
Current assets			
Liquid assets			
Bank deposits		192	1 572
Other liquid assets		1 261	86
Short-term receivables	(8)		
Accounts receivable		11 614	9 419
Inter-group receivables		1 571	987
Other receivables		1 576	1 687
Stocks	(8)		
Raw materials		509	1 255
Finished products		487	599
Total current assets		17 210	15 605
Fixed assets			
Long-term receivables and investments			
Shares in subsidiaries	(9)	13 695	13 039
Shares in other companies	(9)	1 055	1 054
Shares in associated companies	(9)	186	267
Investments	(4)	3 489	2 480
Inter-group receivables		1 937	628
Property, plant and equipment	(5)	51 538	48 795
Total fixed assets		71 900	66 263
Total fixed assets		89 110	81 868

BALANCE SHEET - STATOIL

At 31 December

Liabilities and shareholder's equity

NOK million		*1995*	*1994*
Current liabilities			
Bank loans and overdrafts		-	520
Accounts payable		10 975	9 010
Taxes payable		3 600	4 900
Dividend payable		1 850	1 614
Inter-group payables		2 064	1 223
Other current liabilities	(10)	7 586	5 820
Total current liabilities		26 075	23 087
Long-term liabilities			
Loans	(11)	16 307	15 306
Inter-group loans		1 084	1 055
Other long-term liabilities	(12)	1 214	948
Deferred taxation	(7)	17 083	15 987
Total long-term liabilities		35 688	33 296
Shareholder's equity			
Share capital (49 397 140 shares at NOK 100 each)		4 940	4 940
Statutory reserve and restricted equity reversing fund		7 950	6 980
Distributable reserve		14 457	13 565
Total shareholder's equity		27 347	25 485
Total liabilities and shareholder's equity		89 110	81 868
Guarantees and mortgages	(13)		
Other liabilities and commitments	(14)		

Stavanger, 22 February 1996

Helge Kvamme — Arnfinn Hofstad — Else Bugge Fougner

Tormod Hermansen — Yngve Hågensen — Marit Reutz

Iver Pehrson — Jetfred Sellevåg — Åse Simonsen

Harald Norvik
President and
chairman of the executive board

NOK million	1995	1994
Cash flow from/(to) operations		
Cash receipts from operations	65 368	64 461
Disbursements to operations	(46 220)	(42 531)
Net financial items	(920)	(626)
Taxes paid	(8 508)	(7 533)
Net cash flow from operations	9 720	13 771
Cash flow from/(to) investing activities		
Acquisition of fixed assets	(10 555)	(11 191)
Sale of property, plant and equipment	441	1 127
Net cash flow to investing activities	(10 114)	(10 064)
Cash flow from/(to) financing activities		
Short-term financing:		
Change in other liquid assets	(1 164)	305
Change in short-term debt	1 339	(268)
Long-term financing:		
New long-term debt	1 652	2 042
Reduction in long-term debt	(1 199)	(3 615)
Shareholder's equity:		
Dividend paid	(1 614)	(1 075)
Net cash flow to financing activities	(986)	(2 611)
Net changes in bank deposits	(1 380)	1 096
Bank deposits at 1 January	1 572	476
Bank deposits at 31 December	192	1 572

1. Accounting policies

Accounts for Statoil (the parent company) have been prepared in accordance with Norwegian generally accepted accounting principles (NGAAP), as described in note 1 to the group accounts.

2. Operating revenue

Operating revenue is analysed as follows:

NOK million	*1995*	*1994*
Crude oil and NGL	44 875	41 243
Pipeline transport	5 281	5 562
Natural gas	2 677	2 616
Refined products	12 757	15 409
Other revenue	2 827	2 361
Total	68 417	67 191

Foreign sales, included above:		
Crude oil and NGL	41 917	38 415
Natural gas	2 255	2 475
Refined products	9 900	12 695
Other revenue	1 270	1 021
Total	55 342	54 606

3. Payroll and other operating costs

NOK million	*1995*	*1994*
Payroll and statutory social benefits	4 699	4 389
Other operating costs	14 490	15 300
Costs charged to licences	(5 186)	(5 442)
Payroll and other operating costs	14 003	14 247

NOK 265 700 was paid in remuneration to the combined members of the corporate assembly, NOK 1 110 000 to the directors and NOK 55 000 to the supervisory committee. The chief executive received a salary and other remunerations of NOK 1 635 000. If resigning at the request of the board, the chief executive is entitled to severance compensation equivalent to two annual salaries. Audit fees in 1995 amounted to NOK 3 050 000 for regular audit services and NOK 800 000 for consultancy services.

4. Pension costs

Statoil has pension plans covering a total of 9 056 people. These plans entitle employees to defined future pension benefits that are mainly dependent on the number of years of their pensionable service, their final pensionable salary and the size of the National Insurance benefits. The company's employees are insured through Statoil Pensjonskasse (pension fund), which is organised as an independent trust. Its funds are mainly invested in government, county or municipal bonds.

Statoil's accrued pensions are analysed as follows:

NOK million	*1995*	*1994*
Vested pension benefits earned	(3 326)	(2 538)
Non-vested early retirement benefits earned	(72)	(54)
Pension funds Statoils Pensjonskasse	5 438	4 048
Unrealised effect of changed estimates	184	75
Total	2 224	1 531

A total of NOK 2 439 million is classified as long-term investment and NOK 215 million as other long-term liabilities.

Assumed rate of return	7.5%	7.5%
Discount rate	7.0%	7.5%
Assumed increase in salaries	4.0%	4.0%
Assumed adjustment of the National Insurance base rate	3.0%	3.0%

The latest actuarial analysis was made in 1995.

Net pension costs are analysed as follows:

NOK million	*1995*	*1994*
Present value of the period's earnings	275	279
Interest cost of pension obligation	181	162
Expected return on pension funds	(350)	(275)
Allocated effect of changes in estimates and difference between actual and expected return	5	4
Pension cost included in payroll and statutory social benefits	111	170

5. Property, plant and equipment

NOK million	*Machinery, office furniture, vehicles, etc*	*Prod plant offshore*	*Prod plant onshore*	*Buildings and sites*	*Vessels*	*Intang-ibles*	*Construction in progress*	*Total*
Historical cost at 1.1.95	2 731	60 874	19 132	2 846	1 756	30	13 212	100 581
Additions	227	9 736	73	54	1 296	19	(3 452)	7 953
Deletions at historical cost	34	330	106	19	0	0	0	489
Accumulated depr at 31.12.95	2 679	40 161	12 250	583	830	4	0	56 507
Book value at 31.12.95	245	30 119	6 849	2 298	2 222	45	9 760	51 538
Depreciation 1995	288	4 578	676	75	167	3	0	5 787

The book value of vessels, NOK 2 222 million, includes chartered vessels at NOK 966 million.

Additions to and proceeds from sale of property, plant and equipment (at sales price) during the last five years:

NOK million	*1995*		*1994*		*1993*		*1992*		*1991*	
	Addns	*Sales*	*Addns*	*Sales*	*Addns*	*Sales*	*Addns*	*Sales*	*Addns*	*Sales*
	9 928	430	8 121	1 127	7 664	42	6 901	16	5 717	323

6. Financial items

The net amount is analysed as follows:

NOK million	1995	1994
Dividend received	177	115
Interest received from subsidiaries	57	110
Interest and other financial income	234	152
Gain/(loss) on currency exchange, short-term items	(286)	198
Gain/(loss) on currency exchange, long-term items	345	1 878
Interest to subsidiaries	(161)	(257)
Interest and other financial expenses	(1 356)	(1 055)
Net financial items	(990)	1 141

7. Taxation

Tax expenses are analysed as follows:

NOK million	1995	1994
Profit before taxation	11 787	15 253
Excess tax depreciation	(1 272)	(1 655)
Other temporary differences	(506)	(533)
Group contribution	70	70
Other permanent differences	(95)	132
Current taxation base	9 984	13 267

The year's taxes are analysed as follows:		
Ordinary corporation tax	2 795	3 715
Special petroleum tax	4 149	5 380
Adjustment previous years	264	288
Total taxes payable	7 208	9 383
Deferred tax provision	1 096	1 649
Taxation for the year	8 304	11 032
Uplift benefit for the year	2 220	1 982

Deferred taxes are calculated on the basis of temporary differences between financial and tax accounting values at the closing date. Uplift earned, but not amortised, amounts to NOK 8.1 billion.

NOK million	1995		1994	
	Base	Def'd tax	Base	Def'd tax
Excess tax depreciation, offshore	19 646	15 324	18 619	14 523
Excess tax depreciation, onshore	2 613	732	2 368	663
Other temporary differences	1 463	1 027	957	801
Total	23 722	17 083	21 944	15 987

8. Current assets

Short-term receivables
Short-term receivables are assessed at face value, but with a deduction for anticipated loss. The provision for bad debts at closing date was NOK 144 million.

Stocks
Stocks essentially consist of crude oil and refined products. Equity crude is considered as stock on passing the norm price point, normally when loaded offshore.

9. Investments

Shares in subsidiaries:

Amounts in millions	*Equity interest*	*Par value*	*Total company share capital*	*Book value NOK million*
Statoil Norge AS	100%	NOK 500	NOK 500	902
Statoil Forsikring a s	100%	NOK 125	NOK 125	150
Norsk Undervannsteknologisk Center a s	60%	NOK 18	NOK 30	18
Statoil Danmark A/S	100%	DKK 2 850	DKK 2 850	5 619
Statoil AB	100%	SEK 800	SEK 800	2 088
Statoil (UK) Ltd	100%	GBP 210	GBP 210	2 245
Statoil Investments Ireland Ltd	100%	IEP 20	IEP 20	332
Statoil Deutschland GmbH	100%	DEM 22	DEM 22	1 148
Statoil North America Inc	100%	USD 6	USD 6	42
Eastern Group Inc	77%	USD 40	USD 53	298
Statoil (Thailand) Ltd	100%	THB 1 230	THB 1 230	317
Statoil Siam (Thailand)	100%	THB 81	THB 81	22
Statoil Asia Pacific Pte Ltd	100%	SGD 10	SGD 10	45
Statoil Nigeria a s	100%	NOK 433	NOK 433	433
Other subsidiaries				36
Total Statoil				13 695

Other subsidiaries include Statoil Coordination Center NV, in which Statoil AB has a holding of 99% and Statoil owns the remaining 1%.

Shares in other companies

Shares in other companies totalled NOK 1 055 million, including NOK 807 million for ordinary shares in Saga Petroleum A/S. The equity holding in this company is 8.8 per cent, while 11.7 per cent of the voting stock is held.

A five per cent shareholding in Verbundnetz Gas AG is also included at NOK 218 million.

Investments in associated companies

Amounts in millions	*Equity holding*	*Par value*	*Company's share capital*	*Book value NOK million*
Norpipe a s	50%	NOK 12	NOK 24	12
Malaysian Refining Company Sdn Bhd	15%	MYR 40	MYR 268	132
Other companies				42
Total				186

Recorded at historical cost.

10. Other current liabilities

NOK million	*1995*	*1994*
First year's instalment on long-term loans	2 078	1 199
Net payable to co-venturers	2 204	2 367
Other current liabilities	3 304	2 254
Total	7 586	5 820

11. Loans

Currency positions

Amounts in millions	*Long-term loans*	*Currency swap agreements*	*Currency position*	*Exchange rate*	*Book value NOK*
NOK	275	-	275	-	275
BEF	5 670	-	5 670	21.48	1 218
CHF	150	-	150	549.44	824
DEM	526	(202)	324	441.21	1 427
DKK	376	(1 717)	(1 341)	113.94	(1 528)
ECU	100	10	110	8.11	892
JPY	55 600	(51 200)	4 400	6.14	270
USD	1 565	777	2 342	6.32	14 799
Currency translation reserve					1 297
Total					19 474
Loans from subsidiaries					(1 089)
Instalments first year					(2 078)
Long-term loans shown in balance sheet					16 307

Long-term loans include commitments of USD 170 million related to financial leasing.

Average rate of interest in 1995, excluding currency translation effects, was 6.6 per cent.

Available borrowing facilities at 31 December 1995 amount to NOK 3.3 billion.

12. Other long-term liabilities

At 31 December 1995, provisions of NOK 215 million for pension obligations and NOK 999 million for accrued future site removal costs had been made. The 1995 provision for site removal costs was NOK 231 million.

13. Guarantee commitments

The company has provided parent company guarantees for subsidiaries in the UK, Belgium, and Nigeria.

Other guarantees provided amount to NOK 220 million.

14. Other liabilities and commitments

Contingent liabilities and insurance

Like any other licensee, Statoil has unlimited liability for possible compensation claims arising from its offshore operations, including transport systems. The company has taken out insurance to cover this liability up to about NOK 4 500 million for each incident, including liability for claims arising from pollution damage.

Statoil's assets are insured at their estimated replacement value. Offshore installations are covered through Statoil Forsikring a.s, which reinsures most of the risk in the international insurance market. About 18 per cent is retained.

Lease agreements

At 31 December 1995, Statoil had signed one- to eight-year lease agreements for five drilling rigs, helicopter services to the equivalent of seven helicopters, and 14 supply/stand-by vessels. In addition to the capitalised lease cost of vessels, Statoil has chartered 30 vessels with remaining lease periods of up to 13 years.

Current commitments under non-terminable charter parties and lease agreements are:

Year	*NOK million*
1996	1 443
1997	1 059
1998	912
1999	680
2000	537
Thereafter	1 364
Total	5 995

Contractual commitments

NOK million	*1996*	*Thereafter*	*Total*
Contractual commitments made	4 252	1 612	5 864

The contractual commitments comprise acquisition and construction of properties, plant and equipment.

Other commitments

As a condition for being awarded oil and gas exploration and production licences, participants are committed to drill a certain number of wells.

At the end of 1995, Statoil was committed to participate in 28 wells offshore Norway and 10 wells abroad, with an average equity interest of about 20 per cent.

AUDITORS' REPORT FOR 1995

To the annual general meeting of Den norske stats oljeselskap a.s:

We have audited the annual report and accounts of Den norske stats oljeselskap a.s for 1995, which show a net profit for the year of NOK 3 483 million for the parent company, a consolidated profit for the year of NOK 4 596 million based on Norwegian accounting principles and NOK 5 265 million based on international accounting standards. The annual report and accounts, which comprise the annual report, income statement, balance sheet, cash flow statement, notes to the accounts and consolidated accounts, are presented by the company's board of directors and its president. The consolidated accounts are prepared both in accordance with Norwegian accounting principles and international accounting standards as issued by the International Accounting Standards Committee.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and Norwegian generally accepted auditing standards. We have performed those audit procedures which we considered necessary to confirm that the annual report and accounts are free from material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management and the content and presentation of the annual report and accounts. To the extent required by Norwegian generally accepted auditing standards, we have reviewed the company's internal control and the management of its financial affairs.

The board of directors' proposal for the appropriation of the net profit and transfers between the owner's equity accounts in the parent company is in accordance with the requirements of the Norwegian Joint-Stock Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Joint-Stock Companies Act and present fairly the financial position of the company and the group as of 31 December 1995 and the result of the operations for the financial year, in accordance with Norwegian generally accepted accounting principles and international accounting standards.

STAVANGER, 22 FEBRUARY 1996

ERNST & YOUNG & CO AS

ERNST ALSAKER

STATE AUTHORISED PUBLIC ACCOUNTANT (NORWAY)

RECOMMENDATION FROM THE CORPORATE ASSEMBLY

Resolution:

At its meeting on 6 March 1996, Statoil's corporate assembly discussed the annual report of the board of directors and the annual accounts of Den norske stats oljeselskap a.s and the Statoil group for 1995.

The corporate assembly recommends that the general meeting approve the annual report as submitted, and adopt the annual accounts in accordance with the proposal presented by the board of directors.

The matter is to be submitted to the general meeting.

STAVANGER, 6 MARCH 1996

AXEL BUCH

CHAIRMAN, CORPORATE ASSEMBLY

Statoil's equity share

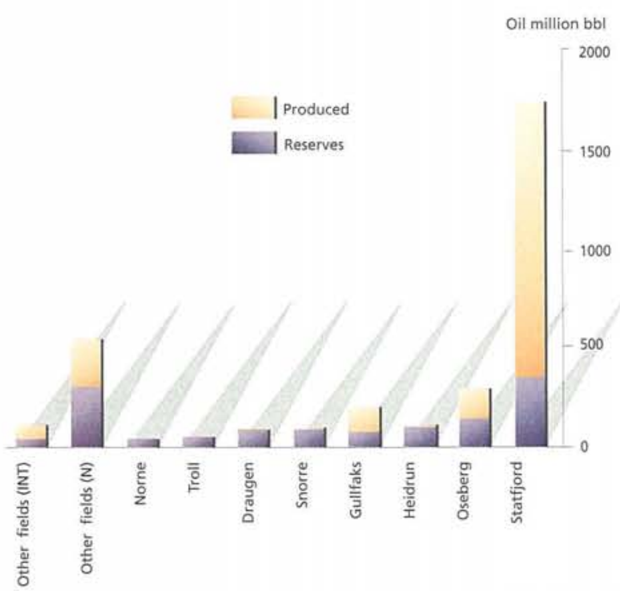
Oil in millions of barrels* *Gas in billions of cu m*	*1995* *Oil*	 *Gas*	*1994* *Oil*	 *Gas*	*1993* *Oil*	 *Gas*
Proved and probable reserves						
Beginning of year	2 041	369	2 023	364	1 967	366
Revisions of previous estimates	67	5	144	(7)	149	(5)
Extensions and discoveries	108	3	57	17	85	7
Purchases of reserves	106	7	9	-	11	1
Sales of reserves	(128)	(18)	-	-	(12)	-
Production	(182)	(5)	(192)	(5)	(177)	(5)
End of year	2 012	361	2 041	369	2 023	364
Of which:						
Fields in production	1 141	45	1 049	40	1 081	44
Fields under development	219	123	301	123	313	125
Fields awaiting development	652	193	691	206	629	195

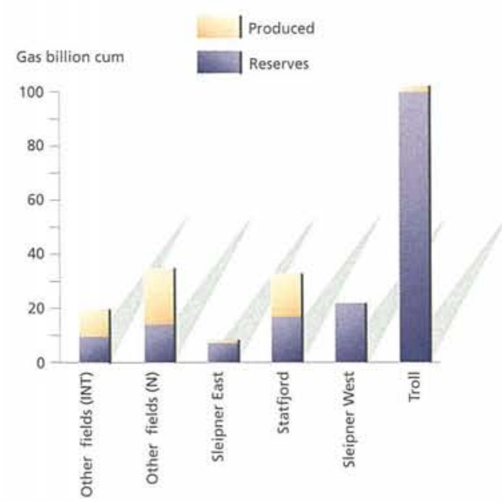
Proved reserves

End of year	1 853	324	1 909	330	1870	340

The figures for 1994 have been restated in accordance with a revaluation of the year's additions.

*) Oil includes natural gas liquids



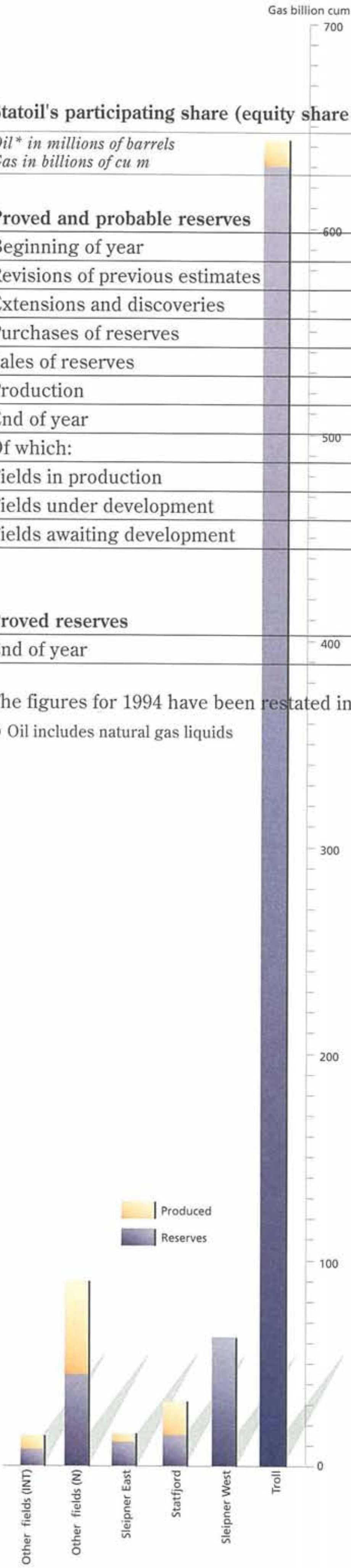


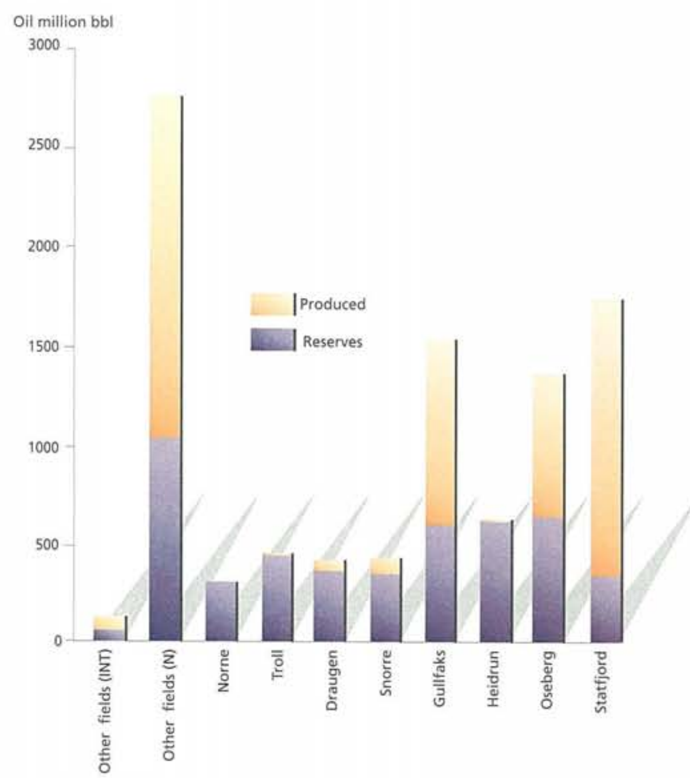
Statoil's participating share (equity share + GDFI)

Oil in millions of barrels* *Gas in billions of cu m*	*1995* *Oil*	 *Gas*	*1994* *Oil*	 *Gas*	*1993* *Oil*	 *Gas*
Proved and probable reserves						
Beginning of year	6 789	1 540	6 648	1 519	6 426	1 514
Revisions of previous estimates	287	58	453	4	441	(2)
Extensions and discoveries	195	4	186	29	233	17
Purchases of reserves	454	38	9	-	11	1
Sales of reserves	(151)	(24)	-	-	(24)	-
Production	(533)	(12)	(507)	(12)	(439)	(11)
End of year	7 041	1 604	6 789	1 540	6 648	1 519
Of which:						
Fields in production	4 006	103	3 078	75	3 054	80
Fields under development	888	682	1 575	684	1 584	674
Fields awaiting development	2 147	819	2 136	781	2 010	765
Proved reserves						
End of year	6 465	1 376	6 389	1 330	6 240	1 370

The figures for 1994 have been restated in accordance with a revaluation of the year's additions.

*) Oil includes natural gas liquids





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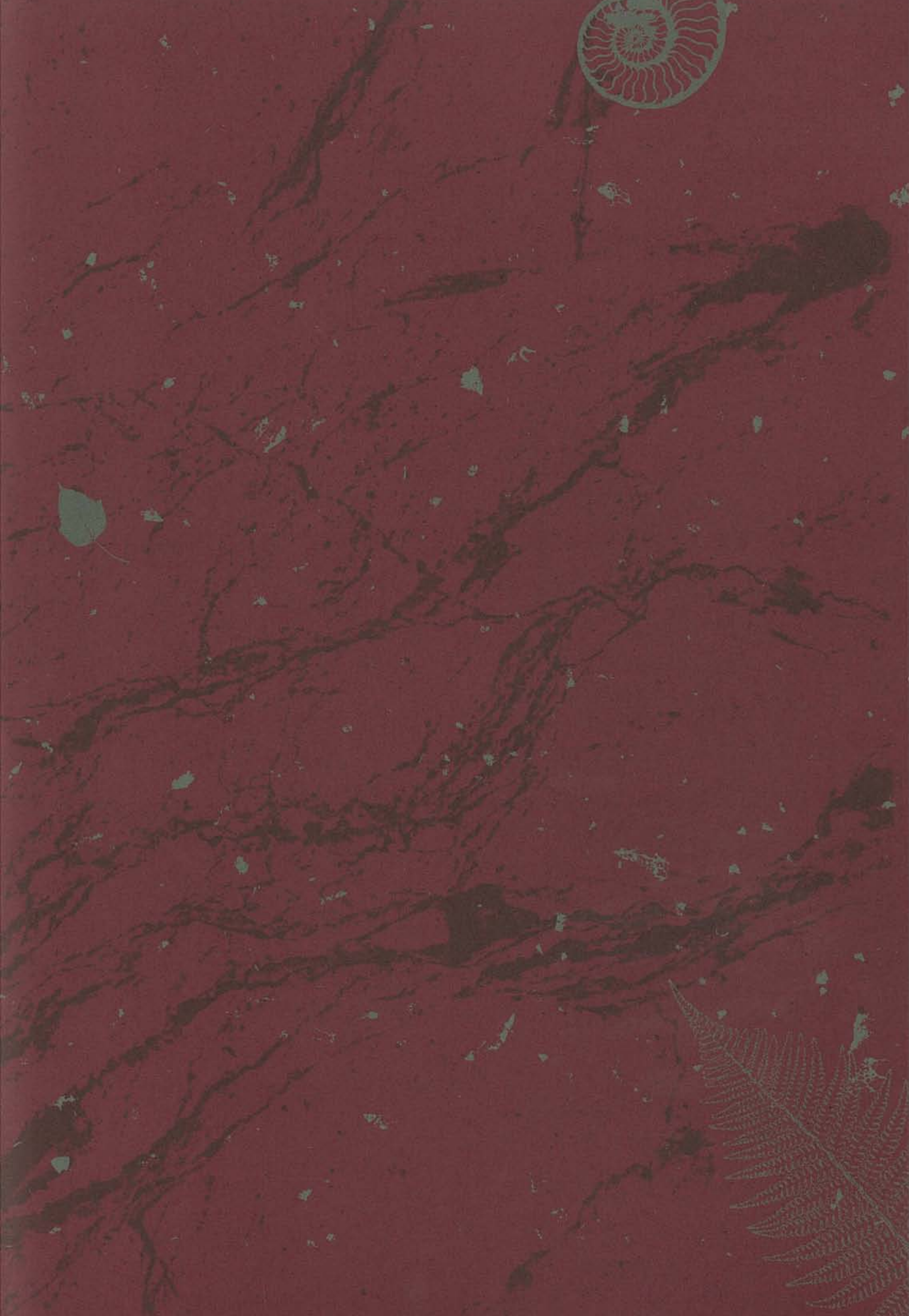

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