Den norske stats oljeselskap a.s
Annual report and accounts 1980

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Cover photo:
Geologist Rolf Magne Larsen, Statoil (left), and consultant and geologist Steve Lawrence look at core samples from Statoil's first exploration well off the coast of Northern Norway, drilled on block 7119/12. The photo was taken on 19 September 1980. Cover photo: To-Foto, Harstad. Most of the other photos are by Statoil.

Den norske stats oljeselskap a.s

The Board of Directors

Director Finn Lied, Chariman
Professor Ole Myrvoll, Vice-Chairman
Managing Director Thor Andreassen
Housewife Kirsti Lange
District Governor Einar H. Moxnes
Chartered Engineer Trond Bolstad
Chartered Engineer Erling Haug

Alternate members

Professor H.J.A. Kreyberg
Housewife Gerd Schanche
Lawyer Lars Bakka
Group Leader, Petrophysics, Jan Rafdal
Project Engineer Arve J. Hjørungnes
Senior Secretary Elisabeth Breivik

Auditor

Certified Public Accountant
Karl-Johan Endresen, Stavanger

Company Assembly

Editor Egil Aarvik, Chairman
Trade Union Secretary Evy Buverud Pedersen, Vice-Chairman
Trade Union Secretary Odd Bakkejord
Advisor Bodil Bjartnes
Director Egil Flaatin
Lord Mayor Arne Rettedal
Construction Worker Harald Schjetne
Teacher Grethe Westergaard-Bjørlo
Dr. of Engineering Atle A. Thunes
Supervisor, Personnel Accounting, Margot Pedersen
Group Leader, Data Processing, Kjell Mork Knudsen
Administrative Secretary Kari Faret

Alternate members

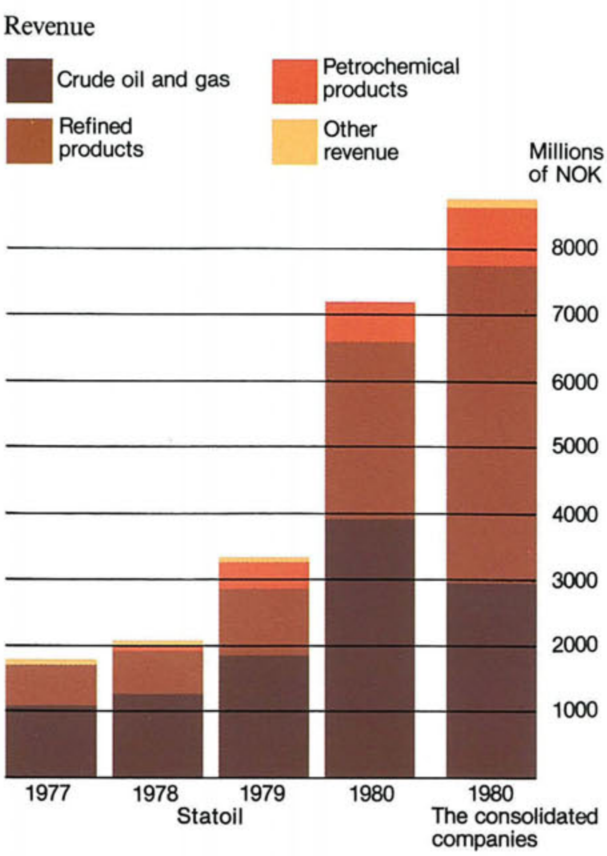
Trade Union Secretary Harriet Andreassen, until 3 Oct. 1980
Administration Manager Johannes Andreassen
District Governor Alv Jakob Fostervoll
Chartered Engineer Knut Helle
Chief Engineer Bjørn Lian
Planning Engineer Harald N. Hansen
Marine Advisor Jan Holm
Chartered Engineer Egil Tveit
Senior Secretary Margaret Sanner
Geologist Oddvar Skarpnes
Information Officer Toril Bakka

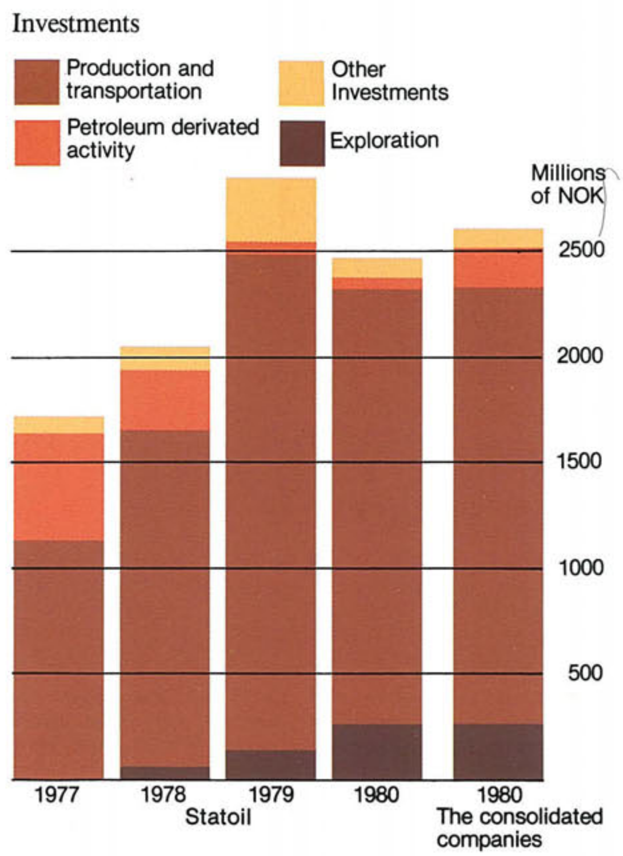
Meeting of the Statoil Board of Directors. Seated (from left to right): Arve Johnsen (President), Finn Lied (Chairman), Ole Myrvoll (Vice-Chairman), Kirsti Lange, and Thor Andreassen. Standing (from left to right): Einar Moxnes, Trond Bolstad, and Erling Haug.

Highlights

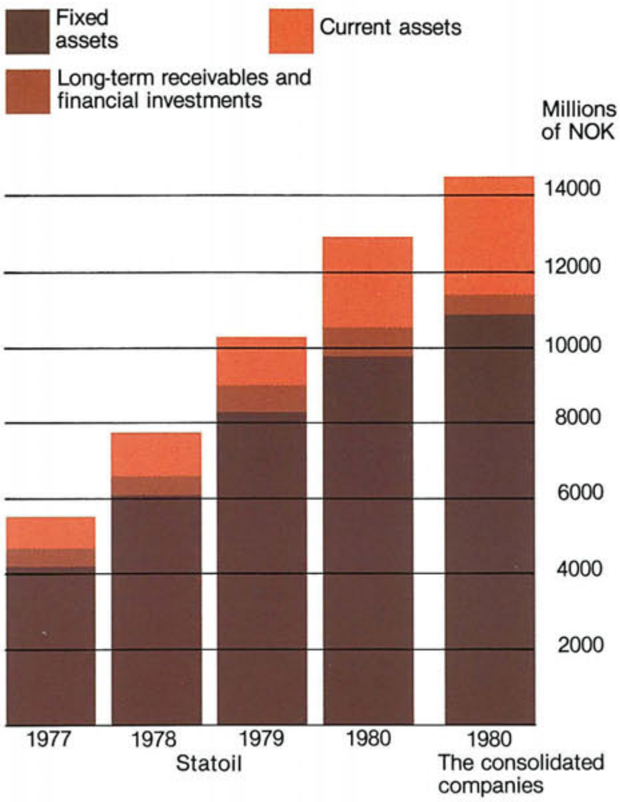
Amounts in millions of NOK

	The consolidated companies	Statoil				
	1980	**1980**	1979	1978	1977	1976
Sales	**8 593**	**7 125**	3 255	2 001	1 686	1 298
Salaries and social costs	**297**	**157**	96	77	55	37
Depreciation	**1 105**	**976**	319	133	47	33
Financial expenditures	**656**	**548**	159	88	36	— 5
Operating result	**847**	**768**	13	— 97	— 77	— 140
Financial result	**203**	**223**	— 217	— 194	— 112	— 134
Investments	**2 610**	**2 465**	2 850	2 046	1 719	1 890
Total assets	**14 593**	**12 952**	10 159	7 795	5 555	3 661
Share capital issued as of 31 Dec.	**2 944**	**2 944**	2 944	2 734	1 852	1 552
Number of employees as of 31 Dec.	**2 335**	**1 059**	745	607	506	401

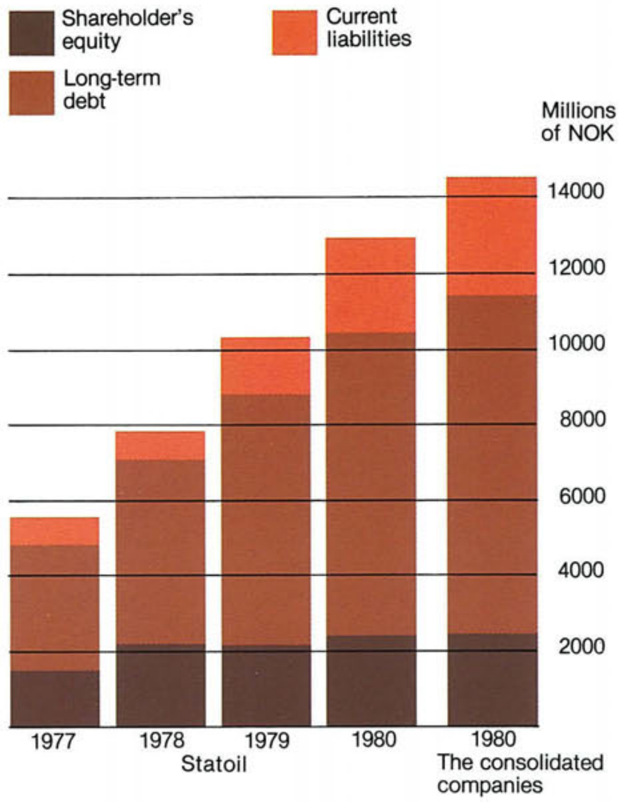




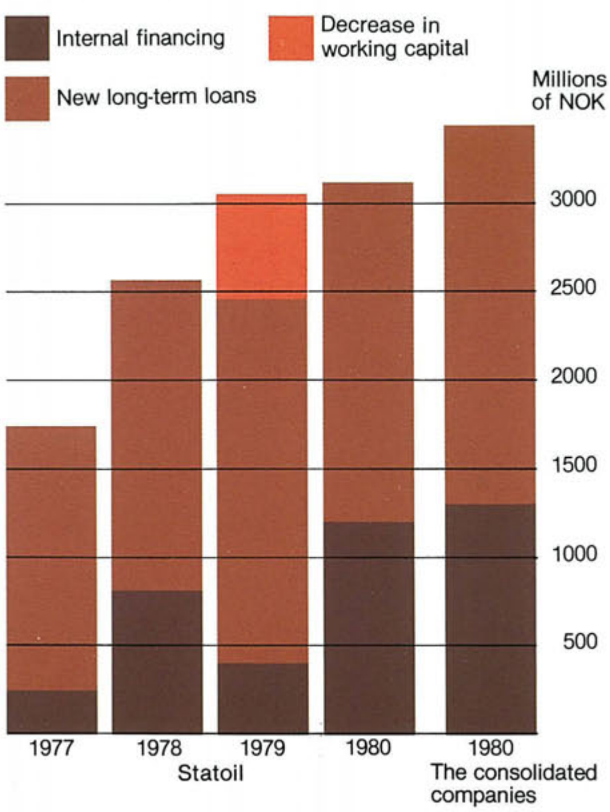
Assets



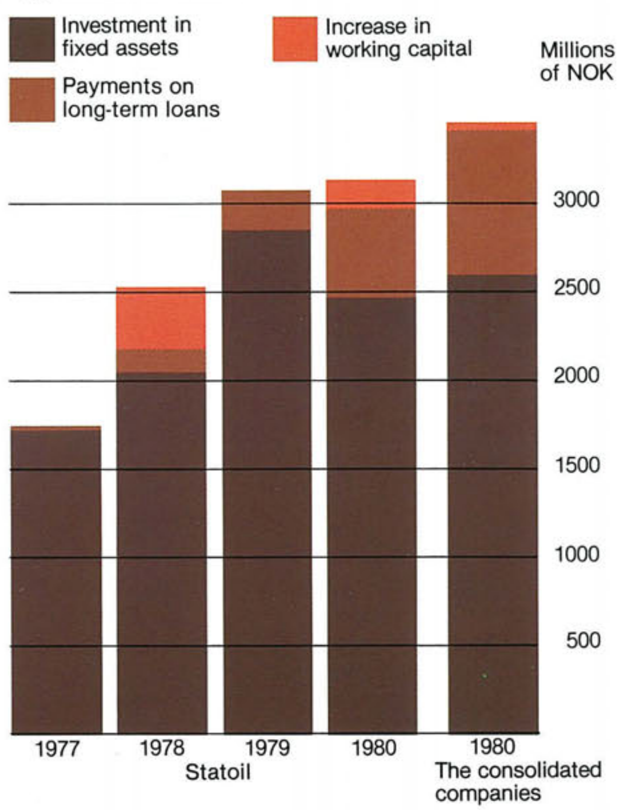
Liabilities and shareholder's equity



Source of funds



Application of funds



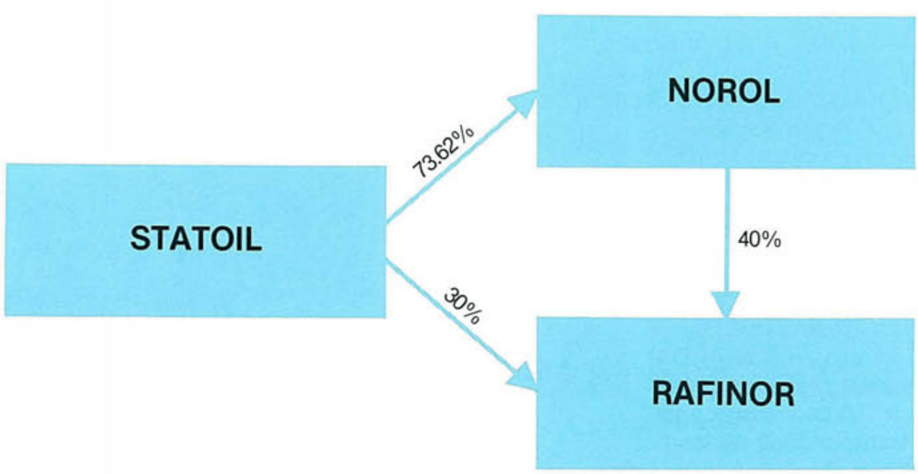
Visit from the People's Republic of China

Minister of Petroleum Industry and former Vice-Premier Kang Shien from the People's Republic of China visited Norway in May of 1980 to hear about the nation's, and particularly Statoil's, experience with offshore oil production. Minister Kang (center) visited the Statfjord A, where he was given a briefing about the platform, production, and operations. Behind the interpreter, we see President of Statoil Arve Johnsen.

Survey of activities for the consolidated companies

Activity	Company/license	Operator	Location	Statoil share	Type of activity
Exploration	Prod. license 038	Statoil	Blocks 6/3, 15/11, 15/12	50%	Exploration
	Prod. license 044	Statoil	Block 1/9	50%	Evaluation
	Prod. license 045	Statoil	Blocks 24/11, 24/12	50%	Exploration
	Prod. license 046	Statoil	Blocks 15/8, 15/9	50%	Evaluation
	Prod. license 051	Statoil	Block 30/2	50%	Exploration
	Prod. license 052	Statoil	Block 30/3	50%	Exploration
	Prod. license 053	Statoil	Block 30/6	50%	Exploration
	Prod. license 060	Statoil	Block 7119/12	50%	Exploration
Production and Transportation	Statfjord Prod. license 037	Mobil	Blocks 33/9, 33/12	50%	Oil production
	Murchison Prod. license 037	Conoco	Block 33/9	50%	Oil production
	Frigg Prod. license 024	Elf	Block 25/1	5%	Gas production
	North East Frigg Prod. license 024	Elf	Block 25/1	5%	Gas
	Prod. license 050	Statoil	Block 34/10	85%	Oil/gas
	Ula Prod. license 019	BP	Block 7/12	12.5%	Oil/gas
	Heimdal Prod. license 036	Elf	Block 25/4	40%	Gas
	Norpipe a.s	Separate adm.	Stavanger	50%	Pipelines
	Norpipe Petroleum UK Ltd.	Separate adm.	Teesside	50%	Oil terminal
	K/S Statfjord Transport a.s & Co.	Statoil	Stavanger	42.04661%	Transportation of crude oil
Refining and marketing	Rafinor	Separate adm.	Mongstad	70%	Refinery
	Norsk Olje a.s	Separate adm.	Oslo	73.62%	Marketing
	I/S Noretyl	Norsk Hydro	Bamble	33%	Petrochemicals
	I/S Norpolefin	Saga Petrokjemi	Bamble	33⅓%	Petrochemicals
Service companies	Coast Center Base A/S&Co.	Separate adm.	Sotra	50%	Supply base
	Vestbase a.s	Separate adm.	Kristiansund N	40%	Supply base
	Norbase a.s	Separate adm.	Harstad	50%	Supply base

The consolidated companies



Activities and commitments of the consolidated companies

Statoil

Own activities and operatorships

1 Headquarters in Stavanger
2 Supply base in Stavanger
3 Regional office in Bergen
4 Drilling operations management at Sotra
5 Project office at Asker
6 Regional office at Harstad
7 Crude oil transportation by ship from the Statfjord field
8 Planning field development, in this case on block 34/10
9 Exploration drilling, in this case on block 7119/12

Participation in activities

1 Transportation system for oil and gas from Ekofisk, Norpipe
2 Gas production, Frigg
3 Oil production, Murchison
4 Oil production, Statfjord
5 Petrochemical industry at Bamble, Noretyl and Norpolefin
6 Supply base at Sotra, Coast Center Base
7 Supply base in Kristiansund N, Vestbase
8 Supply base in Harstad, Norbase
9 Supply base in Hammerfest, Norbase

Norsk Olje a.s (Norol)

1 Headquarters in Oslo
2 The Eastern Norwegian District, office in Oslo
3 The Southern Norwegian District, office in Drammen
4 The Western Norwegian District, office in Bergen
5 The Central Norwegian District, office in Trondheim
6 The Northern Norwegian District, office in Tromsø.

The company is Norway's largest distribution company handling petroleum products. In 1980 it had an almost 28 percent share of the market, on the average, for all groups of products. Gross turnover, excluding value added tax, was about NOK 5.2 billion in 1980.

Norol has quite a number of installations and stations spread across the entire country: 12 major tank installations, 34 airport facilities, 341 coastal depots, and about 840 gasoline stations.

The company has about 700 tank trucks and 85 railway tank cars for transportation on land. One large and three smaller tankers, as well as eight bunker ships, are used for transportation at sea.

Norol has about 940 employees.

The company is owned by Statoil with 73.62 percent and by the Ministry of Petroleum and Energy, on behalf of the state, with 26.38 percent interest.

Rafinor A/S & Co.

Construction of the refinery at Mongstad began in 1972, and in 1975 the first crude oil cargo arrived at the pier. The first cargo of Statfjord oil was delivered in December of 1979.

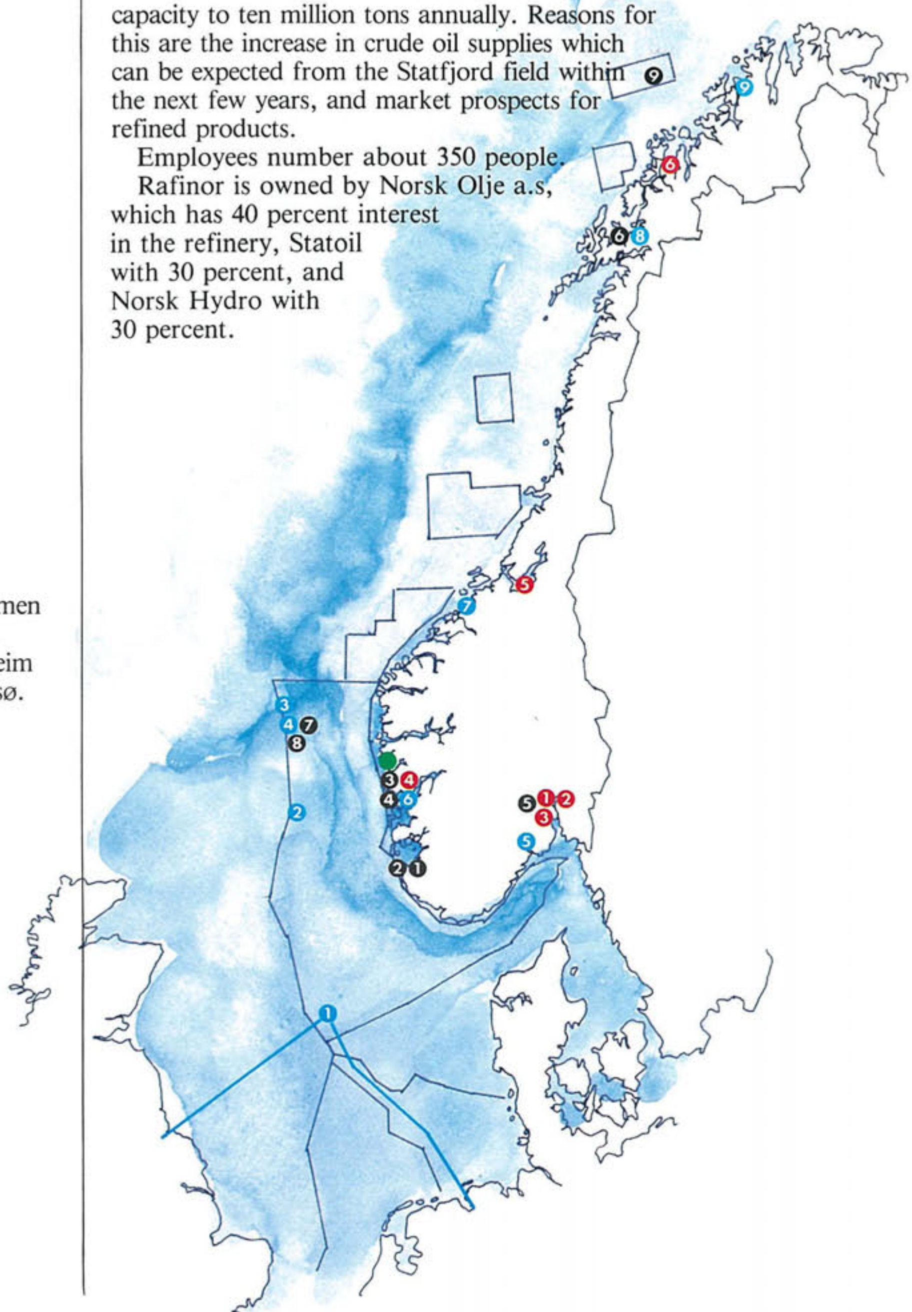
The Mongstad refinery is carefully adapted to the special properties of light, low-sulfur North Sea oils, and can make full use of this valuable feedstock. The refinery produces all regular petroleum products.

The refinery is the only one in the Nordic countries with a petrol coke production unit, and the unit yields a type of coke used in the aluminium industry. Recently, the refinery also constructed a recycling unit which transforms extra gas into propane and butane.

Refinery capacity is four million tons a year, and Statoil has made a decision to increase capacity to ten million tons annually. Reasons for this are the increase in crude oil supplies which can be expected from the Statfjord field within the next few years, and market prospects for refined products.

Employees number about 350 people.

Rafinor is owned by Norsk Olje a.s, which has 40 percent interest in the refinery, Statoil with 30 percent, and Norsk Hydro with 30 percent.



Consolidated value added statement for 1980

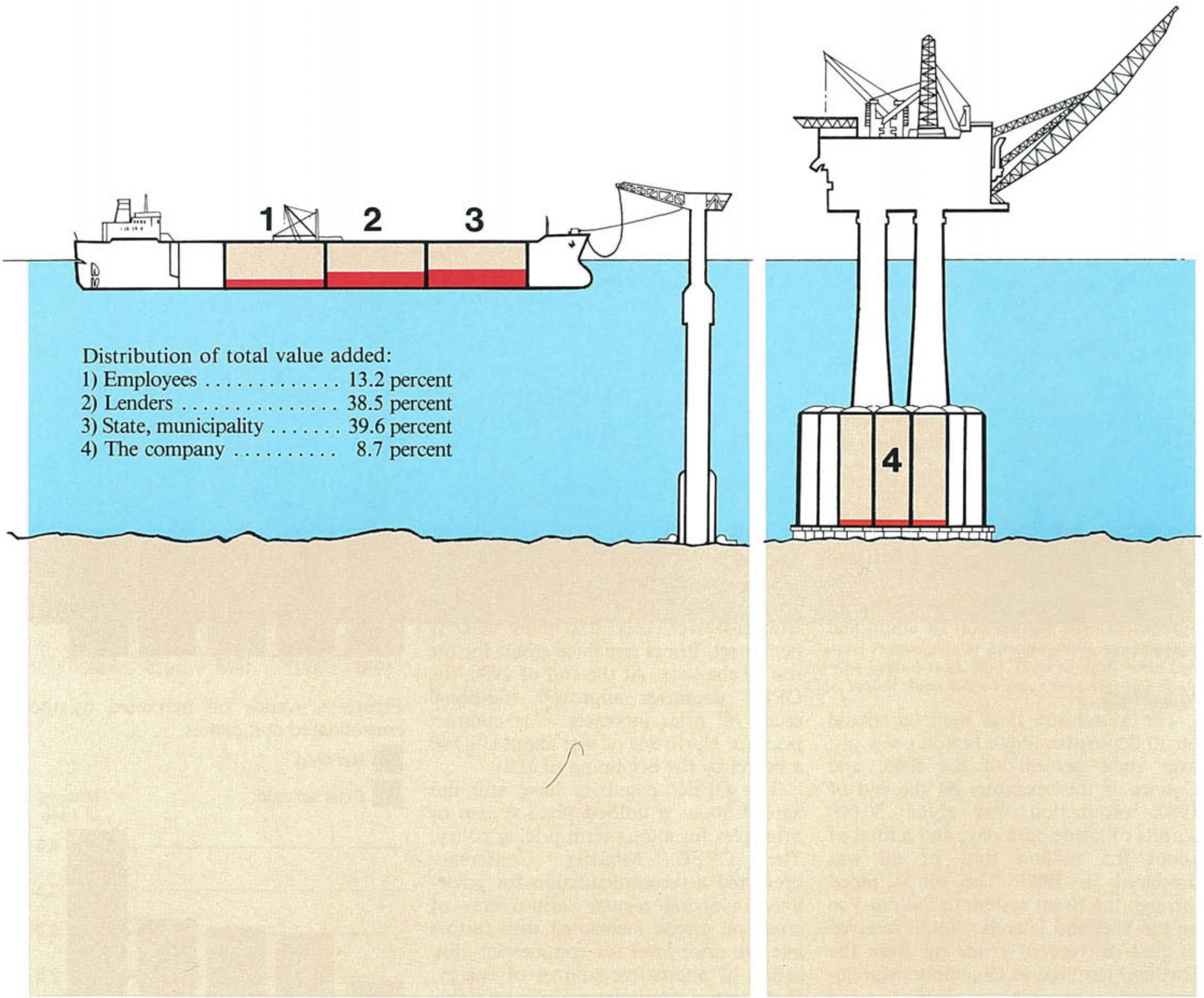
The value added statement shows us how the values that are created are distributed. The drawing illustrates the distribution of the total value added for the Statoil Group in 1980.

The total value added was NOK 2.272 billion. Most of this, NOK 900 million, went to the state and municipalities in the form of royalties, gasoline tax, etc. In the years to come, corporate taxes will increase significantly the share to the state and municipalities.

Lenders received NOK 874 million in interest.

The employees received gross salaries and social benefits totalling NOK 301 million. This figure includes NOK 101 million income tax withheld.

The company withheld NOK 197 million for future value added.



Report of the Board of Directors for 1980

Introduction

The year 1980 was the first year that Statoil made a profit. The consolidated accounts show a profit of NOK 203 million. Total investments last year were NOK 2.61 billion.

Statoil, Norsk Olje, and Rafinor were consolidated on 1 January 1980. Statoil is the parent company with a 73.62 percent ownership interest in Norsk Olje, after having subscribed to new share capital in the amount of NOK 200 million. Together, Statoil and Norsk Olje own 70 percent in Rafinor. This year, the annual report contains the accounts for Statoil and for the consolidated companies, as well as a report by the Board of Directors.

Production and marketing

Production and transportation

Statfjord

Build-up of production from the Statfjord A platform has gone on schedule. In 1980 a total of about 3.4 million tons of crude oil was produced, of which the Statoil share was about 1.5 million tons. Statoil income from Statfjord production amounted to almost NOK 1.9 billion in 1980. Operation of the Statfjord A has contributed significantly to the positive company result.

Statfjord Transport, owned by the Statfjord Group and operated by Statoil, chartered two tankers throughout 1980. In all, 33 cargos were delivered from the field to various ports. A third ship is to be in operation early in 1981. A charter agreement was signed for an additional vessel.

Murchison

The Murchison field went on stream on 30 September 1980. Statoil owns just over eight percent of the field, and Conoco is the operator. At the end of 1980, production was about 50 000 barrels of crude oil a day, and a total of about 0.5 million tons of oil was produced in 1980. The oil is piped through the Brent system to Sullom Voe on the Shetland Islands. Statoil received its first delivery of crude oil from the Shetland terminal in December. Murchison made a positive contribution to the Statoil result in 1980.

Frigg

Gas production at Frigg continued on schedule, and about 16.3 billion Normal cubic meters (Nm^3) of gas was produced and delivered to the British Gas Corporation in 1980. This is equivalent to about one third of the total deliveries to the British gas market.

The sales value of Statoil's share of gas deliveries from the Frigg field was about NOK 280 million last year. Production from Frigg made a positive contribution to the company operating result. Statoil owns about three percent of the field.

Norpipe a.s and Norpipe Petroleum UK Ltd.

In 1980 the Norpipe companies could report satisfactory operation of their transportation and treatment systems. Approximately 21.5 million tons of crude oil was piped from Ekofisk to Teesside. This is an increase of 15 percent over 1979. About 14.5 billion Nm^3 of gas flowed through the gas pipeline to Emden in West Germany. This was 22 percent more gas than in the previous year.

The receiving, treatment and ship-out terminal for crude oil at Teesside was completed in 1980.

The Norpipe companies had a total turnover of about NOK 2.8 billion and a profit of about NOK 213 million in 1980. Statoil has a 50 percent share in Norpipe a.s and in Norpipe Petroleum UK Ltd. During 1980, Statoil earned dividends of NOK 77.3 million.

Refining and marketing

Market conditions

In 1980 the international crude oil market showed a steady increase in contract prices and major fluctuations in spot market prices. During the first half year, contract prices for light, low-sulfur crude oil from the North Sea increased from just over USD 30 to about USD 37 per barrel. Prices remained stable for the rest of the year. At the end of 1980, the OPEC countries approved additional crude oil price increases. The contract price for North Sea oil was about USD 40 a barrel by the beginning of 1981.

The OPEC countries have still not agreed about a unified price system or principles for a long-term pricing policy. The OPEC Minister Conference presented a recommendation for guidelines involving regular adjustments of crude oil prices, associated with factors like the price level for commercial utilization of alternative sources of energy. Future price developments will be highly dependent on the extent to which OPEC countries can solve their internal conflicts, as well as developments in the war between Iraq and Iran.

Statoil's total supply of crude oil was about 4.2 million tons in 1980. Of this 2.3 million tons was royalty oil, for the most part from Ekofisk (figure 2). With the

Figure 1. Oil and gas reserves chosen for development on the Norwegian continental shelf.

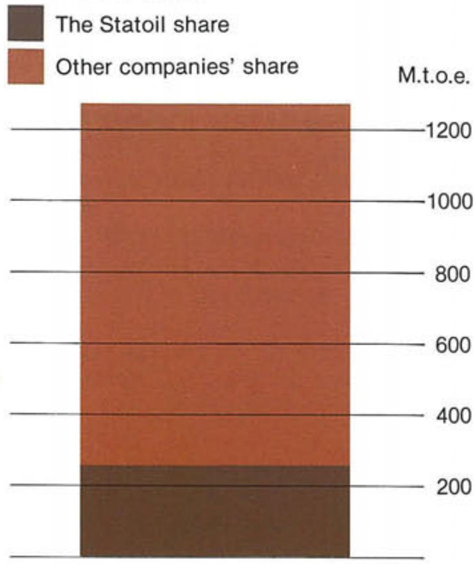


Figure 2. Crude oil supplies to the consolidated companies.

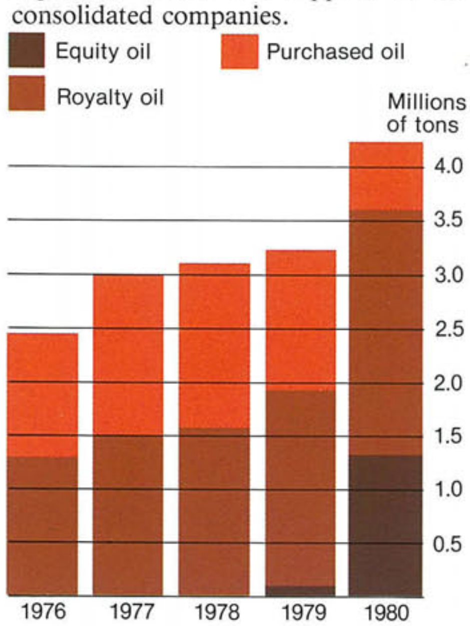
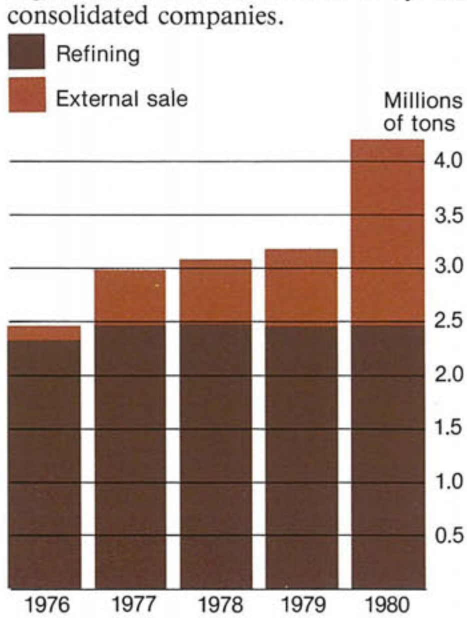


Figure 3. Crude oil marketed by the consolidated companies.



Careful examination of promising core samples from the first well on block 30/3. (Left to right) Svein Inge Eide, Statoil; John Ellice Flint, Union Oil; and Sturla Evensen, Statoil.

Statfjord and Murchison fields in operation, Statoil has crude oil supplies from three sources of production. This has contributed to a more reliable crude supply to the Mongstad refinery.

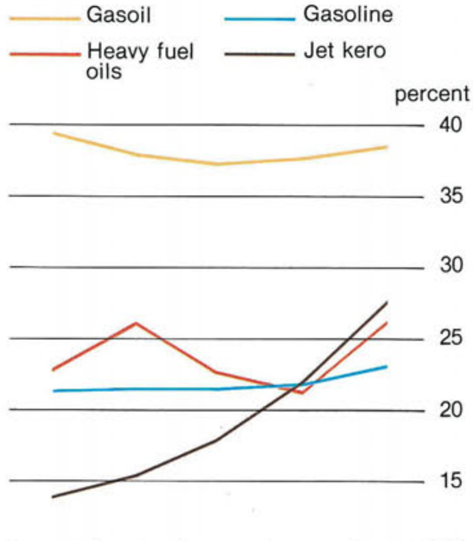
About 2.2 million tons of Statoil's crude oil supply has been delivered to the refinery at Mongstad where the consolidated companies handle 70 percent of capacity (figure 3).

Above: Tankers load crude oil from Statoil via the loading buoy.

Center: The platform control room is the nerve center for production, storing and loading of crude oil.

Below: Norsk Olje a.s (Norol) delivers fuel to 34 Norwegian airports.

Figure 4. Norol's most important products, and their share of the domestic market.



Rafinor A/S & Co.

The first phase of construction for propane and butane gas recovery facilities went on stream during the summer of 1980. The transition to production of regular, low-lead gasoline has for the most part been problem-free. The refinery has had satisfactory utilization of capacity in 1980.

Norsk Olje a.s

Refined products for the consolidated companies are marketed through Norsk Olje a.s (Norol).

Last year, the Norol share of the domestic market increased from 25 to about 27.6 percent. Despite the decline in total turnover of petroleum products in Norway in 1980, Norol showed a slight increase in total sales. The Norol share of the market for the most important product groups is indicated in figure 4.

Norsk Olje emphasizes providing reliable supplies to its customers. Establishment of the consolidated companies has contributed toward this end. A separate modernization plan has been prepared to make gasoline stations more consumer-oriented and to improve long-term profitability. Increased use of self-service pumps, the Norol credit card system, and do-it-yourself stations are part of this program.

In 1980, Norsk Olje had a turnover of NOK 5.192 billion. The statement showed a loss of NOK 29 million. This was essentially due to low prices for export products and to domestic price regulations, fixed by the governmental authorities, which did not cover the costs of rising crude oil prices most of the year. In 1980, company investments came to NOK 130 million.

Petrochemicals

Petrochemical activities at Bamble southwest of Oslo are based on an agreement with the Phillips Group regarding deliveries of Natural Gas Liquids from the Ekofisk area. Statoil owns 33 percent of I/S Noretyl's ethylene factory. Statoil has a one-third interest in the three I/S Norepolefin factories that produce polypropylene and polyethylene.

All the petrochemical plants at Bamble were on stream and operating normally in 1980. Deliveries of Natural Gas Liquids, that is ethane, propane, and butane, from Teesside were satisfactory throughout the year.

The polyolefin market is currently characterized by weak demand and over-capacity. This has led to a sharp drop in prices during the second, third, and fourth quarters of 1980. Company petrochemical activities have thus had low profitability in 1980, and can show an operating result of NOK 24 million.

A view of one of the four Statfjord B shafts gives an impression of the size of the platform.

The world's largest drilling rig

Dyvi Delta, which will drill for Statoil, is in Dusavik, Stavanger, where it is being readied for its first job.

Development projects

Offshore development

Block 34/10

On 20 November 1980, Statoil, Norsk Hydro, and Saga Petroleum submitted a declaration of commerciality for the Delta East structure on block 34/10, to the Norwegian Ministry of Petroleum and Energy. The report was prepared in cooperation with the partners and the technical assistant, Esso.

The field is located about 200 km northwest of Bergen, and is the first block where all the licensees are Norwegian. Statoil is operator on the block, and has an 85 percent interest, Norsk Hydro has nine percent, and Saga Petroleum has six percent in the block.

Ten exploration wells were drilled on the block, and hydrocarbons were proven in nine of these. Recoverable reserves in the Delta East structure are estimated at about 200 million tons of oil and about 24 billion Nm^3 of gas.

The recommendation to the authorities proposes field development in phases. Plans for Phase 1 of development include one combined drilling, production, and quarters platform and one drilling and quarters platform. The two are to be connected by a pipline. If the Norwegian Parliament grants permission for development during the spring 1981 session, then production could begin in 1987. Phase 2 could be scheduled a few years after Phase 1 is in production.

The development plan for the Delta East structure is based on known and tested technology. Total investments for Phase 1 are estimated at NOK 18.5 billion in 1980 prices. Production during Phase 1 could be about 10 million tons of crude oil, annually.

Statfjord

On the Statfjord A platform, the gas injection systems were put into operation in 1980, and the running-in period has gone well. The cost of the A platform is still set at NOK 7.5 billion.

Construction of the Statfjord B platform has been going on at full capacity. The concrete gravity base structure, with all its mechanical equipment, was completed this year. Work on the deck construction has been a few weeks behind schedule. However, it is still realistic to schedule tow-out of the Statfjord B platform to the field late in the summer of 1981, and production start-up toward the end of 1982.

Some difficulties arose during construction of the single point mooring buoy for the B platform. The project has been transferred to Thyssen Industrie A.G. in West Germany, and the buoy will be towed out to the field in the summer of 1982.

The Statfjord B is estimated to cost NOK 10 billion. When fully completed, the platform will have an annual production capacity of about 7.5 million tons of crude oil.

The Statfjord C platform will be a combined drilling, production, and quarters platform, and is to be a near duplication of the B platform. Production capacity on the C will be somewhat greater than that of the B platform. The estimated cost of Statfjord C is calculated at just over NOK 12 billion. Several major contracts in connection with the C platform have already been signed.

On 19 December 1980, the Norwegian licensees in the Statfjord Group unanimously decided to apply to the authorities for permission to pipe gas from the Statfjord field to Kårstø in Northern Rogaland, where NGL will be separated. The dry gas will be piped to the Ekofisk Center and through the Norpipe pipeline to Emden. A separate transportation company will be responsible for constructing and operating the system.

The recommended transportation alternative could be operative by 1 January 1986. The assumption has been made that gas from Heimdal and block 34/10 will be transported in this system. The recommended gas transportation alternative will allow hookup of other fields to the system.

Negotiations have been entered into with buyers on the Continent for long-term gas deliveries at satisfactory prices. Thus, there is a sound foundation for commercial landing of Norwegian gas in the years to come. At the same time the recommended landing alternative ensures a stable supply of feedstock for existing and possible new, gas-based industry in Norway.

North East Frigg

North East Frigg is a small gas discovery connected to the Frigg field. Recoverable reserves amount to about 9 billion Nm^3 of gas. Field development began in 1980, and production start-up is scheduled for the beginning of 1984. Gas from North East Frigg will be piped to Frigg where it will be treated, and then tied in to the Frigg pipeline that continues to St. Fergus in Scotland. Elf is operator for North East Frigg. About 60 percent of the field is estimated to be on block 25/1 where Statoil has five percent interest. The remaining 40 percent extends on to block 30/10, owned by Esso. According to the licensing agreement, Statoil has the right to 17.5 percent of the net profits on that block. Development costs are estimated at NOK 1.9 billion.

Odin

Odin is also located on block 30/10, where Esso is operator. Field development was begun in 1980, and is estimated to cost about NOK 2 billion, calculated in 1980 kroner. Production start-up is scheduled for 1984, at which time the gas will be transported via Frigg, through the Norwegian pipeline to St. Fergus. Recoverable reserves in this field are estimated at about 22 billion Nm^3 of gas.

Ula

Development of the Ula field on block 7/12 was approved by the Norwegian Parliament in May of 1980. Approval was also granted to Statoil to exercise its option to participate with 12.5 percent in the field. BP is operator on the block, which is located about 65 km northwest of the Ekofisk Center. The Ula field has recoverable reserves of over 20 million tons of crude oil and smaller amounts of gas.

Work on the detailed field development plan has revealed that project profitability is less satisfactory than originally estimated. Because of this the development plan is currently being reconsidered.

Heimdal

The Heimdal field on block 25/4 was declared commercial in 1974. Elf is operator, and Statoil has 40 percent ownership interest. Recoverable reserves are estimated at about 33 billion Nm^3 of gas and two million tons of condensate.

The planned Norwegian gas transportation system, as well as the gas prices achieved on the Continent, have made commercial field development possible. The licensees decided to recommend field development, on the assumption that Heimdal be tied in to the proposed gas transportation system from Statfjord to Norway.

Onshore development

Statoil, in cooperation with Norol, Norsk Hydro and Rafinor, has been working on plans to expand the refinery at Mongstad. The Statoil Board of Directors and the Company Assembly made a decision to participate in building a new refinery, which would increase refinery capacity from four to ten million tons a year.

Planned expansion will adapt the refinery to the increased supply of crude oil from Statfjord and from 34/10, and will make the most of the special qualities these fields produce. This expansion will allow for considerable exports of light oil products based on long-term agreements. Statoil has clarified that it is possible to enter into long-term agreements for the sale of refined products at prices which ensure a satisfactory level of profitability for the project. Assuming that the Norwegian Parliament grants its approval, pre-engineering work could be started during the summer of 1981 and operations scheduled for 1987.

Figure 5. Proposal for gas transportation system.

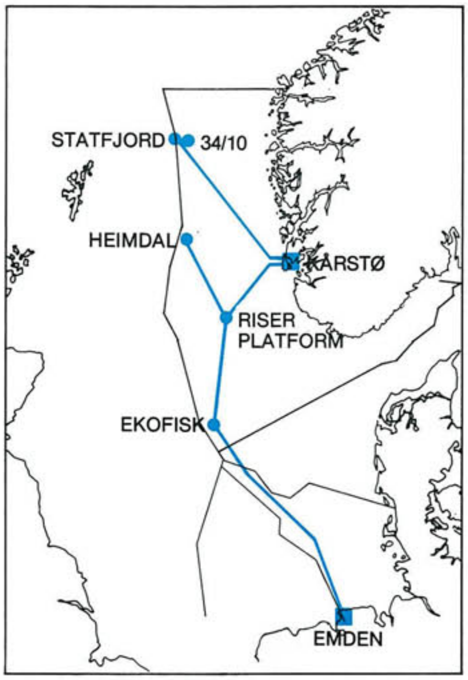
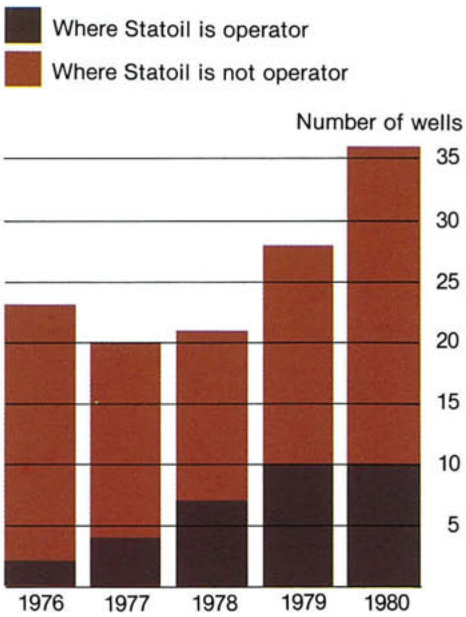


Figure 6. Exploration and delineation wells spudded on the Norwegian continental shelf.



Next page
Above:
Exploration well number nine on block 34/10 is being tested - the flow of hydrocarbons is being measured and samples are being taken.

Below:
Oil and gas samples are studied in the laboratory on board the drilling rig, here by Hans M. Strømmevold (left) of Statoil, and Chris Dower with Flopetrol.

Exploration for oil and gas

In 1980 during the fifth round of concessions, three blocks in the northern part of the Norwegian continental shelf were allocated, where Statoil, Norsk Hydro, and Saga were each awarded an operatorship. Statoil owns at least 50 percent in each of the blocks. As operator on block 7119/12 on Tromsøflaket, the company drilled an exploration well with the semi-submersible rig, "Ross Rig". Hydrocarbons were proven, but because of the poor quality of the reservoir rock, the discovery can not be considered commercial. Drilling in Northern Norway has not been hindered by bad weather. A strike among personnel on the mobile drilling rigs led to a halt in drilling which lasted about one month. The bases at Harstad and Hammerfest operated satisfactorily.

In 1980, 36 exploration and delineation wells were spudded on the Norwegian continental shelf, as compared with 28 in 1979. Statoil was operator for ten of the wells spudded (figure 6).

Five delineation wells were drilled on block 34/10 in 1980, before the declaration of commerciality for Delta East was submitted to the Norwegian Ministry of Petroleum and Energy. Exploration drilling on block 34/10 continues, in order to chart the other structures on the block.

While the rig "Norskald" was drilling the tenth well on block 34/10, a small gas blow-out occurred. The well was abandoned immediately and plugged later.

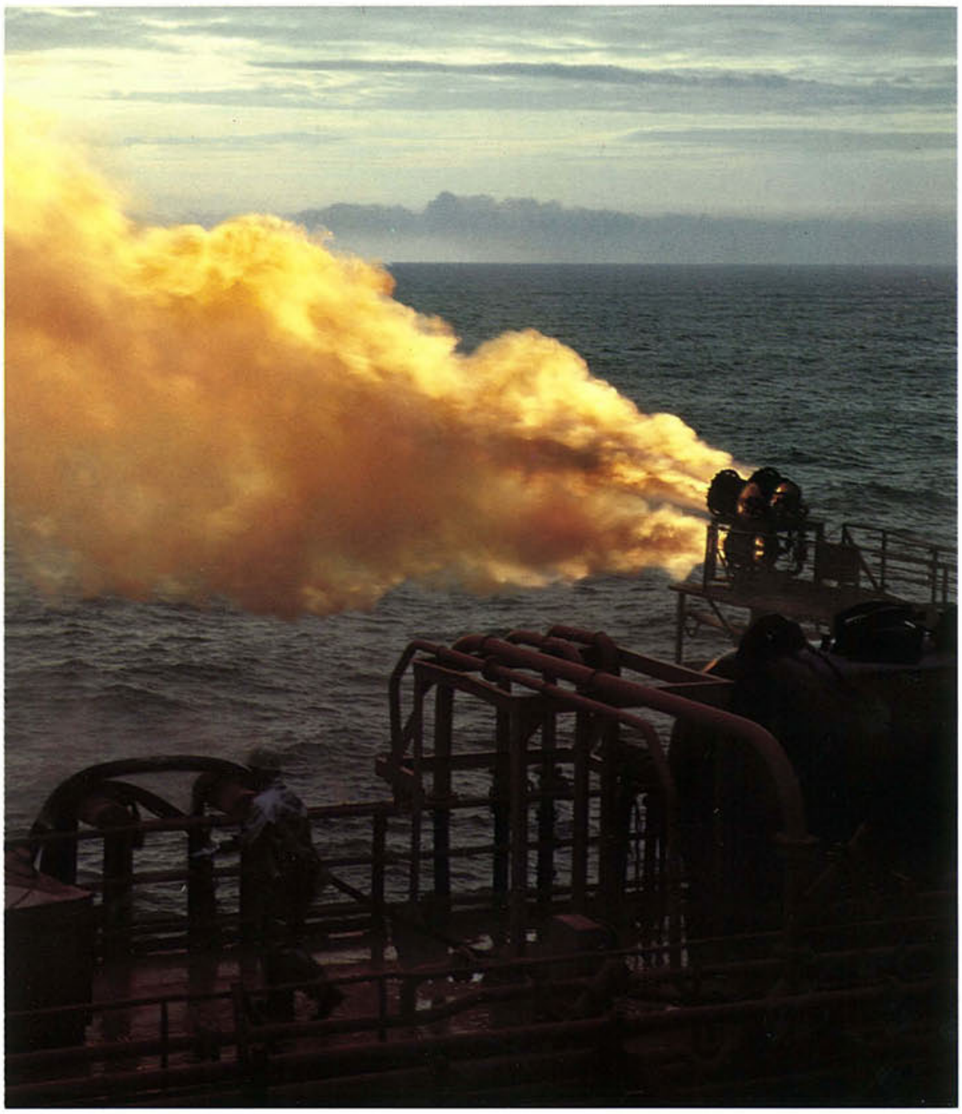
Delineation of the gas reserves on blocks 15/8 and 15/9 continued, reaching a total of six wells as of the end of 1980. A study is being prepared on commerciality of the field.

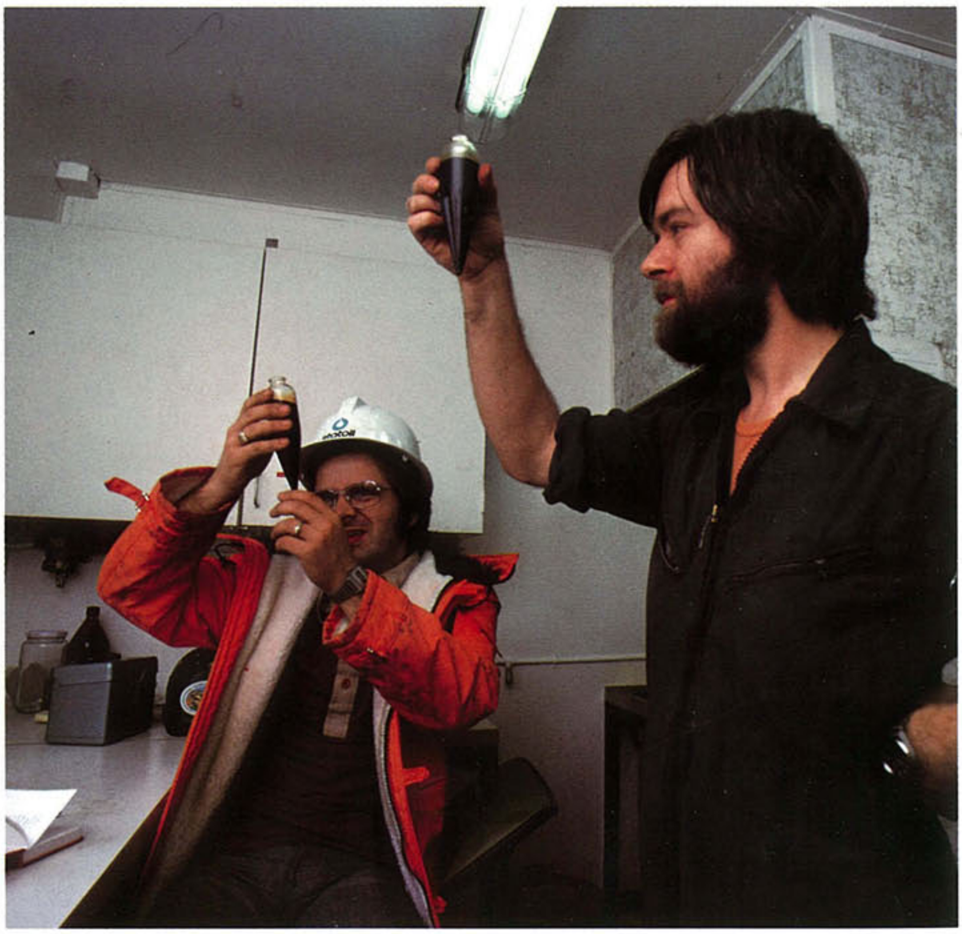
To date, three wells were drilled on block 30/6, in order to chart in greater detail the gas discovery in the area. Statoil is operator on all three of these blocks.

During the year, several interesting discoveries were made, confirming that the northern part of the North Sea is rich in oil and gas. Oil was discovered on block 30/3 where Statoil is operator. Off the coast of Sogn og Fjordane north of Bergen, promising discoveries were also made on blocks 35/3 and 35/8, where Saga and Gulf respectively are operators. Statoil participates with a minimum of fifty percent in each license.

Shell is operator on block 31/2, where Statoil owns fifty percent. In 1980, significant hydrocarbon deposits in this area were delineated in greater detail, and the find extends into three neighboring blocks.

Five wells have been drilled to date on block 1/9 in the Ekofisk area. A pre-





Two titans of the seas meet in Stavanger on 10 July 1980: M/S Queen Elizabeth II and the Statfjord B under construction at Rosenberg Verft.
Photo: Leif Berge, Statoil.

liminary field development report was submitted in May. An additional well will be drilled in the block before the owners decide whether the field is commercial. Statoil is operator and owns 50 percent.

Throughout most of 1980, Statoil had four drilling rigs in operation. The charter agreements with the shipping companies, Odfjell and Ross Drilling, have each been extended for eight years. At the same time, Statoil plans to switch to larger rigs.

Other activities

Research and development

Statoil activities require advanced technology and expertise if the company is to achieve its goals. Therefore, Statoil has become increasingly involved in research and development.

In order to be as well-prepared as possible to develop discoveries at great water depths off the coast of Northern Norway, Statoil started a major research and development program. It deals with issues in connection with field development, landing of oil and gas, involvement of Northern Norwegian businesses and social ramifications in general.

In cooperation with Shell, a comprehensive project is being conducted in connection with development of the large petroleum discovery in the 31 quadrant. Another major project is under way. It is aimed at automating operation of production platforms, especially with 34/10 field development in mind.

This year, Statoil participated in build-up several key research, testing, and training centers in Norway. Examples can be cited: the testing and training center at the Norwegian Underwater Institute in Bergen, the fluid flow laboratory affiliated with the Rogaland Research Institute in Stavanger, and the two-phase flow project at the Foundation of Scientific Industrial Research at the Norwegian Institute of Technology in Trondheim.

Safety and quality assurance

Keeping risk in company activities at the lowest possible level is an integral part of planning and work at Statoil. The main responsibility for safety lies with the organizational entities which manage each individual project. A separate department, the Department of Safety and Quality Assurance, is responsible for supervising all of Statoil's safety activities.

Statoil has taken the initiative regarding several projects, partly geared toward reducing the possibilities of blow-outs, and partly aimed at reducing the consequences of accidents of this nature.

Pollution-control contingency programs in the north are built up around depots in Hammerfest and Kristiansund N. A system for storing and using pollution-control equipment includes a separate mobilization apparatus and the contingency fleet needed to service the equipment. In 1980, the fleet consisted of eight specially-equipped supply vessels and about 20 fishing vessels for towing booms. A number of emergency drills have been conducted, and experience from these has been good.

Supply base activities

Two new supply base companies were established in 1980. One is Norbase a.s where Statoil has fifty percent interest, with bases in Harstad and Hammerfest,

serving exploration activities off the coast of Northern Norway. The second is Vestbase a.s in Kristiansund N, where Statoil owns forty percent. It is the supply base for activities off the coast of Central Norway. Work at the bases is concentrated in the seasons when exploration drilling in the north is conducted.

Statoil's two North Sea bases have experienced a high level of activity. There has been a lot of work at Coast Center Base (CCB) at Sotra outside Bergen, where Statoil has a fifty percent interest. The same is true of Statoil's supply base at Dusavik near Stavanger. The supply base companies had a total turnover of about NOK 59 million in 1980. Activities yielded a satisfactory operating result.

Organization and working environment

Organization and administration

During 1980, work was done to expand and prepare Statoil's administration for future operatorships within development and production. High priority is given to technological development and expertise. This in turn is reflected in the company's active recruiting policy and its educational and training programs. The company has begun decentralizing its operative functions. During the year, separate drilling departments were established at Sotra near Bergen and farther north in Harstad.

Preparations have been made to start build-up of a separate administration in Bergen. The Bergen office will be given the main responsibility for development and operation of block 34/10. Agreements have been signed for rental of offices. In 1980 Statoil purchased real estate at Flesland near Bergen, where an administration center can be completed in 1984. In 1980, a project office was also opened in Asker outside Oslo, for follow-up work with main consultants and contractors working with the Statfjord C.

Work on the second phase of construction of company headquarters at Forus in Stavanger continues on schedule. Offices are scheduled to be ready for occupancy at the end of 1981. The Forus administration center will then provide office space for almost 1 000 of the approximately 1 200 employees in Stavanger.

Employees and working environment

At the end of the year, there were 2 335 employees with the consolidated companies. Of these, 1 059 were at Statoil.

Statoil has continued its work, arranging, organizing, conducting, and administering training for company personnel. A number of professional courses on petroleum-related subjects were arranged, and introductory courses for all new employees were held. Statoil makes extensive use of its option to place personnel with other companies, as a part of company policy to provide Statoil employees with diversified professional experience.

Measures have been taken to improve the well-being and opportunities of employees, at work and in their spare time. A kindergarten for 56 children is being built at the Forus administration center, scheduled for completion in the

Above:
Coast Center Base at Ågotnes on the island of Sotra near Bergen handles supplies and maintenance of drilling rigs. Here, "Ross Rig" is alongside the pier.

Below:
Oil booms are being tested. Materiel and vessels are in a constant state of readiness.

Previous page:
Helicopters are used to transport personnel to and from the platforms and rigs in the North Sea.

The Statoil administration center at Forus in Stavanger provides space for about 950 people.

autumn of 1981. In 1980, expansion of company health services continued, concentrating mostly on check-ups, treatment, and preventive ergotherapeutic work.

The company combined two management-employee committees, the Works Council and the Environment Committee, into a single body. This joint committee is functioning satisfactorily as a unit. The joint committee had 12 meetings and handled 67 issues in 1980, the most important of which were plans for the company offices, the company kindergarten, and organizational changes.

In 1980, cooperation between Statoil and the employee unions was also good, reflecting mutual confidence. Agreement was reached on all important issues discussed with the four employee organizations established at Statoil: the Norwegian Society of Chartered Engineers (NIF), the Norwegian Petroleum and Petrochemical Workers' Union (NOPEF), the Norwegian Society of Engineers (NITO), and the Norwegian Office Workers' Association (NF).

The Board of Directors would like to take this opportunity to thank all employees for their cooperation and valuable endeavors in 1980.

Finances

Accounts for 1980

The consolidated companies were established on 1 January 1980, and therefore Statoil can present the consolidated accounts for Statoil, Norsk Olje and Rafinor for the first time. These accounts show a total external turnover of NOK 8.593 billion in 1980. The total export sales for the consolidated companies in 1980 amounted to NOK 3.991 billion.

Statoil sales revenues were NOK 7.125 billion, more than double what the figure was in 1979. The reason for the increase was primarily that 1980 was the first full year of production on the Statfjord A platform.

The statement of profit and loss for the consolidated companies in 1980 shows an operating result of NOK 847 million. In 1980, the net income for the consolidated companies after minority interest share was NOK 203 million. The Statoil accounts show a net income of NOK 223 million.

In 1980, remunerations to the Board of Directors was NOK 99 800, and to the Company Assembly NOK 48 500; and salary to the President of the company was NOK 385 478.

The Board of Directors recommends that the net income this year, in the amount of NOK 223 million, be used in its entirety to cover the loss from previous years. See also the comments to the accounts.

Investments and financing

The total investments for the consolidated companies amount to NOK 2.61 billion in 1980. Statoil's own investments came to NOK 2.465 billion. As in previous years, investments in the Statfjord field in 1980 constituted the largest share of the company's total investments, amounting to 73 percent.

Of the total capital requirement of NOK 3.132 billion, about 40 percent was covered by funds from production.

In 1980, Statoil took out five new loans in foreign currencies, each guaranteed by the Kingdom of Norway. They amounted to a total of approximately NOK 1.23 billion. In addition, export credits were established in connection with deliveries to the Statfjord B. Two of the loan agreements were entered into with Norwegian banks.

In 1980, Statoil expanded its involvement in the international capital market. In 1980, Statoil as the first Norwegian borrower, established a commercial paper loan program in the U.S.A. For now, a ceiling on the loan has been set at USD 50 million. Statoil loans continue to reflect the company policy of borrowing in various currencies, with emphasis on the dollar, because Statoil plans to borrow primarily in those particular currencies where export revenues are anticipated.

In 1981, the Norwegian Parliament approved that Statoil have the right to sign for loans, with a guarantee from the Kingdom of Norway, totalling up to NOK 840 million.

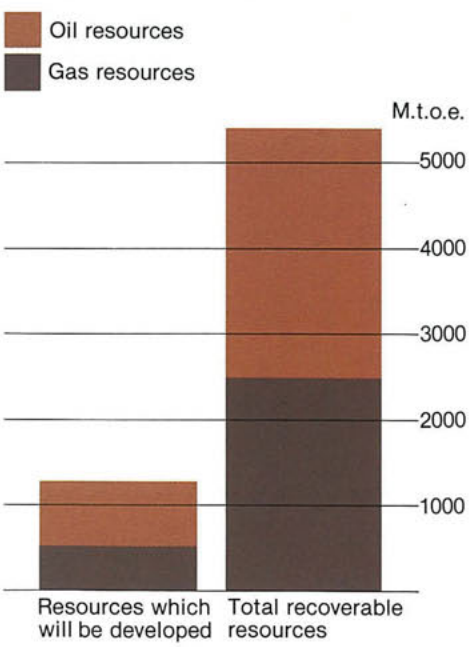
Prospects

Production from the Statfjord and Murchison fields will yield greater income in the future. Viewed in the light of significant overcapacity and reduced prices on the international market, the financial result of the petrochemical activities at Bamble continue to be in a weak position. Prospects for refinery activities for the consolidated companies, on the other hand, appear to be substantially better. The result after taxes for the consolidated companies will probably be approximately NOK 1 billion in 1981.

The company will participate in several major development projects on the Norwegian continental shelf. Projects which have been started require annual investments totalling between NOK 2 and NOK 3 billion within the next few years. New development projects could increase annual investments significantly. A large portion of the investments can be self-financed by withholding funds from production.

Results from exploration activities on the Norwegian continental shelf reveal promising prospects in the north and in the south. A number of interesting oil and gas discoveries will be charted in greater detail in the future. Statoil has estimated that total recoverable resources on the Norwegian continental shelf south of Stad amount to about 2 900 million tons of oil and about 2 500 billion Nm^3 of gas (figure 7). Petroleum has already been proven off the coast of Northern Norway. Taking these results into consideration, Statoil is on the threshold of interesting exploration projects on the Norwegian continental shelf in the years to come.

Figure 7. Oil and gas resources on the Norwegian continental shelf south of Stad (Statoil estimate).



"Ross Rig" casts anchor on Tromsøflaket in June to drill Statoil's first well north of Stad.

M/T Polytraveller is among the tankers which transport crude oil from the Statfjord field to land. During 1980, 33 cargos were shipped, amounting to a total of about 3.4 million tons of crude oil.

Stavanger, 26 February 1981
The Board of Den norske stats oljeselskap a.s

Finn Lied
Chairman

Ole Myrvoll
Vice-Chairman

Thor Andreassen | Trond Bolstad | Erling Haug | Einar H. Moxnes | Kirsti Lange

The consolidated profit and loss statement for 1980

Amounts in millions of NOK

	The consolidated companies	Statoil	
Operating revenue	**1980**	**1980**	**1979**
Sales (1)	8 593	7 125	3 254
Other revenues (2)	126	26	54
Revenue	8 719	7 151	3 308
Operating costs			
Direct costs	4 174	4 119	2 828
Salaries and social costs	297	157	96
Other costs (3)	2 183	1 272	52
Depreciation	1 105	976	319
Loss on receivables	11		
Changes in inventories	102	— 141	
Operating costs	7 872	6 383	3 295
Operating result	847	768	13
Financial income and financial costs			
Dividends received (4)	78	77	63
Interest income and other financial income	140	119	13
Interest from consolidated companies		6	
Less interest costs and other financial costs (5)(16)	874	750	235
Net financial costs	656	548	159
Result before extraordinary items	191	220	— 146
Extraordinary income and costs			
Extraordinary income	11	4	27
Extraordinary costs	3		96
Cost of share capital increase	2		2
Net extraordinary income	6	4	— 71
Result before year end adjustments	197	224	— 217
Year end adjustments			
Adjustment of price-fall risk in inventories	1	1	
Total year end adjustments	1	1	
Net income	196	223	— 217
Minority interest share (6)	— 7		
Consolidated companies' share (7)	203		

Consolidated balance sheet as of 31 December 1980

Amounts in millions of NOK

	The consolidated companies 1980	The consolidated companies Jan. 1980	Statoil 1980	Statoil 1979
Assets				
CURRENT ASSETS				
Cash and short-term deposits				
Cash and short-term deposits (8)	74	165	52	134
Short-term receivables				
Shares	4	4		
Bills of exchange	2	2		
Interest earned, not due	1	2	1	2
Subscribed share capital, not paid		210		210
Accounts receivable	1 562	567	918	525
Receivables of subsidiaries			414	
Other short-term receivables (9)	287	192	275	141
Inventories				
Raw materials	356	120	353	74
Products for sale	833	620	339	146
Total Assets	3 119	1 882	2 352	1 232
INVESTMENT CAPITAL				
Long-term receivables and investments				
Shares in subsidiaries (10) (11)			295	
Shares in other companies (12)	489	491	486	781
Long-term receivables	56	50	18	13
Fixed assets (13) (14)				
Offshore				
Facilities in production	4 275	4 371	4 275	4 371
Construction in progress, etc.	3 853	2 217	3 853	2 217
Ships	92	79		
Onshore				
Furniture, equipment, etc.	89	80	79	67
Plants	2 332	2 412	1 389	1 498
Plants under construction	64	169	48	131
Real estate	224	100	157	33
Total fixed assets	11 474	9 969	10 600	9 111
Total Assets	14 593	11 851	12 952	10 343

Stavanger/Oslo,

Finn Lied
Chairman

Ole Myrvoll
Vice-Chairman

Thor Andreassen

Trond Bolstad

	The consolidated companies		Statoil	
	1980	Jan. 1980	1980	1979

Liabilities and shareholder's equity

	1980	Jan. 1980	1980	1979
Current liabilities				
Short-term bank credits	23	28	1	
Provisions for taxes	313	181	123	66
Interest incurred, not due	108	74	97	74
Suppliers	1 389	765	1 318	636
Dept to subsidiaries			19	
Other short-term debt	1 075	656	783	595
Next year's installment on long-term liabilities	208	173	106	87
Total current liabilities	3 116	1 877	2 447	1 458
Long-term debt (15)				
Export credits	191	268	191	268
Bank loans	4 516	2 814	3 969	2 324
Bonds and notes outstanding	1 986	1 769	1 891	1 673
Loans from the Norwegian state	2 132	2 132	2 052	2 052
Currency risk fund (16)	75	18	63	4
Other long-term debt (17)	208	552	30	460
Loan capital liable	119	333		
Next year's installment on long-term liabilities	— 208	— 173	— 106	— 87
Total long-term debt	9 019	7 713	8 090	6 694
Conditional tax-free allocations				
Classification fund	1	1		
Stock valuation reserve	17	16	11	10
Total conditional tax-free allocations	18	17	11	10
Minority interests	123	130		
Shareholder's equity				
Compulsory share capital				
Share capital: 29 435 000 shares at NOK 100 each	2 944	2 944	2 944	2 944
Loss not covered				
Less accumulated loss as of 1 Jan.	830	830	763	763
Net income	203		223	
Total shareholder's equity	2 317	2 114	2 404	2 181
Total liabilities and shareholder's equity	14 593	11 851	12 952	10 343
Joint and several liability, etc. (18)	183		139	

26 February 1981

Erling Haug　　Einar H. Moxnes　　Kirsti Lange

Arve Johnsen
President

Consolidated balance sheet as of 31 December 1980

Amounts in millions of NOK

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Stavanger/Oslo,

Finn Lied	Ole Myrvoll	Thor Andreassen	Trond Bolstad
Chairman	Vice-Chairman		

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26 February 1981

Erling Haug   Einar H. Moxnes   Kirsti Lange

Arve Johnsen
President

Comments to financial statements

The consolidated financial statements are founded on the same accounting principles as are applied to the parent company. In addition to Statoil, the consolidated financial statements include Norsk Olje a.s, where Statoil has a 73.62 percent share, Rafinor A/S where Statoil and Norsk Olje a.s together own 70 percent, and the limited partnership company Rafinor A/S & Co. where the consolidated companies own a total of 164/230.

Organization of the Statoil balance sheet in 1980 is somewhat altered in relation to that of 1979. In order to arrive at comparable figures, the 1979 figures have been altered accordingly.

Accounting principles

The following items are charged to the profit and loss account
- Expenditures for development of the company.
- Expenditures for purchase, collection and processing of seismic data, except those related to commercial fields.
- Expenditures for exploration drilling which have neither resulted in commercial discoveries of hydrocarbons nor positively indicated the existence of such commercial deposits.
- Expenditures for special studies, research and development projects.

The following items are capitalized and subject to later depreciation
- Expenditures related to commercial fields where Statoil has exercised its option to participate in field development.
- Interest and other financial expenditures related to construction in progress onshore and offshore.
- Expenditures for exploration drilling which have proved hydrocarbon deposits assumed to be commercial. Expenditures for drilling of exploration wells still in progress at the end of the accounting year are provisionally capitalized.

Depreciation
Fixed assets onshore are depreciated according to rates recommended by Norwegian tax authorities. Offshore installations are depreciated over six years, comparable to the maximum rate according to the Norwegian Petroleum Revenue Tax Act.

Conversion principles for foreign currency
Items in foreign currency are converted into Norwegian kroner (NOK) according to the following principles:
- Revenues and expenditures are converted at and entered according to the prevailing exchange rate at the time of payment.
- Current assets and current liabilities are converted at the rate of exchange prevailing as of 31 December.
- Fixed assets are entered at the prevailing exchange rate at the time of procurement.
- Long-term debts are converted at the exchange rates prevailing when the loans were drawn. If the debt calculated according to the rates of exchange for all currencies as of 31 December, is greater than the comparable booked debt, a provision is made for an amount equal to the difference, and at the same time the amount is expensed as a financial cost. Realized currency losses are charged under financial costs to the extent they are not covered by previous provisions. Currency gains are charged as income only when such gains are realized in connection with payment of debt.

Partnerships and limited partnerships
Statoil's shares in partnerships and limited partnerships are included in the respective items in the statement of profit and loss and in the balance sheet.

In the limited partnerships in which Statoil participates, the partners, according to existing accounting agreements, have the right to audit the operator's accounts within two years after the end of the financial year. Corrections which might be the consequence of such audits will lead to changes in Statoil's accounts.

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

Principles used for consolidating companies
- Shares in subsidiaries are eliminated using the past equity method. Possible surplus value which is a result of this elimination is charged to the corresponding assets and is depreciated accordingly.
- Internal current accounts, internal sale, internal gains, and other internal transfers are eliminated in the consolidated balance sheet and the consolidated statement of profit and loss.

Notes to financial statements for 1980

1. Sales are distributed as follows (amounts in millions of NOK):

	The consolidated companies 1980	Statoil 1980	Statoil 1979	Statoil 1978
Norway				
Crude oil and gas	249	1 232	1 133	785
Refined products	3 837	2 607	1 049	696
Petrochemical products, etc.	516	171	154	67
Exports				
Crude oil and gas	2 644	2 644	705	442
Refined products	994	118		
Petrochemical products, etc.	353	353	213	11
	8 593	7 125	3 254	2 001

2. Other revenue refers primarily to rental income and sale of seismic data.

3. For Statoil the item includes royalty to the state in the amount of NOK 235 million. For the consolidated companies the item also includes NOK 544 in gasoline tax. Furthermore, exploration costs are a part of this item. In accordance with licensing conditions for the blocks where Statoil has ownership interests, the company is wholly or partly exempted from costs accrued during the exploration phase. For 1980, the Statoil share is NOK 282 million, of which NOK 45 million is expensed and NOK 237 million is capitalized. Of the capitalized amount, NOK 218 million was for production license 050 (block 34/10).

4. Statoil's dividends received refers to dividends for the financial year 1979 of NOK 60.1 million from Norpipe a.s and NOK 7.6 million from Norpipe Petroleum UK Ltd. In addition there is NOK 9.5 million in advance dividends for 1980 from Norpipe Petroleum UK Ltd.

5. Total interest incurred is distributed as follows (amounts in millions of NOK):

	The consolidated companies	Statoil
Total interest expense in 1980	1 161	1 037
Of this amount, capitalized interest related to development projects is	287	287
Interest expense related to operations	874	750

6. This item refers to the following minority interest shares:

26.38% of the loss of NOK 29.5 million in Norsk Olje a.s	— NOK 7.8 million
40.55% of the income of NOK 1.3 million in Rafinor A/S	NOK 0.5 million
	— NOK 7.3 million

7. The consolidated profit and loss statement for 1980 consists of the following (in millions of NOK):

Statoil net income	223	
Norsk Olje a.s net income	— 29	
Rafinor A/S net income	1	195
Change in unrealized internal income on inventories	8	
Depreciation of surplus value in subsidiaries	7	1
		196
Minority interest share		— 7
Consolidated companies' share		203

8. Short-term deposits in Norwegian kroner include a total of NOK 9 million of withheld employee income tax, payable to the tax authorities. The comparable amount for the consolidated companies is NOK 17 million.
Statoil's short-term deposits include NOK 16 million in foreign currencies. These are distributed as follows:

Amounts in millions of NOK	Currency deposit	Exchange rate	NOK
U.S. dollar (USD)	2.6	5.156	13.4
Deutschemark (DEM)	0.7	263.90	1.8
Pound sterling (GBP)	0.1	12.355	1.2
			16.4

9. Other short-term receivables for Statoil include NOK 2.6 million in short-term financing related to sale of houses to employees.

10. As a result of new share capital in Norsk Olje a.s, this company and Rafinor A/S have become subsidiaries of Statoil as of 1980. Therefore, in the Statoil balance sheet comparable items regarding shares are moved from shares in other companies to shares in subsidiaries with a net book value of NOK 295 million. Shares are booked at purchase value.

Shares in subsidiaries consist of the following items (in 1000 NOK):

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norsk Olje a.s	291 500	213 500	213 500	73.62%	290 000
Rafinor A/S	3 000	3 000	3 000	30%	10 000
	294 500	216 500			

11. In the consolidated balance sheet, the surplus value from the purchase of shares in Norsk Olje a.s, totalling NOK 110.8 million, is distributed among the assets it is expected to affect, and it is depreciated accordingly. See principles of consolidation.

12. Re-evaluation of distribution of Statfjord field reserves on the Norwegian and British sides has led to a change in interest in Statfjord Transport a.s; and the Statoil share has been reduced from 44.4423 percent to 42.04661 percent, and the item, shares in other companies, has been reduced accordingly.

The distribution of shares is as follows (amounts in 1000):

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norpipe a.s	390 000	390 000	390 000	50%	780 000
Coast Center Base A/S	27	27	110	50%	55
Statfjord Transport a.s	420	420	840 932	42.04661%	1 000
Vestbase a.s	160	160	160	40%	400
Norbase a.s	200	200	200	50%	400
Norpipe Petroleum UK Limited	95 751	£6 250	6 250 000	50%	£12 500
Norpolefin (UK) Limited	35	£ 3	3 333	33⅓%	£ 10
	486 593				

The shares are recorded at cost.

Furthermore, Norsk Olje a.s owns some shares in other companies amounting to a total booked value of NOK 7 million, of which NOK 4 million is included under current assets.

13. Specification of Statoil's fixed assets (in millions of NOK):

	Investment as of 1 Jan.80	Additions during the year	Disposed of during the year	Accumulated depreciation as of 31 Dec. 80	Book value as of 31 Dec.80
Offshore					
Facilities in production	4 681	698		1 104	4 275
Construction in progress, etc.	2 217	1 849	213		3 853
Onshore					
Furniture, equipment, etc.	90	41	18	34	79
Plants	1 791	58		460	1 389
Plants under construction	134	38	124		48
Real estate	34	141	9	9	157
	8 947	2 825	364	1 607	9 801

Investments distributed by year (in millions of NOK):

	1976 and before	1977	1978	1979	1980	Total investments as of 31 Dec. 80
Offshore						
Facilities in production		428	89	4 164	698	5 379
Construction in progress	1 617	714	1 564	— 1 678	1 636	3 853
Onshore						
Furniture, equipment, etc.	20	12	17	40	23	112
Plants	479	51	577	685	58	1 850
Plants under construction	526	435	— 229	— 598	— 86	48
Real estate	30	— 2	1	5	132	166
	2 672	1 638	2 019	2 618	2 461	11 408

The book value of the above-mentioned fixed assets is distributed by project as follows (amounts in millions of NOK):

	Ownership interest in percent	Net book value as of 1 Jan.1980	Additions in 1980	Depreciation in 1980	Book value as of 31 Dec.1980
Offshore activities					
Statfjord	42.0461	5 672	1 802	684	6 790
Frigg	3.041	403	26	90	339
Heimdal	40.000	56	12		68
Murchison	8.125	264	201	20	445
North East Frigg	3.000		1		1
Ula	12.500		11		11
Production license 050	85.000	176	244		420
Production license 052	50.000	1	3		4
Production license 053	50.000	8	5		13
Production license 054	50.000	2	7		9
Production license 055	50.000	1		1	
Production license 057	50.000	6	4		10
Statfjord Gas System			18		18
Onshore Activities					
Rafinor	30	398	22	43	377
Noretyl	33	491	20	61	450
Norpolefin	33⅓	597	— 3	66	528
A/S Coast Center Base	50	24	1	1	24
Other	100	218	87	11	294
		8 317	2 461	977	9 801

14. Specification of fixed assets for the consolidated companies (amounts in millions of NOK):

	Investment as of 1 Jan.80	Additions during the year	Disposed of during the year	Depreciation in 1980	Book value as of 31 Dec.80
Offshore					
Facilities in production	4 681	698		1 104	4 275
Construction in progress	2 217	1 849	213		3 853
Ships	105	26	7	32	92
Onshore					
Furniture, equipment, etc.	155	44	19	91	89
Plants	3 430	214	7	1 305	2 332
Plants under construction	171	21	125	3	64
Real estate	109	134	9	10	224
	10 868	2 986	380	2 545	10 929

Investments as of 1 January 1980 include figures for the consolidated companies.

15. The long-term debt for the consolidated companies is distributed by currencies as follows (in millions):

	Currency value	Average rate of exchange	Booked amount in NOK
U.S. dollars (USD)	782.6	5.136	4 019
Deutschemark (DEM)	446.3	266.84	1 191
Swiss franc (CHF)	233.3	299.15	698
Pound sterling (GBP)	14.2	9.768	139
French franc (FRF)	80.6	110.25	89
Japanese yen (JPY)	6 296.0	0.248	156
Currency risk fund (NOK)			75
Norwegian kroner (NOK)			2 860
			9 227

Of the subsidiaries' domestic long-term debt, NOK 27 million is obtained by using as security vessels with a booked value of NOK 92 million, and NOK 295 million is obtained by using as security installations, real estate, and housing with a booked value of NOK 712 million.

16. In 1980 the Statoil currency risk fund has been increased by NOK 59 million to cover the currency loss which would have occurred if the total debt had been repaid at the exchange rates of 31 December 1980.

17. Other long-term Statoil debt includes financing which the partners in the Heimdal field bear for Statoil, and which includes the costs incurred prior to the option being exercised. The debt will be repaid by crediting to the partners future income from sales from Heimdal. If the debt is not repaid by the time the production license expires, the outstanding debt will be cancelled. Statoil has the option of prepaying the debt.

In 1980 Statoil exercised its right to repay in full the comparable debt to the partners in the Frigg field.

18. Together with the other partners in I/S Noretyl and I/S Norpolefin, Statoil has a joint and several liability for the debt incurred in the name of the partnerships. This is mainly accounts payable in the amount of about NOK 139 million.

The consolidated companies are responsible for discounted bills of exchange for NOK 1 million, as well as guarantees to employees and to customers for a total of about NOK 43 million.

Liability and insurance
In connection with the activities on the continental shelf, including transportation systems, Statoil has, as all other licensees, an unlimited liability for possible claims for compensation. The company has taken out insurance for this liability for compensation up to a total of approximately NOK 500 million for each incident. Statoil has a principle that it insures company assets at their estimated replacement value. Because of a lack of capacity on the insurance market, this has not been possible for the Statfjord A platform. However, the insured amount is greater than the net book value of the platform.

Charter agreements
Statoil has signed charter agreements for a total of four drilling rigs. Charter times vary from three to eight years.

Furthermore, Statoil has chartered five supply vessels and three stand-by vessels to service these rigs.

Operating result for the consolidated companies, distributed according to areas of activity

Amounts in millions of NOK

	Production of oil and gas	Refining and marketing	Petro-chemical activities	Internal deliveries	Total
Operating revenue	2 411	7 678	504	— 1 874	8 719
Operating costs	803	7 486	352	— 1 874	6 767
Ordinary depreciation	807	170	128		1 105
Operating result	801	22	24		847

The operating revenue for exploitation of oil and gas is distributed as follows: NOK 2 008 million from Statfjord, NOK 284 million from Frigg, NOK 74 million from Murchison, and NOK 45 million from other activities.

Administration costs in 1980 are distributed by areas of activity. Thus, the figures are not comparable with those of last year.

Source and application of funds

Amounts in millions of NOK

	The consolidated companies	Statoil	
	1980	**1980**	**1979**
Source of funds:			
Result before year end adjustments	197	224	— 217
+ Depreciation	1 105	976	416
Increase in share capital			210
Total internal financing	1 302	1 200	409
New long-term loans	2 166	1 932	2 077
TOTAL SOURCE OF FUNDS	3 468	3 132	2 486
Application of funds:			
Investment in fixed assets	2 610	2 465	2 850
Repayment of long-term loans	825	517	224
Change in working capital	33	150	— 588
TOTAL APPLICATION OF FUNDS	3 468	3 132	2 486
Specification of change in working capital:			
Cash and term deposits	— 91	— 82	45
Short-term receivables	879	730	— 204
Inventories	449	472	90
Current liabilities	— 1 204	— 970	— 519
Change in working capital	33	150	— 588

Value added statement

Amounts in millions of NOK

	The consolidated companies	
Operating revenue	8 719	
— purchased goods and services used	5 566	
= gross value added to own activities	3 153	
— ordinary depreciation	1 105	
= net value added to own activities	2 048	
+ financial income	218	
+ net extraordinary items	6	
= value added from own activities	2 272	
= total value added	2 272	
Which is distributed as follows:		
EMPLOYEES		
gross salaries and social benefits	301	13.2%
(including income tax)	(101)	
LENDERS		
interest	874	38.5%
STATE, MUNICIPALITY		
royalties and gasoline tax, etc.	900	39.6%
THE COMPANY		
withheld for future value added	197	8.7%
Total value added	2 272	100%

Current cost accounting

At times when there is rising inflation, traditional financial accounts with costs based on historical purchase value do not provide satisfactory information about the development of the company profit and loss statement. Based on the British Statement of Standard Accounting Practice (SSAP 16), the statement below is based on current cost. In short, the method measures the costs (cost of goods sold and depreciation) based on replacement price. The resulting corrections are adjusted for financing in foreign currencies because the debt is nominally fixed and independent of inflation.

Statoil also makes a special correction regarding depreciation, as the method of depreciation for offshore installations is changed from six-year linear depreciation to the unit of production method. This means that annual depreciation percent is arrived at as the ratio between the annual quantity of production and the total recoverable reserves for the field.

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

Operating result in historical cost			768
Adjustment of depreciation by the unit of production method	(1)		725
Corrected operating result by historical cost			1 493
Correction of costs based on replacement cost:			
Depreciation	(2)	— 97	
Cost of goods	(3)	— 40	
Effect of rise in prices on working capital (customer claims-supplier debt)	(4)	+ 23	— 114
Operating result after current cost			1 379
Net financial costs			— 548
Adjustment for financing in foreign currencies-gearing			68
Result before extraordinary items			899

Notes:

Millions of NOK

1. Depreciation of offshore installations in the financial accounts	794
Depreciation of offshore installations according to the unit of production method	69
Reduced depreciation	725

2. Replacement cost of fixed assets is calculated, using an internal price index for offshore and onshore installations.
3. The cost of goods for certain product groups is adjusted to the replacement value at the time of sale.
4. Adjustments in working capital (customer claims-supplier debt) are linked to the prices of product groups.

Auditor's report for 1980

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

I have audited the accounts for the 1980 fiscal year according to generally accepted auditing standards. I have also audited the accounts for the consolidated companies for 1980.

The annual financial statements for the company and the consolidated companies are in compliance with the Companies Act, and in my opinion present the result of the year and the financial position of the company and the consolidated companies on the basis of generally accepted accounting principles.

The Board's proposal for application of the company's net income complies with the Companies Act.

The statement of profit and loss and the balance sheet submitted for the company and for the consolidated companies may be adopted as the accounts of the company and the consolidated companies for 1980.

Stavanger, 28. February 1981

Karl-Johan Endresen

Karl-Johan Endresen
Certified Public Accountant (Norway)

Recommendation from the Company Assembly

The recommendation of the Company Assembly to the General Meeting regarding the annual report and accounts for 1980.

At the meeting on 5 March 1981 the Statoil Company Assembly discussed the annual report and accounts for 1980 of the Board of Directors for Den norske stats oljeselskap and for the Statoil Group.

The Company Assembly recommends that the General Meeting approve the annual report submitted, and establish the accounts in accordance with the draft made by the Board of Directors.

The Company Assembly approves the recommendation of the Board of Directors that the net income for 1980 in the amount of NOK 223 million be used in its entirety to cover the loss presented from previous years.

Stavanger and Mongstad, 5 March 1981

Egil Aarvik

Egil Aarvik
Chairman, Company Assembly

Statoil enters a new era

Investments bear fruit and turn loss to profit.

On 14 June 1972 the Norwegian Parliament voted unanimously to establish Den norske stats oljeselskap a.s — the Norwegian state oil company.

On 18 September of the same year, the company was established. Its administration was located in Stavanger.

The first Chairman of the Board was Jens Chr. Hauge, and since 1974 Finn Lied has been Chairman of the Board. Arve Johnsen has been general manager of the company since it was established.

People with different backgrounds joined Statoil. They have gradually built up the company to an oil company which can stand on its own. At the beginning of 1981, the consolidated companies had about 2300 employees.

Every year Statoil prepares an extensive plan for its activities. The proposed plan is sent to the Ministry of Petroleum and Energy, which submits a white paper about Statoil to the Norwegian Parliament. Parliament guides and controls Statoil's development and activities.

Like other oil companies Statoil must answer to the Norwegian Petroleum Directorate and other bodies that supervise safety of activities.

On 5 July 1975, Statoil was operator for the first time, and began drilling an exploration well with "Ross Rig" on block 15/12. By the end of 1980, the company had drilled 30 exploration wells on the Norwegian continental shelf.

On 24 November 1979, oil production began on the Statfjord field where Statoil has a 42 percent share.

On 13 December of the same year, Statoil delivered its first cargo of crude oil from the Statfjord field to the Mongstad refinery north of Bergen.

On 20 November 1980, Statoil as operator presented plans for development of the oil and gas field on block 34/10.

The year 1980 was the first to yield profits for Statoil.

Human resources and capital have yielded results. While the farmer's endeavors during the spring bring harvests in the autumn, it can take six to eight years before we see the results of efforts in the oil industry.

Marit Falck with Statoil's first cash box.

Den norske stats oljeselskap a.s (Statoil) is established to serve Norwegian national business interests on the continental shelf. The values created through Statoil's activity will benefit the broader community.

Building up Statoil has required great investments on the part of society. However, it was and is an assumption that the funds which have been invested should yield income to the Norwegian state in the form of dividends, taxes, and royalties from Statoil.

This development is now taking place. In a few years, taxes and royalties from Statoil will probably be between five and ten percent of Norway's gross national income.

Estimates indicate that by 1984 Statoil could be paying over NOK 6 billion in taxes. In addition, the Norwegian state, which is the sole shareholder in Statoil, can take out dividends.

In only two or three years, the state will have gotten back more from Statoil in the form of taxes, royalties, and dividends, than the NOK 3 billion in share capital that was allocated to the company in the national budget.

Turning point

The year 1980 marked the turning point in Statoil's financial development. It was the first year of profits. In 1981, profits will be greater and previous losses will be covered completely. From now on, annual revenue will be considerably greater than expenditures.

It has been stated that Statoil's seven lean years are over. The company is now moving into a new, rich period which will last longer than seven years — more likely 100 years.

This can be stated with such certainty because significant oil and gas discoveries have already been made on the Norwegian continental shelf — these are valuable discoveries which can be drawn on for years and years. It is reasonable to assume that more discoveries will be made as charting of the shelf continues. Each and every commercial discovery for Statoil means an increase in Norway's wealth.

From Statoil headquarters at Forus in Stavanger.

Investments

Since Statoil was established, the company has made investments of about NOK 12 billion. This is financed by about NOK 2.5 billion in share capital, while the remainder is financed in loans of various kinds.

Most of the money, almost NOK 11.5 billion, is applied toward fixed assets. These are offshore intallations, in which over NOK 9 billion is invested, and the rest are onshore installations and real estate.

New commercial projects planned for the next few years will require investments of approximately NOK 3 billion annually. Some of the money can be applied from company operations, and some has to be borrowed.

The Statoil Group

Statoil owns the majority of the shares in Norsk Olje a.s (Norol). Together with Norol, Statoil owns 70 percent in Rafinor A/S. Hence, Statoil, Norol, and Rafinor form a group, the consolidated companies. The Statoil Group is involved in all aspects of the oil industry, from exploration to production, transportation, refining and marketing, as presumed in the Statoil coporate purpose.

In 1980 the Statoil Group had a turnover of about NOK 8.7 billion. In 1981 the turnover is expected to be over NOK 12 billion. Most of the revenue is derived from the sale of crude oil and refined products. Statoil's 42 percent share of crude oil production from the Statfjord field is the main source of sales revenues.

Rafinor A/S & Co., Mongstad, refines crude oil.

Net income after taxes for the consolidated companies is expected to increase from about NOK 200 million in 1980 to approximately NOK 1.5 billion in 1984. Among other things, this figure is based on an estimated increase in turnover to more than NOK 22 billion.

One thing is certain: the Statoil Group revenues and their contributions to the national economy will be very important.

Ensuring supplies

Perhaps it is equally important for the country that the consolidated companies ensure the supply of petroleum products to the Norwegian market.

Norsk Olje a.s (Norol) markets petroleum products.

The Statfjord A produces crude oil now, and will also produce gas later.

The Statfjord B deck under construction in Stavanger.

Reliable oil and gas supplies, as sources of energy and feedstock, are very important at a time when the possibility of acquiring petroleum products from abroad is uncertain.

In 1980, Statoil had oil supplies amounting to 4.2 million tons of crude. Of this, 1.3 million tons was equity oil, while 0.6 million tons was purchased, and 2.3 million tons was royalty oil. Royalty oil is the oil which the Norwegian state receives from all oil production on the Norwegian continental shelf. The royalty oil is sold to Statoil at the norm price — that is, a price on a par with the market price.

Statoil assumes that company equity production of oil and gas in 1984 will reach more than ten million tons of oil equivalents. In comparison, the total consumption of oil in Norway is between eight and nine million tons a year.

Offshore production

Currently, Statoil's equity production is derived for the most part from the Statfjord field. This field contains about 470 million tons of crude oil and 70 billion cubic meters of gas.

The Murchison field, where Statoil owns just over eight percent, also contributes to company oil production.

Statoil gas production is currently only from the company's three percent share of the Frigg field. Gas from Frigg is piped to Great Britain.

It will be possible to produce and deliver gas from the Statfjord field after a pipeline system for landing the gas has been built. Start-up of operations on a transportation system like this is planned for the winter of 1985-86.

Development projects which are already in progress, will increase Statoil oil production. To begin with, this is the case with continued Statfjord field development. The Statfjord B platform is being assembled and will be towed out to the field in 1981. The B platform should be ready for production in 1982. Construction of the third and last platform, the Statfjord C, has begun in Stavanger; and this platform will be ready to start production in the winter of 1985-86. The cost of the Statfjord C, complete with loading buoy, is calculated at between NOK 12 and NOK 13 billion.

Planned development

The Statoil/Hydro/Saga Group has applied to the authorities to develop the discovery made on block 34/10. The structure, for which a production license has just been applied, is estimated to contain at least 120 million tons of crude oil, and perhaps even 200 million tons or more.

The proposal for a landing system for Statfjord gas and gas from block 34/10 has also been submitted to the authorities. The Statfjord Group wants to lay a pipeline to Kårstø in Northern Rogaland where the NGL is to be separated. The dry gas is to be piped to the Ekofisk Center, and from there through the Norpipe system to Emden in West Germany. Gas from the Heimdal field is to be transported through the dry gas pipeline. Later, other fields can be hooked up to the pipeline network, as new fields are developed and the authorities give the go ahead signal for field development.

North East Frigg is a smaller satellite of the Frigg field, and Statoil has decided to participate in field development. Odin and Ula are other fields which have been decided to be developed, and Statoil has interests in both fields.

Exploration

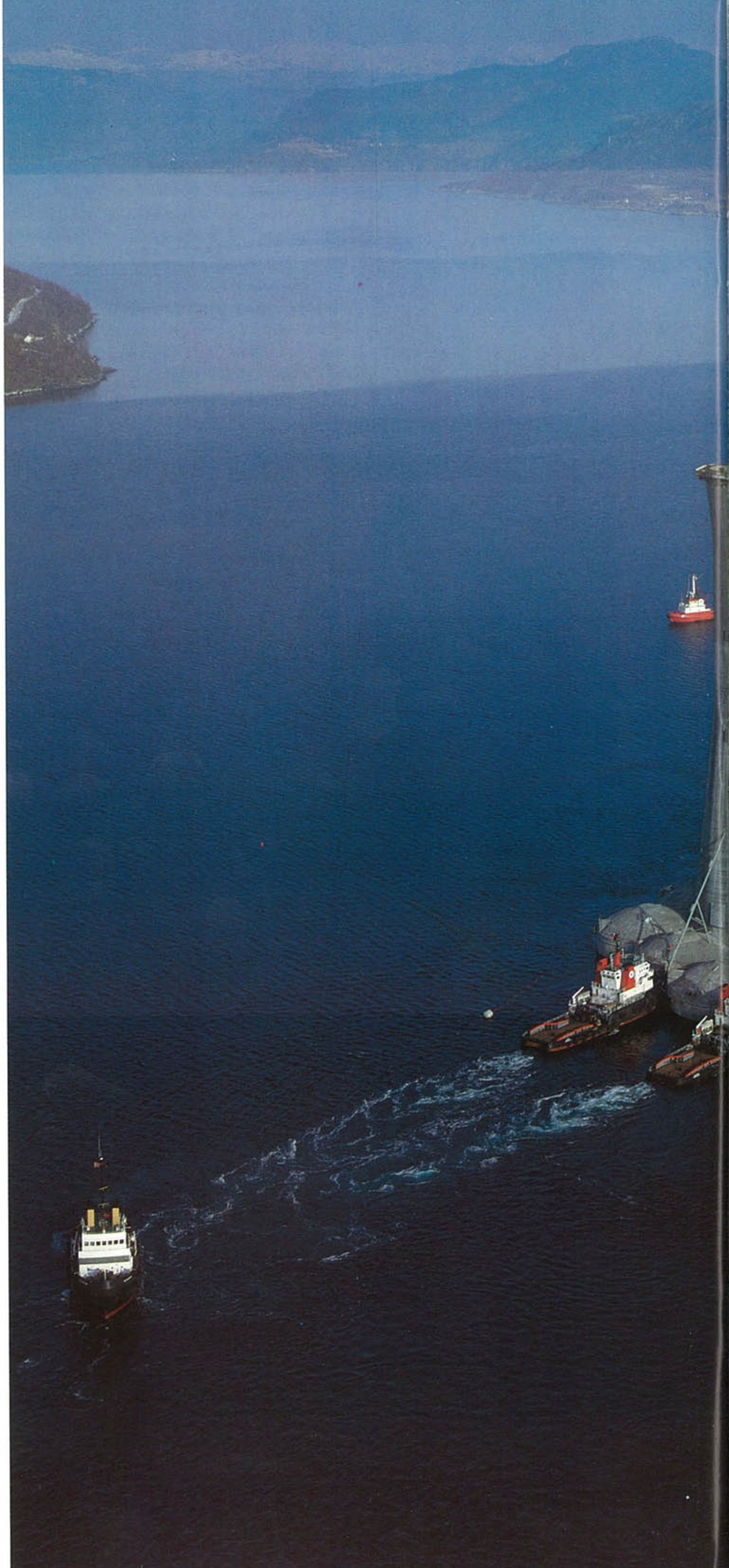
Statoil operates extensive exploration activity to find new offshore oil and gas fields. This is the case for geophysical studies of the deposits beneath the sea, exploration drilling, and evaluation of the material collected.

The company was responsible for almost a third of all drilling activity in the Norwegian part of the North Sea in 1980. Statoil had four drilling rigs in operation simultaneously. Ten wells were drilled during the year, including one well on Tromsøflaket. Hydrocarbons were proven in the latter well, Statoil's first in Northern Norwegian waters.

Statoil has ownership interests in 28 of the 61 concessions allocated on the Norwegian continental shelf. Statoil is operator on nine of these concessions, all of which are in the exploration or evaluation phase.

The world's heaviest tow

The Statfjord B concrete structure was towed in February of 1981 to a sheltered fjord - Yrkjefjorden - north of Stavanger, to be mated with the deck. The tow was the heaviest in the world, 634 000 tons, and the nine tugboats had a combined capacity of over 100 000 horsepower. Here, the structure is on its way out of Garsundet near Hjelmeland.



Deepsea Saga testing an exploration well on block 34/10.

Norpipe a.s owns and operates a transportation system for oil and gas.

M/T Polytraveller loads crude oil for K/S Statfjord Transport a.s & Co.

Transportation

The first transportation project in which Statoil was involved, was organization of the pipeline company, Norpipe a.s, which owns and operates the oil and gas transportation systems from the Ekofisk area to Teesside in Great Britain and Emden in West Germany. Statoil has a 50 percent interest in this company and in Norpipe Petroleum UK Limited, which owns the crude oil terminal in Teesside.

Oil from Statfjord is transported by tanker to the receiving companies. Transportation is organized by K/S Statfjord Transport a.s & Co., which is operated by Statoil. Statfjord Transport is owned by the members of the Statfjord Group, and ownership interest is the same as interest in the field. The transportation company has signed long-term contracts to charter ships, to date four. Later, it could be necessary to increase this to seven ships, in accordance with the expected increase in production through the end of the 1980's.

Statoil also handles transportation of other crude oil and petroleum products, and charters supply vessels and stand-by vessels, servicing the company drilling rigs.

Refining and marketing

The refinery at Mongstad, Rafinor A/S & Co., refines crude oil, including crude from the Statfjord field delivered by Statoil. This oil is a light, high-quality oil which forms the basis for valuable products.

Today, refining capacity is four million tons a year. Statoil has approved an expansion of that capacity to ten million tons a year. This is because greater supplies of crude oil will be available from the North Sea; and because of market prospects for crude oil and refined products, gasoline and light fuel oils in particular.

Another form of refining is the activity at the I/S Noretyl and I/S Norpolefin petrochemical plants in Bamble, southwest of Oslo. At Bamble, NGL from Ekofisk is the feedstock for production of ethylene, propylene, and plastic raw materials. Statoil is joint owner of these facilities, together with Norsk Hydro and Saga Petrokjemi.

Marketing of the consolidated companies' refined petroleum products is handled by Norsk Olje a.s (Norol). Norol works in the areas of storage, transportation, and sale on the Norwegian market. In 1980, the company increased its average share of the market to 27.6 percent in all product groups. This makes Norol the largest distributing company of its kind in Norway.

Decentralized activities

Norol has built up a network of stations and storage facilities all over Norway. Statoil activities will also be spread across the country to a greater and greater extent, as new discoveries and development projects dictate.

Statoil headquarters is in Stavanger. As they are deemed necessary, regional offices, project offices, and operating organizations will be built up where they would be most natural; that is, located to best serve their purposes.

Statoil activities in Stavanger are built up in close consultation and cooperation with the local authorities. The company will strive, in all its activities, for cooperation with local governing bodies.

Statoil will be responsible for operation of the platforms on the block 34/10 field, and therefore will build up an operating organization in Bergen. Other divisions in the company will also start activities in Bergen.

To date, the company has regional offices in Bergen and Harstad, and a project office in Asker near Oslo. During 1981, a project office will be established in Trondheim.

In Dusavik near Stavanger, Statoil has its own supply base for exploration activities. Furthermore, the company has ownership interests in Coast Center Base at Sotra near Bergen, in Vestbase in Kristiansund N, and in Norbase in Harstad and Hammerfest farther north.

Norwegian companies

As described above, Statoil made commitments in a number of places and in various sectors related to oil activities. The purpose of this has been to initiate or continue projects which oil activities can make use of, either alone or with others.

A corporate purpose of Statoil is to give Norwegian companies the opportunity to develop competency which puts them in a position to compete with foreign companies for delivery of goods and services. One means which Statoil uses to achieve this end is to encourage Norwegian firms to participate in joint ventures with foreign expertise. Statoil also contributes to research, development, and education which will strengthen the competitiveness of Norwegian business.

When Norwegian bidders are on a par with foreign companies, after a total evaluation regarding price, quality, and delivery, then the Norwegians are chosen. Norwegian industry has succeeded in supplying about 60 percent of deliveries to the Statfjord A and about 75 percent to the Statfjord B.

From the Norpolefin petrochemical plants at Bamble.

From two to two thousand

What the company has built up during its first eight years is the result of the wholehearted efforts of Statoil employees. They have done their best even though working conditions during the initial phase of development have often been far from ideal.

At the end of 1972, the Statoil staff numbered two: President Arve Johnsen and Secretary Marit Falck, now group leader in the Personnel and Organization Department. A year later, the number of employees had risen to 54, and since then it has increased at a steady pace. By the end of 1980, the total number of employees with the consolidated companies had grown to 2335.

The operations organization in Bergen, including offshore personnel, will grow to include a large number of employees, in time. It is difficult to predict today what developments are in store for other places north along the coast, but the seeds have been sown for significant growth.

The Norbase supply base at Hammerfest.

Cooperation between people

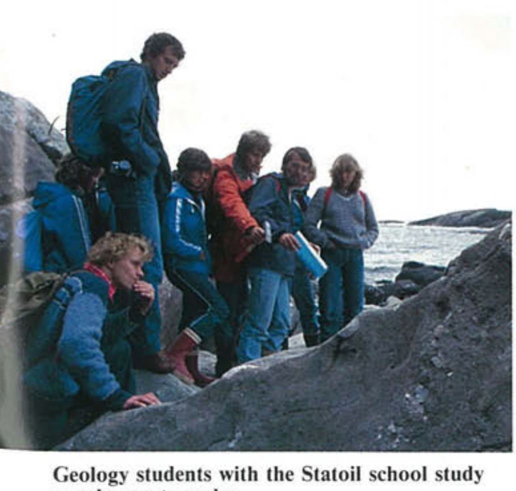
Statoil people are generally on a first-name basis. There can be many reasons for this. Perhaps it is because most of the employees are young. The average age is 35.

Another reason for solidarity and friendship is that a pioneering spirit has developed in the various divisions and departments, and the professional atmosphere is inspiring to all those who come in contact with these groups. Highly qualified foreign experts are affiliated with some of these working environments. These experts are helping to build up Statoil's special competency.

This kind of professional environment at Statoil is exemplified by the company Exploration Division. The approximately 90 geologists and geophysicists in this division make it Norway's largest geo-professional group.

Many Statoil employees have a higher education, and about 40 percent have earned university degrees. Engineers make up the largest group, but there are also a lot of economists.

Statoil has an offer for all its employees: training and post-graduate courses through the Statoil school. This in-house training institution ensures that personnel get schooling, according to need and desire for improvement in one area or another. Currently, the training service consists largely of arranging and making available relevant course offerings. However, for a number of purposes, the Statoil school organizes its own instruction — a part of training activity which will grow in the future.



Geology students with the Statoil school study conglomerate rocks.

One out of every five Statoil employees joined the company right after completing his or her education. Almost as many — 18 percent — came from public administration. The remainder, just over 60 percent, were previously employed in private firms, mostly service companies, industrial and construction companies.

Half of the employees are recruited from Rogaland County, of which Stavanger is the capital. Forty percent of all Statoil employees are from Stavanger itself. One third of the employees are women.

When Statoil awards such high priority to giving everyone in the company the opportunity to develop personally and in his or her own career, this is in recognition of the fact that capable, interested staff members are a basic precondition for company success in all its endeavors.

Wells drilled on the Norwegian shelf in 1980

Exploration and delineation wells

Operator	Block	1st qtr. / 2nd qtr. / 3rd qtr. / 4th qtr. / 1st qtr. 81
Operated by Statoil		
Statoil	34/10	5; 34/10-7 Ross Rig; 34/10-9 Ross Rig; 34/10-9; 34/10-10 Norskald; 34/10-10; 34/10-11 Ross Rig; 34/10-6 Borgny Dolphin; 34/10-8 Deepsea Saga; Deepsea Saga; Borgny Dolphin
Statoil	7119/12	7119/12-1 Ross Rig
Statoil	30/6	30/6-3 Deepsea Saga
Statoil	15/12	15/12-3 Nordraug
Statoil	15/9	15/9-5 Norskald; 15/9-6 Norskald; 15/9-7 Nordraug
Statoil	30/3	30/3-2 Deepsea Saga; 30/3-2 Deepsea Saga
Statoil participation		
BP	2/1	2/1-3 Sedco 135H
Elf	2/6	2/6-2 Dyvi Alpha
Norsk Hydro	15/5	15/5-3 Nortrym
BP	16/8	16/8-2 Sedco 135H
Elf	18/10	18/10-7 Dyvi Alpha
Elf	25/4	25/4-5 Dyvi Alpha
BP	30/4	30/4-2 Sedco 707
Shell	31/2	31/2-2 West Venture; 31/2-2 West Venture; 31/2-5 West Venture; 31/2-3 Borgny Dolphin; 31/2-4 B.D.1*; 31/2-4 Borgny Dolphin
Norsk Hydro	31/4	31/4-3 Treasure Seeker; 31/4-4 Nortrym
Amoco	34/2	34/2-2 Byford Dolphin; 34/2-2 Sedco 703
Saga	34/4	34/4-2 Byford Dolphin
Saga	35/3	35/3-2 Sedco 707; 35/3-3 Sedco 707; 35/3-4 Sedco 707
Gulf	35/8	35/8-1 Sedco 704
Saga	6507/12	6507/12-1 Byford Dolphin
Norsk Hydro	7120/12	7120/12-1 Treasure Seeker
Norsk Hydro	30/7	30/7-8 T.S.*
Wells in which Statoil has not participated		
Phillips	2/7	2/7-14 Haakon Magnus; 2/7-16 Nortrym; 2/7-15 Borgsten Dolphin; 2/717 B.D.2*; 2/7-18 B.D.2*; 2/7-19 Borgsten Dolphin
Phillips	8/10	8/10-2 Nortrym
Phillips	17/12	17/12-3 Nortrym
Esso	25/11	25/11-9 Glomar Semi II
Esso	25/10	25/10-4 Glomar Semi II

B.D1.* = Borgny Dolphin
B.D.2* = Borgsten Dolphin
T.S.* = Treasure Seeker

Articles of Association

Art. 1
The corporate purpose of Den norske stats oljeselskap a.s is either by itself, or in participation or cooperation with other companies, to carry out exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, as well as other activities reasonably related thereto.

Art. 2
The registered seat of the Company is in Stavanger.

Art. 3
The share capital of the Company is NOK 2 943 500 000 divided into 29 435 000 shares of NOK 100 each.

Art. 4
The Board of Directors of the company shall be composed of seven directors. Five of the directors, including chairman and vice-chairman, are elected by the General Meeting. Two of the directors are elected by and among the employees in accordance with regulations made under provisions of the Companies Act concerning the rights of employees to be represented on the board of directors and in the company assembly of companies limited by shares.

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

Art. 5
Any two directors jointly may sign for the Company. The Board may grant power of procuration.

Art. 6
The Board shall appoint the Company's President and stipulate his salary.

Art. 7
The company shall have a Company Assembly consisting of 12 members. Members and alternates shall be elected for two years at a time. The General Meeting shall elect eight members and three alternate members for these eight. Four members and alternates for these four are to be elected by and among the employees of the Company in accordance with regulations made under provisions of the Companies Act concerning the rights of employees to be represented on the board of directors and in the company assembly of companies limited by shares.

The Company Assembly elects a chairman and a vice-chairman from among its members.

The Company Assembly shall hold at least two meetings annually.

Art. 8
The ordinary General Meeting shall be held each year before the end of June. General Meetings are held in Stavanger or in Oslo. Extraordinary General Meetings shall be summoned whenever so demanded by the Shareholder, the Board, or two members of the Company Assembly.

Art. 9
The ordinary General Meeting shall deal with and decide the following matters:

a) Adoption of the statement of profit and loss and the balance sheet.

b) Application of the annual profit or coverage of loss as shown in the adopted balance sheet, and the declaration of dividends.

c) Adoption of the consolidated statement of profit and loss and the consolidated balance sheet.

d) Any other matters which are referred to the General Meeting by statute or the Articles of Association.

Art. 10
The Board shall submit to the General Meeting, ordinary or extraordinary, all matters which are presumed to involve significant political questions or questions of principle and/or which may have important effects on the nation and its economy.

Such matters shall be deemed to include, inter alia:

a) Plans for the next following year with economic surveys, including plans to cooperate with other companies.

b) Essential changes of such plans as mentioned in a) above.

c) Plans for future activities, including participation in activities of major importance in other companies or joint ventures in which the Company participates or plans to participate.

d) Matters which seem to necessitate additional appropriation of Government funds.

e) Plans for establishing new types of activity and localization of important elements of the Company's operations.

f) Plans to participate in the exploitation of petroleum reserves in or outside Norway, including the exercise of state participation option rights.

g) Semi-annual reports on the Company's activities, including activities of subsidiaries and important joint ventures with other companies.

Matters which the Board submits to the General Meeting pursuant to this Article and, if possible, matters which the Ministry has announced that it wishes to consider at such a General Meeting, shall, if possible, be presented in writing and delivered to the Ministry in good time prior to the General Meeting.

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

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

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

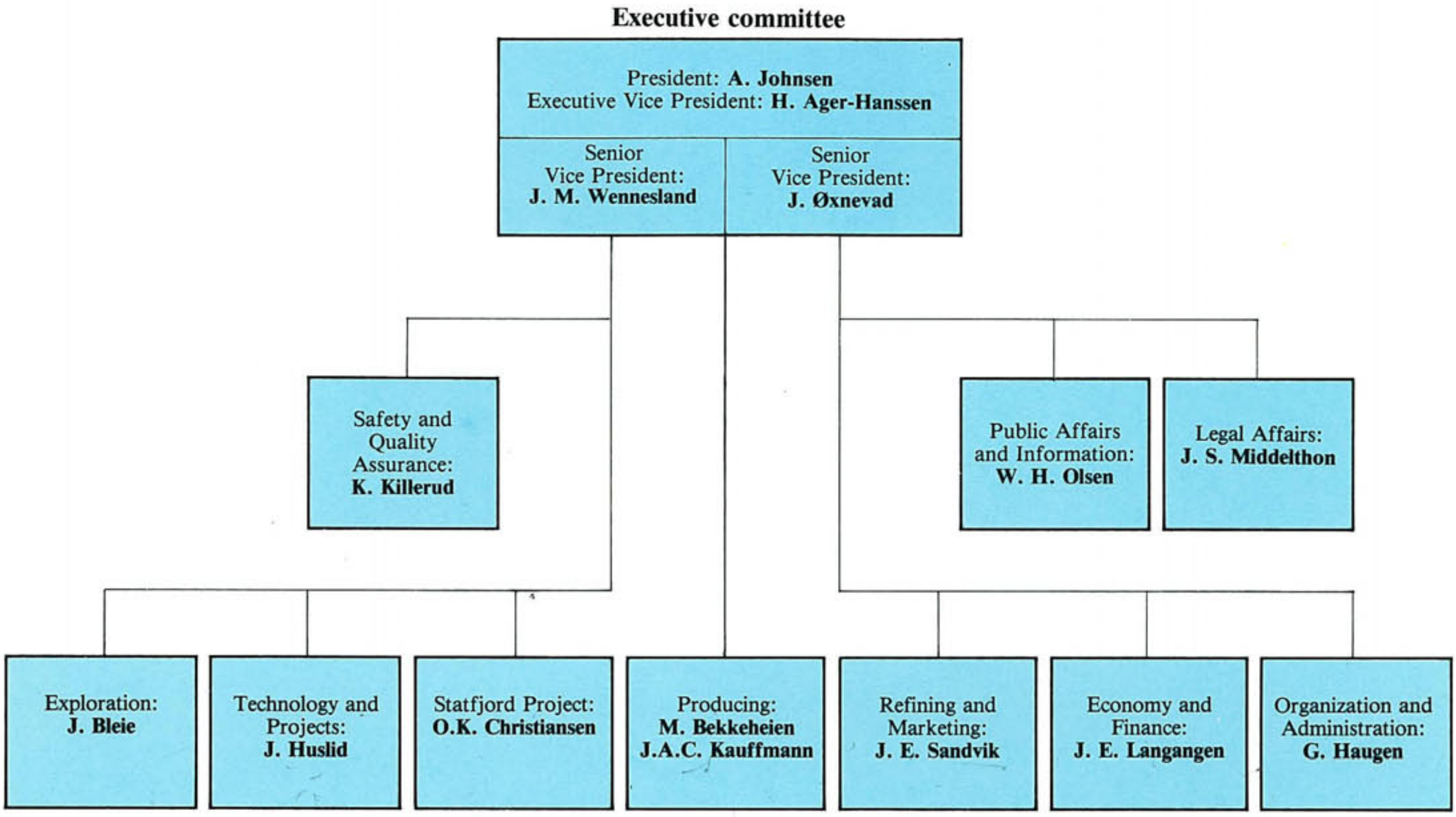
Art. 11
The provisions of the Companies Act shall be supplementary to these Articles of Association.

Statoil interests in licenses allocated as of 1 January 1981

Production license and year allocated	Block	Operator	Statoil share in % Ordinary	Maximum	Type of agreement*	Type of discovery	Field
Norwegian continental shelf							
005 - 1965	7/3	Union	10		1		
008 - 1965	18/10, 2/6	Elf	2		1		Gye
019A - 1965	7/12	BP	12.5		1	Oil/gas	Ula
019B - 1977	2/1, 7/12	BP	50	72	1	Oil	
020 - 1965	16/8	BP	12.5		1		
022 - 1965	2/3, 3/5	Gulf	11	20	1		
023 - 1969	3/7	Elf	5		2		
024 - 1969	25/1	Elf	5		4	Gas	Frigg, NE Frigg
025 - 1969	15/3	Elf	6		2	Gas	
026 - 1969	25/2	Elf	5		2	Gas	E Frigg, SE Frigg
027 - 1969	25/8	Esso	17.5		3	Oil	Balder
028 - 1969	25/10	Esso	17.5		3	Oil	Balder
029 - 1969	15/6	Esso	17.5		3	Gas/condens.	Sleipner
030 - 1969	30/10	Esso	17.5		3	Gas	Odin, NE Frigg
031 - 1969	2/10	Phillips	17.5		2		
032 - 1969	2/9	Amoco	10		3		
033 - 1969	2/11	Amoco	10		3	Oil/gas	Vallhall/Hod
036 - 1971	25/4	Elf	40		4	Gas/condens.	Heimdal
037 - 1973	33/9, 33/12	Mobil	50		4	Oil/gas	Statfjord/Murchison
038 - 1974	6/3, 15/11, 15/12	Statoil	50	75	1		
039 - 1974	24/9	Conoco	50	75	1		
040 - 1974	29/9, 30/7	Norsk Hydro	50	66	1	Gas/condens.	
041 - 1974	35/3	Saga	50	70	1	Gas	
042 - 1974	36/1	Amoco	55	70	1	Returned in 1980	
043 - 1976	29/6, 30/4	BP	50	70	1	Gas/condens.	
044 - 1976	1/9	Statoil	50	75	1	Gas/condens.	
045 - 1976	24/11, 24/12	Statoil	50	75	5		
046 - 1976	15/8, 15/9	Statoil	50	75	1	Gas/condens.	Sleipner
047 - 1977	33/2, 33/5	Norsk Hydro	50	66	1		
048 - 1977	15/2, 15/2	Norsk Hydro	50	75	1	Gas/condens.	
049 - 1977	33/6	Agip	50	70	1		
050 - 1978	34/10	Statoil	85	85	5	Oil/gas	
051 - 1979	30/2	Statoil	50	75	1		
052 - 1979	30/3	Statoil	50	75	5	Oil	
053 - 1979	30/6	Statoil	50	80	5	Gas/condens.	
054 - 1979	31/2	Shell	50	75	5	Oil/gas	
055 - 1979	31/4	Norsk Hydro	50	75	5	Oil	
056 - 1979	34/2	Amoco	50	75	1		
057 - 1979	34/4	Saga	50	75	5	Oil	
058 - 1979	35/8	Gulf	50	70	1	Gas/oil	
059 - 1980	6507/12	Saga	50	80	5		
060 - 1980	7119/12	Statoil	50	80	5		
061 - 1980	7120/12	Norsk Hydro	50	80	5		
Dutch continental shelf							
L/16-B-1968	K/18, L/16	Conoco	7.5		1	Gas	

*1) Carried interest
2) Option for direct participation
3) Net profit
4) Option exercised
5) Statoil covers a percentage of exploration costs

Statoil administration as of 1 January 1981



Map of the Norwegian continental shelf

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