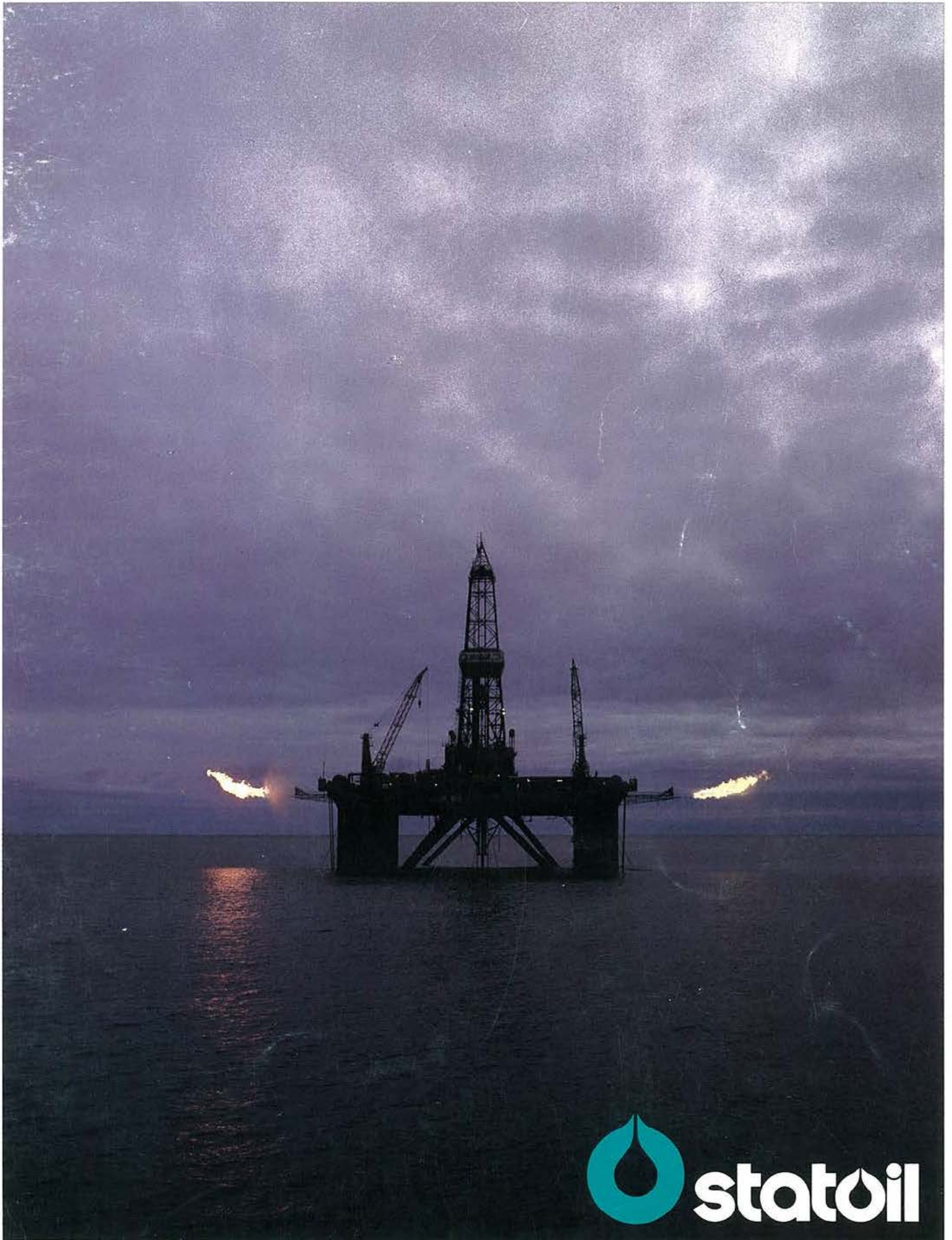


1981  
Den norske stats oljeselskap a.s  
Annual report and accounts



# Den norske stats oljeselskap a.s

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## 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

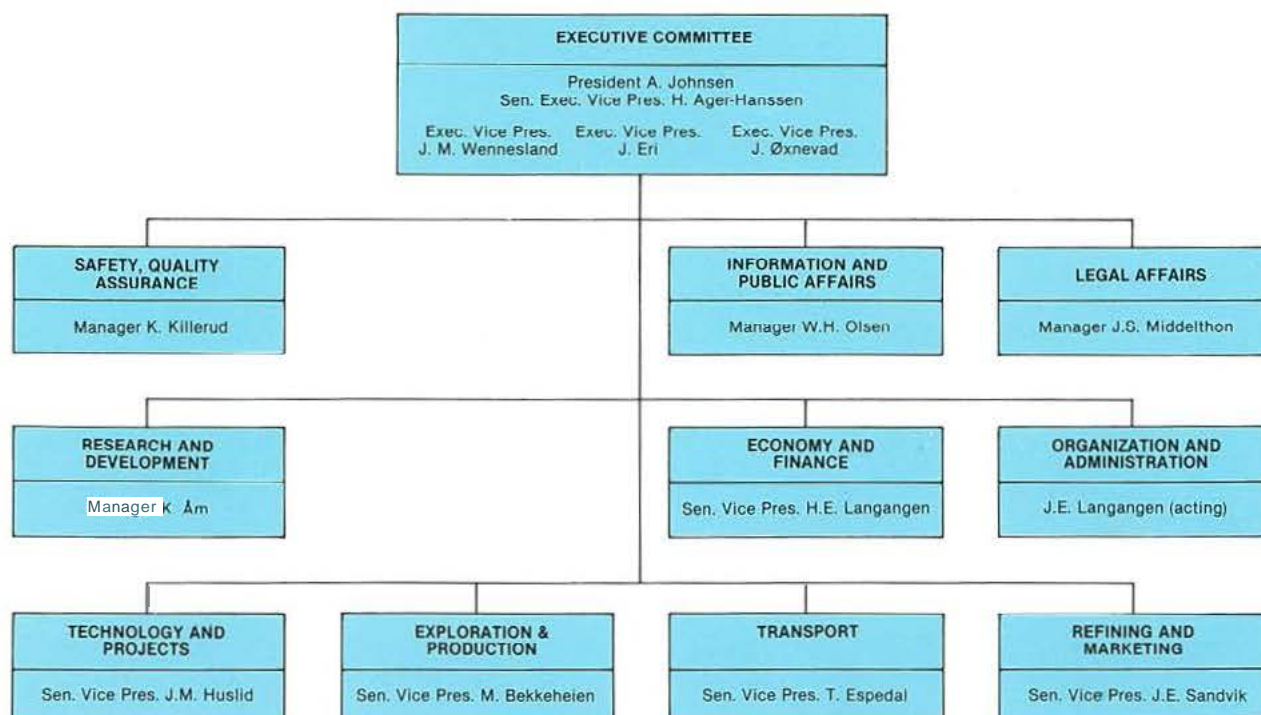
## Company Assembly

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 until 13.10. 1981  
 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, from 14.10. 1981  
 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

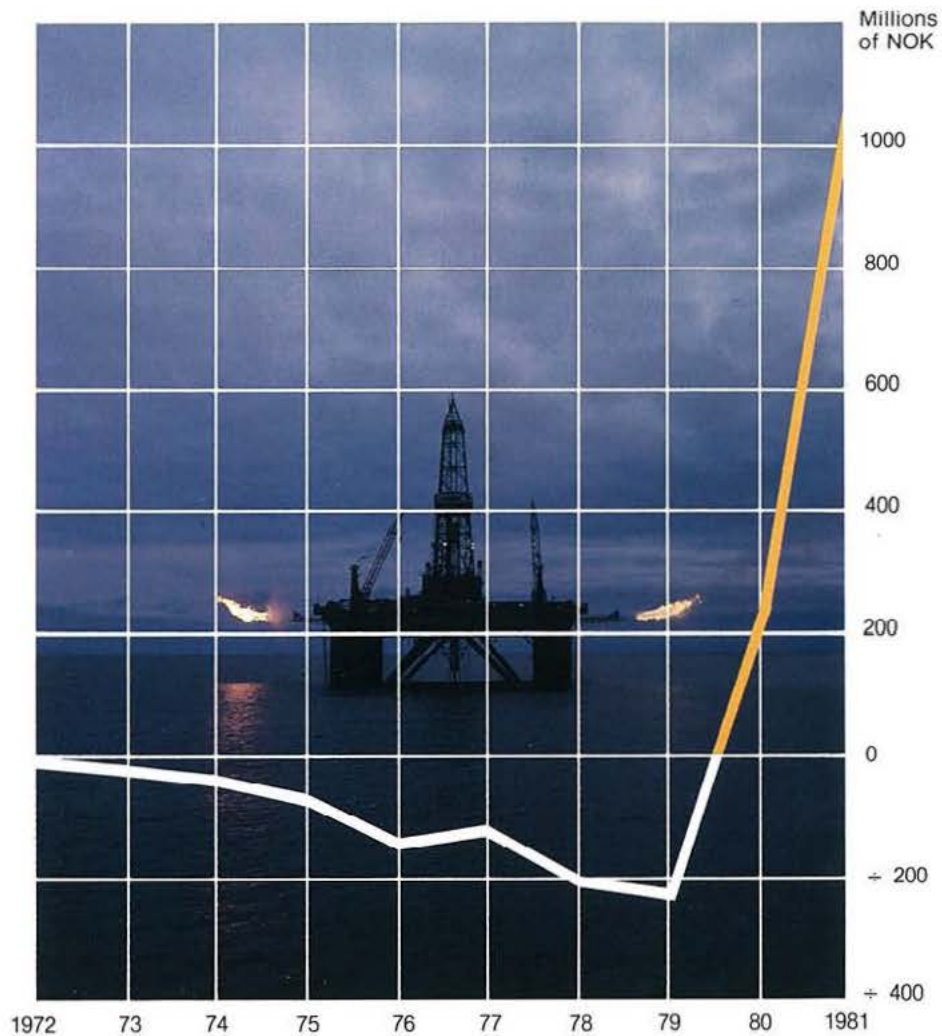


Organization Chart, March 1982.

### Cover photo:

In the summer of 1981 Statoil made a considerable gas discovery on block 7120/8, Tromsøflaket. The find is being tested by the «Ross Rig», on 31 August. Both flarebooms are used during the production test.

# Statoil's financial result 1972-1981

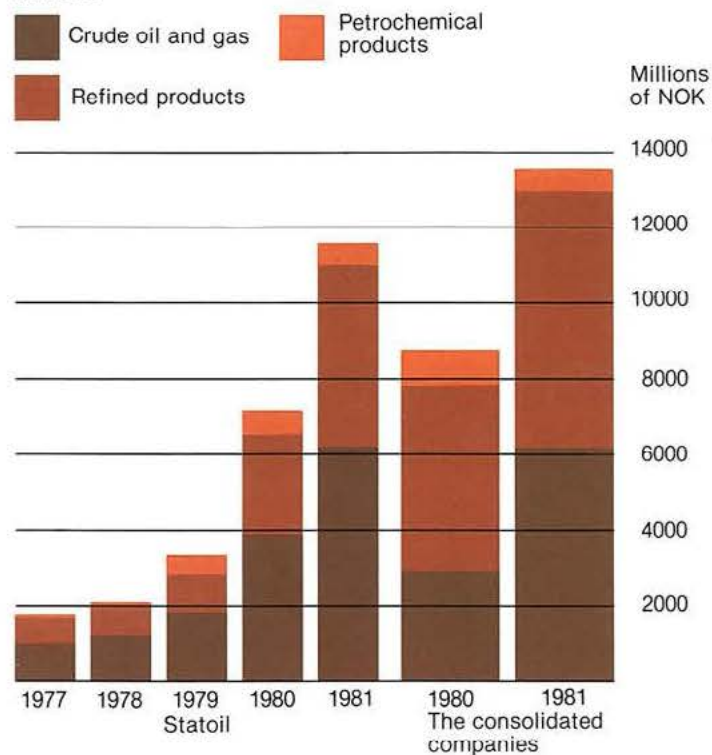


Statoil's financial result shows a satisfactory development. In 1981 the result is a profit of slightly more than NOK 1 billion and in addition, Statoil pays nearly NOK 400 million in taxes during the same period. Previous loss has now been covered, and as a consequence, the company taxes will increase in 1982.

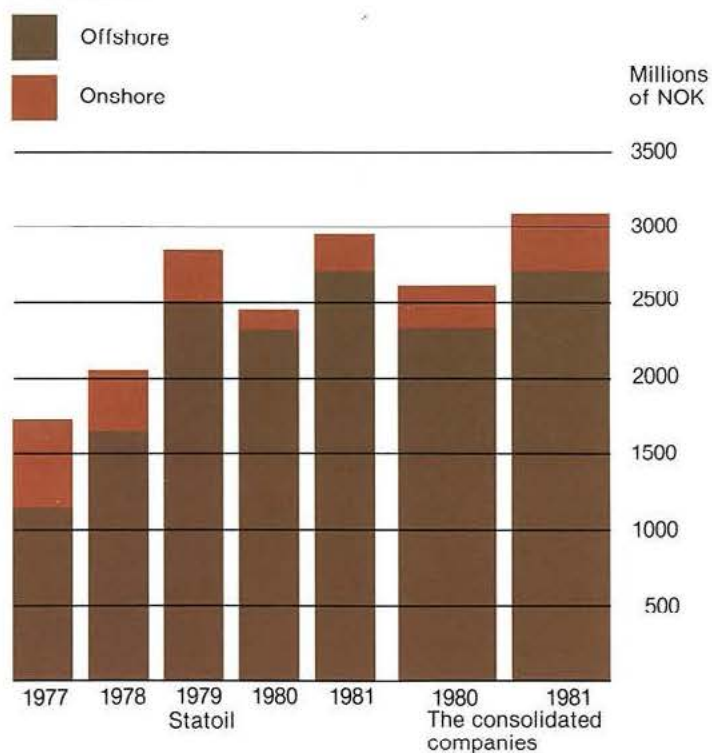
# Highlights

Amounts in millions of NOK	The consolidated companies		Statoil				
	1981	1980	1981	1980	1979	1978	1977
<b>Sales</b>	<b>13 499</b>	<b>8 593</b>	<b>11 547</b>	<b>7 125</b>	<b>3 255</b>	<b>2 001</b>	<b>1 686</b>
<b>Salaries and social costs</b>	<b>471</b>	<b>347</b>	<b>250</b>	<b>157</b>	<b>96</b>	<b>77</b>	<b>55</b>
<b>Depreciation</b>	<b>679</b>	<b>489</b>	<b>531</b>	<b>352</b>	<b>319</b>	<b>133</b>	<b>47</b>
<b>Financial expenditures</b>	<b>1 734</b>	<b>656</b>	<b>1 565</b>	<b>548</b>	<b>159</b>	<b>88</b>	<b>36</b>
<b>Operating result</b>	<b>3 839</b>	<b>1 463</b>	<b>3 679</b>	<b>1 392</b>	<b>13</b>	<b>— 97</b>	<b>— 77</b>
<b>Financial result</b>	<b>1 019</b>	<b>203</b>	<b>1 052</b>	<b>223</b>	<b>— 217</b>	<b>— 194</b>	<b>— 112</b>
<b>Investments</b>	<b>3 091</b>	<b>2 610</b>	<b>2 953</b>	<b>2 465</b>	<b>2 850</b>	<b>2 046</b>	<b>1 719</b>
<b>Total assets</b>	<b>15 878</b>	<b>14 593</b>	<b>14 222</b>	<b>12 952</b>	<b>10 159</b>	<b>7 795</b>	<b>5 555</b>
<b>Share capital issued as of 31 Dec.</b>	<b>2 944</b>	<b>2 944</b>	<b>2 944</b>	<b>2 944</b>	<b>2 944</b>	<b>2 734</b>	<b>1 852</b>
<b>Number of employees as of 31 Dec.</b>	<b>2 645</b>	<b>2 335</b>	<b>1 362</b>	<b>1 059</b>	<b>745</b>	<b>607</b>	<b>506</b>

## Revenue



## Investments



# The consolidated companies

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## Statoil's own activities

- Headquarters in Stavanger • Regional offices in Bergen, Trondheim and Harstad • Project offices in Oslo and London • Operator for 8 licences south of Stad • Operator for 2 licences on Tromsøflaket • Development of block 34/10 • Development of the Statpipe gas transportation system • Crude oil transportation by ship from the Statfjord field • Supply base in Stavanger • Approx. 1360 employees

## Participation in activities

- Oil production, Statfjord • Oil production, Murchison • Gas production, Frigg
- Development of Heimdal • Development of North-East Frigg • Petrochemical industry at Bamble • Norpipe transportation system of oil and gas from Ekofisk • Exploration activities in a number of licences • Base activities on Sotra and in Kristiansund N, Harstad and Hammerfest

The company is owned 100 per cent by the state.

---



- Headquarters in Oslo
- Regional offices in Oslo, Drammen, Bergen, Trondheim and Tromsø
  - Approx. 12 major tank installations, 70 distribution facilities and 200 coastal depots for storage
- Approx. 600 tank lorries, 85 railway tank wagons and several ships for transportation
  - Approx. 750 service stations
  - Approx. 800 suppliers and 300 000 registered customers
  - Approx. 930 employees

The company is owned 73.62 per cent by Statoil and 26.38 per cent by the state.

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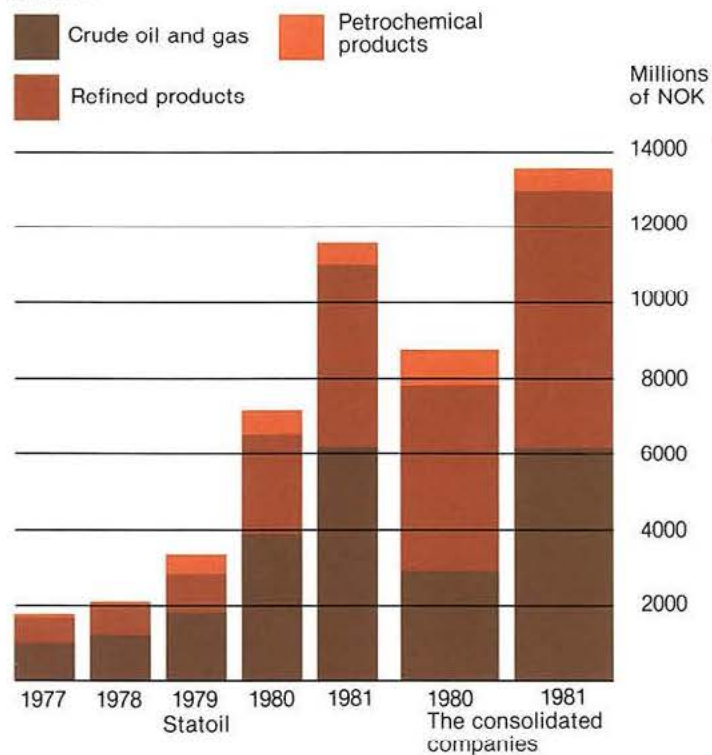


- Building and operation of the Mongstad refinery.
- The production started up in 1975, and the first Statfjord oil was delivered in December 1979
- Upgrading and modernizing of the refinery • Approx. 350 employees
- The company is owned 30 per cent by Statoil, 40 per cent by Norol and 30 per cent by Norsk Hydro.

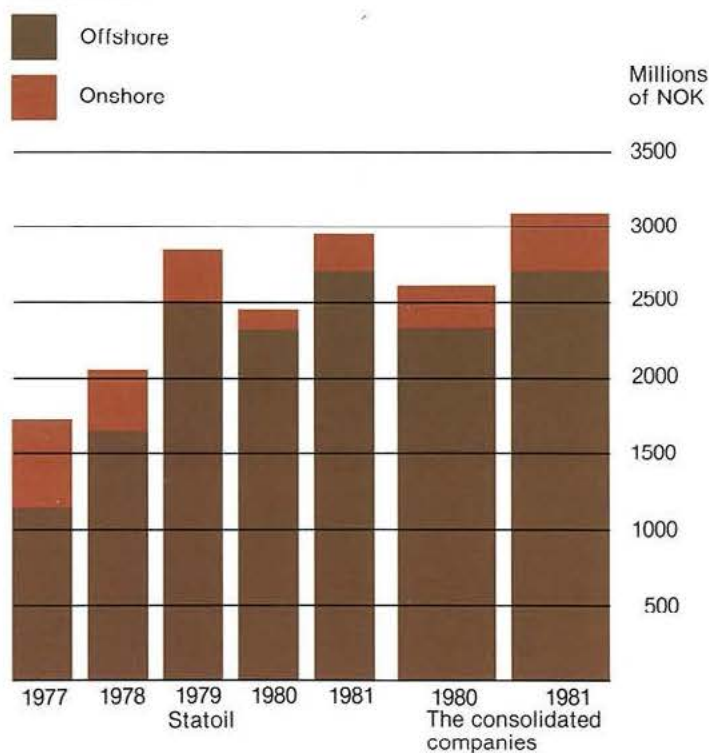
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## Investments



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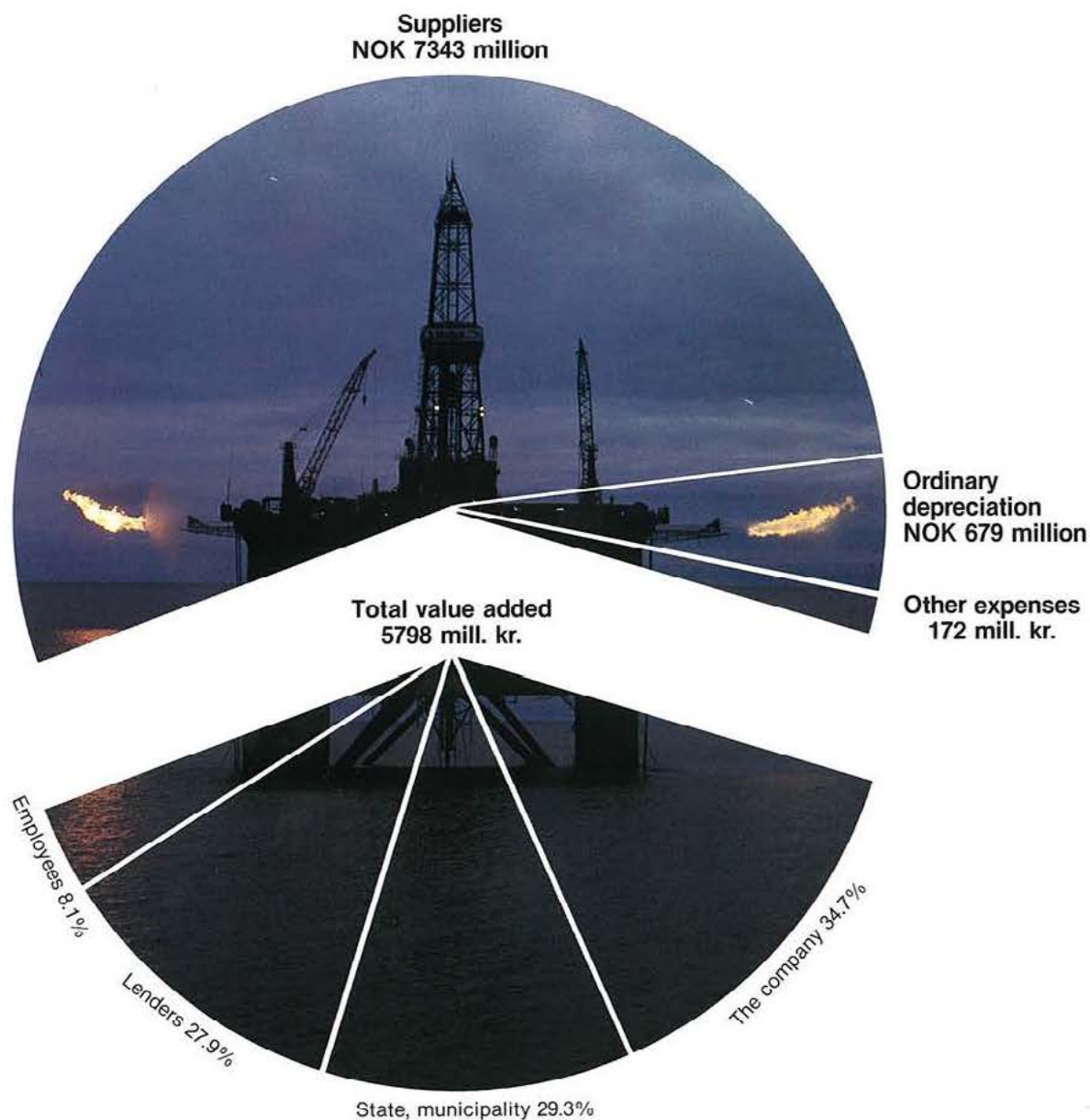
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- The company is owned 30 per cent by Statoil, 40 per cent by Norol and 30 per cent by Norsk Hydro.

# The value added of the consolidated companies



The value added of the consolidated companies was 41.4 per cent of the total revenue, in 1981.

The distribution of the value added is illustrated above.



# Report of the Board of Directors for 1981

## Introduction

The consolidated companies have continued their progress in 1981. The consolidated accounts show a net income of NOK 1 019 million compared to NOK 203 million in 1980. Estimated taxes for 1981 of NOK 352 million have been deducted.

Based on the Norwegian Parliament's decision on 10 June 1981, concerning landing of Statfjord gas to Emden via Kårstø and development of block 34/10, Statoil, as operator, has begun these development and operation tasks.

The summer of 1981, Statoil proved a gas find on block 7120/8 off Northern Norway. This discovery confirms the possibility for considerable petroleum reserves on the Norwegian continental shelf north of the 62nd parallel.

## Exploration, development and production

### Statfjord

Production of crude oil from Statfjord A increased from about 120 000 barrels (about 16 000 metric tons) per day in January 1981 to about 210 000 barrels (about 28 000 metric tons) by the end of the year. In 1981, the total production was 7.8 million metric tons, of which the Statoil share was 3.3 million metric tons. In 1981, Statoil's income from the Statfjord field was about NOK 5.2 billion compared to about NOK 1.9 billion in 1980. The positive result development for Statoil in 1981 is mainly due to a production increase on Statfjord A.

The water injection equipment on Statfjord A was completed and tested in 1981. The total building costs for Statfjord A are within the Statfjord groups' estimates of NOK 7.5 billion.

Building and commissioning of the Statfjord B platform have been carried out at full speed in 1981. The deck and concrete gravity structure were mated and in August the platform was towed out and positioned on the field. The building of the loading buoy follows a schedule which supposes tow-out of the buoy to the field in 1982. The extent of the remaining completion work at sea is somewhat larger than previously supposed. The estimates for the total building costs for the B platform have increased by NOK 830 million to slightly more than NOK 10.8 billion. Statoil expects the production of crude oil on Statfjord B to start early in 1983.

The work on the Statfjord C platform is on schedule and all the large contracts have now been signed. The building of the concrete gravity structure has been in progress all through 1981. The deck frames

have been finished and will be mated during the first half of 1982.

The cost estimates for the C platform are NOK 12.3 billion. Based on a cost increase for the B platform, the cost estimates for Statfjord C are currently being reviewed.

### Murchison

The year 1981 has been the first complete production year on the Murchison field. A total of 3.7 million metric tons of crude oil has been produced. Statoil owns more than eight per cent of the field and has received four cargoes of crude oil (a total of about 0.25 million metric tons) from the Shetland terminal. Murchison made a positive contribution to the Statoil operating result in 1981.

### Frigg

In 1981 about 18 billion cubic meters of gas were produced from the Frigg field.

The gas deliveries from the field gave Statoil sales totalling NOK 404 million in 1981 compared to NOK 284 million in 1980. The Frigg production made a positive contribution to the company result in 1981.

North-East Frigg is a small field adjacent to Frigg. The development of the field started in 1980 and continues as planned. In 1981, the building of the field control station was started. The drilling of the first of six production wells began at the end of 1981. Production start-up is planned in 1984.

### Block 34/10

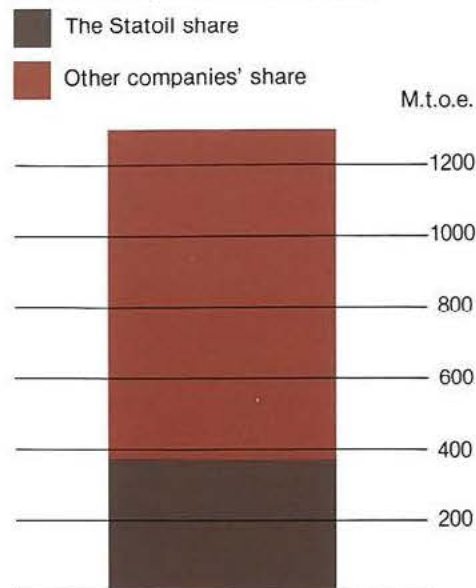
Pursuant to the Norwegian Parliament's decision on 10 June 1981, the Government approved on 9 October 1981 the first phase of the development of block 34/10, Delta East.

Phase 1 includes two platforms and is estimated to cost NOK 18.5 billion in fixed 1980 prices. Platform A will be a combined drilling, production and quarters platform with a concrete gravity base structure. The production capacity will be about 12 million metric tons of oil and 1.3 billion cubic meters of gas per year. The platform is planned to go on stream in 1987.

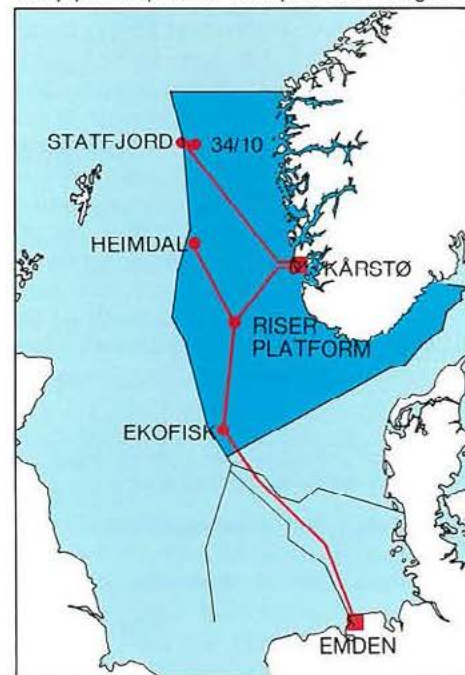
The oil will be loaded on tankers from a loading buoy, whereas the gas will be landed at Kårstø through the Statpipe system. The dry gas will be piped further on to Emden in West Germany through the Statpipe/Norpipe grid.

The B platform will be a combined drilling and quarters platform which will go on stream in 1989. Statoil is operator with an ownership share of 85 per cent. Norsk Hydro and Saga Petroleum own nine and six per cent respectively. Probable recoverable reserves for the whole Delta

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



Statpipe will provide transportation for gas.



East field are 200 million metric tons of oil and 24 billion cubic meters of gas.

The pre-engineering for platform A was started in 1981 and will be completed during the first half of 1982. Contracts have been entered into with project services contractor and pre-engineering contractor.

**Heimdal**

On 10 June 1981 the Norwegian Parliament approved the application for development of the Heimdal field. Elf is operator and Statoil owns 40 per cent. The recoverable reserves of the field are estimated at about 33 billion cubic meters of gas and 3 million metric tons of condensate.

The Heimdal field will be developed with a combined drilling, production and quarters platform in steel. The platform is estimated at slightly more than NOK 4.5 billion in fixed 1980 prices and NOK 7.8 billion in current prices. Production start is planned in July 1986. The gas will be transported through the Statpipe/Norpipe system to the Continent. The Heimdal group has so far not reached a final decision concerning a transportation solution for the condensate. The operator has started the pre-engineering of the development.

**Exploration for oil and gas**

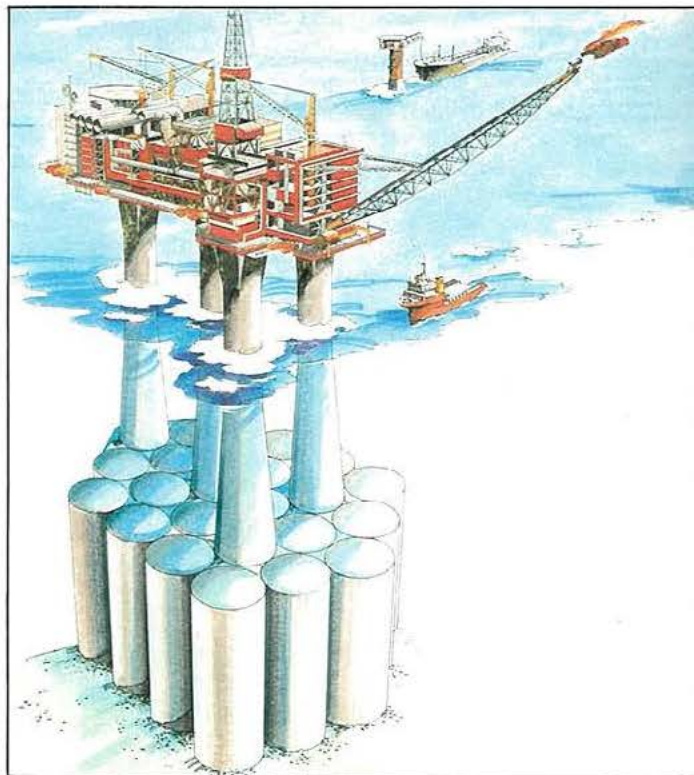
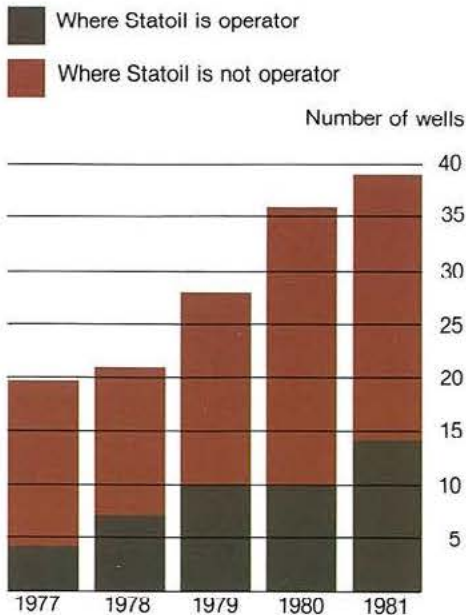
An extensive exploration activity on the Norwegian shelf has been carried out in 1981. As many as 15 drilling rigs have been active at the same time. Altogether 39 new wells were spudded. Statoil was operator of 14 of them. The company has used four drilling rigs. In addition to the exploration drilling, Statoil has also carried out an extensive programme of seismic surveys.

In the fifth round of concessions three new licences were allocated north of the 62nd parallel with Norsk Hydro and Statoil as operators for one block each on

Statoil's share of the Frigg field gas production gave a sales income of slightly more than NOK 400 million in 1982.

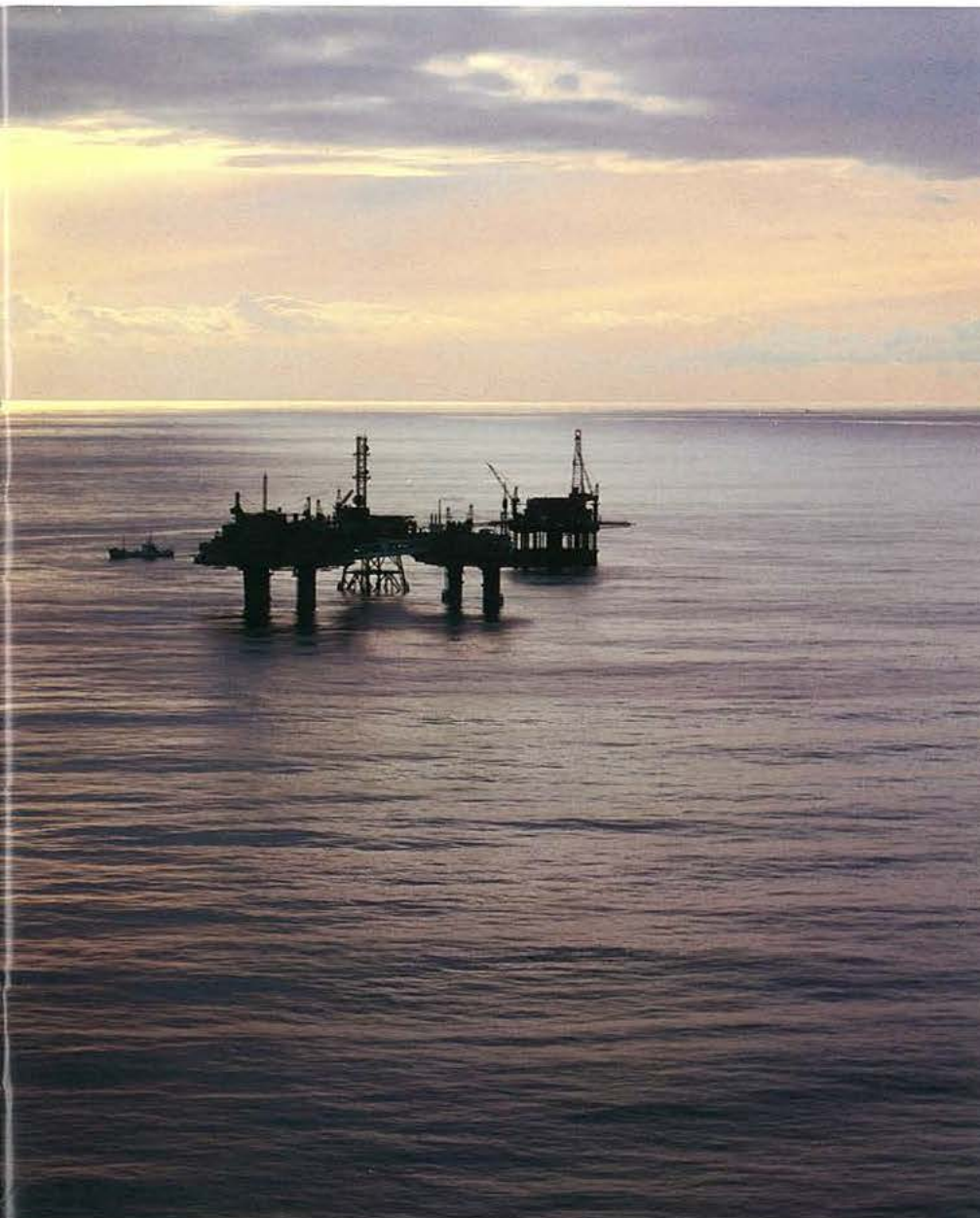


Exploration and delineation wells spudded on the Norwegian continental shelf.



An artist's impression of the 34/10 A platform in production.

Right: The concrete part of Staffjord C under construction in Stavanger.



Tromsøflaket. Saga is operator for a block on Haltenbanken. Altogether eight licences were awarded during the sixth round of concessions. These consist of blocks or parts of blocks in the southern part of the North Sea which have been returned by earlier licensees. Statoil was appointed operator for block 8/3. The company owns 50 per cent of all licences which were awarded in 1981.

#### **Block 7120/8**

During the summer of 1981 Statoil made a considerable gas find in block 7120/8 on Tromsøflaket. The drilling rig «Ross Rig» carried out the drilling and testing. The first results indicate that there may be about 100-150 billion cubic meters of gas. More drilling is needed to confirm the size of the discovery.

#### **The blocks 15/8 and 15/9 (Sleipner area)**

The exploration activity in the Sleipner area was extensive in 1981. Altogether six wells were spudded. A promising gas find was made in a new structure in the eastern part of block 15/9. Earlier reserve estimates for other gas and condensate structures in the Sleipner area have been confirmed. Statoil's estimates for recoverable reserves in this area are now about 200 billion cubic meters of gas and 30 million tons of condensate. The work on a commerciality study for the Sleipner field continues. It is probable that the gas reserves will be commercial.

#### **Block 30/6**

In the fourth well on block 30/6 oil was proven. The results indicate that the Alpha structure is a large oil field with gas at the top of the reservoir. The fifth well proved oil in a small separate structure in the eastern part of the block.

On 11 February 1982 the Government decided that the operatorship for block 30/6 is to be transferred from Statoil to Norsk Hydro as soon as possible.

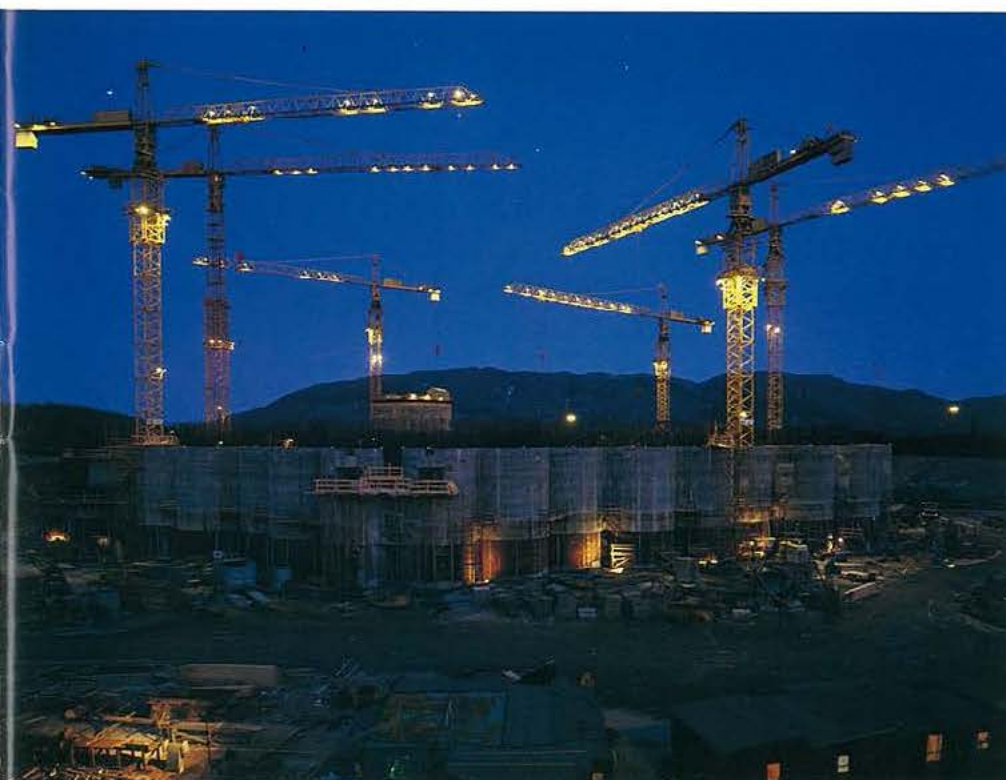
#### **Block 31/2**

In Shell's discovery on block 31/2, the 1981 activity has been concentrated on completing and testing the wells which were started in 1980. Exploration shows that there is a large gas field with a layer of heavy oil underneath. Recoverable reserves are estimated at about 400 billion cubic meters of gas. It is, at the moment, uncertain whether the oil can be extracted. Statoil owns 50 per cent of block 31/2.

#### **Supply base activities**

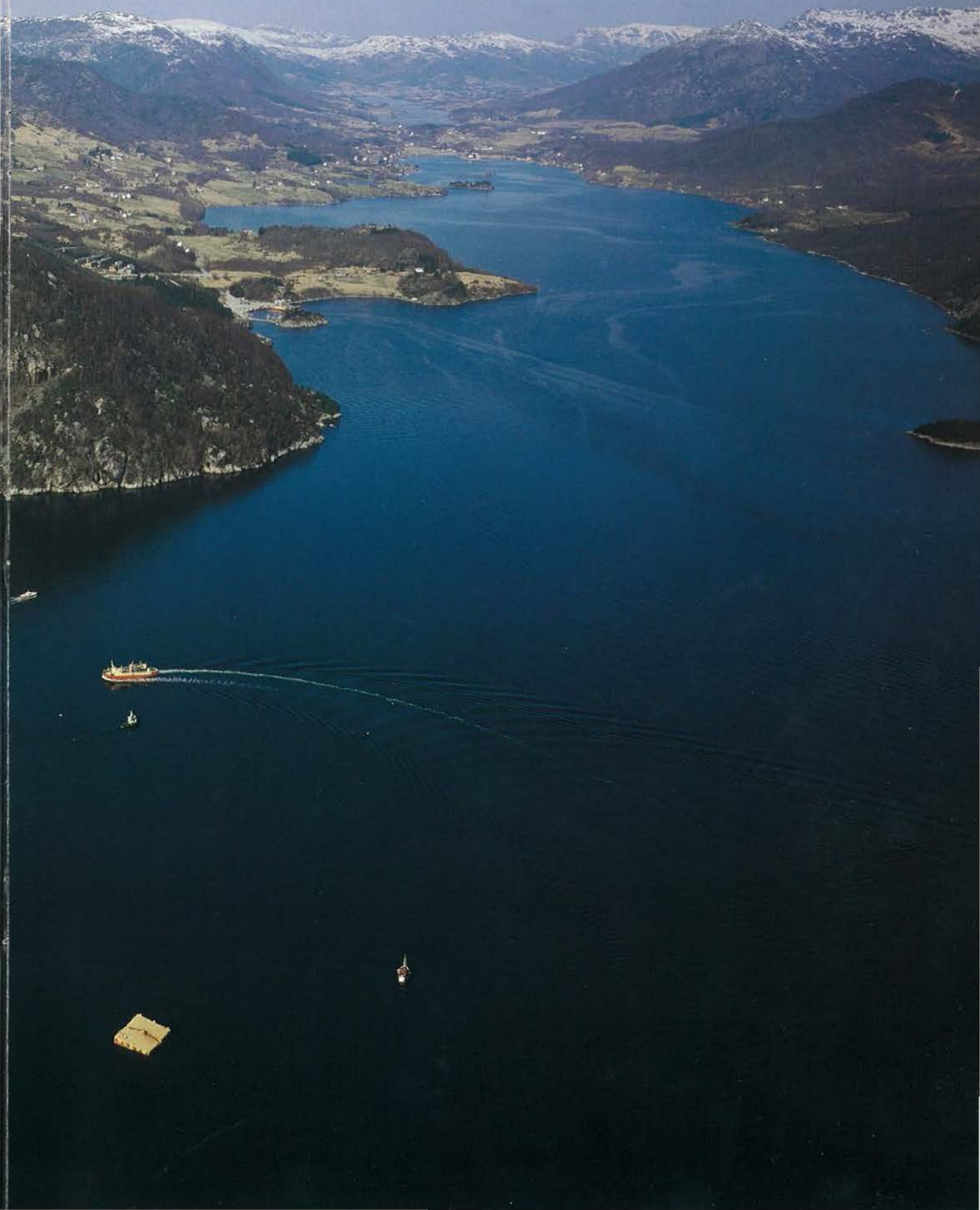
In 1981, the supply base facilities which Statoil is engaged in had total revenues of about NOK 87 million and an operating result of about NOK 6 million.

The activity was satisfactory for the two bases which serve the activities in the North Sea. This applies to the Coast Center Base (CCB) on Sotra near Bergen, where Statoil owns 50 per cent, and Statoil's own supply base at Dusavig outside Stavanger.





The Staffjord B platform in 1981, surrounded by impressive Norwegian scenery.



Norbase a.s and Vestbase a.s serve exploration activities on Tromsøflaket and Haltenbanken respectively. In 1981, the activity has been restricted to the limited drilling season for exploration north of the 62nd parallel.

## Transportation

### Statpipe

The Norwegian Parliament approved on 10 June 1981 the landing of gas from the Statfjord field. The gas will be piped to Emden via Kårstø in Northern Rogaland. The transportation company, Statpipe, owns the gas transportation system which, in addition to the gas from the Statfjord field, will transport gas from Heimdal and block 34/10. The transportation system also gives possibilities for tie-in of other fields.

Statoil is operator for Statpipe and owns 60 per cent of the shares.

Statpipe will lay about 850 kilometers of pipeline in the North Sea. A pipeline for transportation of rich gas will be laid from Statfjord to Kårstø. At the Kårstø terminal, wet gas will be fractionated and made available for Norwegian industry. The dry gas will be transported through a pipeline on to a riser platform in the Sleipner area to Ekofisk and from there on through the Norpipe system to Emden. The total investments in Statpipe are estimated at NOK 12.8 billion in 1980 prices which corresponds to about NOK 19 billion in current prices. The facilities will be ready to go on stream on 1 January 1986.

A contract has been entered into with project services contractor for the pipeline, plus contract for detail engineering of the pipeline and platforms. Contracts for purchase of pipe have been entered into with German and Japanese suppliers.

The construction work at Kårstø has started up and several contractors have been engaged. The progress of the building project is on schedule.

### Norpipe

The operation of the Norpipe companies' transportation and treatment systems has been satisfactory in 1981. About 16.6 million metric tons of crude oil were piped from Ekofisk to Teccside. This is a decline of 23 per cent over 1980, which mainly is due to reduced oil production in the Ekofisk area. About 13.4 billion cubic meters of gas flowed through the gas pipeline from Ekofisk to Emden in 1981. This was eight per cent less than in the previous year.

The Norpipe companies had a total turnover of NOK 3252 million and a net income before taxes of NOK 338 million in 1981. Statoil owns 50 per cent of the shares in both companies and received last year a total of NOK 92 million in dividends.

### Statfjord Transport

In 1981, 75 shipments of crude oil were transported from the Statfjord field to

various ports in Northern Europe. The loading operations from the field have been carried out satisfactorily. The company has at its disposal three tankers and has entered into a long-term charter agreement for two more tankers to be delivered in 1982 and 1983.

## Refining and marketing

### Sale of crude oil

Statoil's total access to crude oil in 1981 was 5.5 million metric tons. Of this amount, 2.3 million metric tons were royalty oil bought from the state at market price (norm price).

About 2.5 million metric tons of Statoil's crude oil were delivered to the refinery at Mongstad. The company sold 3.0 million metric tons of crude oil externally at satisfactory prices.

In 1981, the international market for crude oil was one of low demand and high supply. The low demand was connected with low economic activity, energy conservation and transfer to other sources of energy. In addition a considerable reduction of the oil inventories in the western industrialized countries has taken place. A continuously high level of production in Saudi-Arabia has been an important reason for the abundant supply of crude oil.

The contract price for North Sea oil was about USD 40 per barrel after price adjustments at the year end 1980. The development on the international oil market led to a contract price reduction to just below USD 36 per barrel in June.

In October the OPEC countries agreed on a common reference price for crude oil. It led to a Saudi-Arabian price increase, while the crude oil price from a number of other OPEC countries was reduced. The contract price for North Sea oil increased by an average of USD 1.50 per barrel from 1 November to USD 37-37.50 per barrel cif North Sea port. However, minor price adjustments have been carried out for a few crude oil types at the turn of the year as a consequence of quality and market conditions. In February 1982 the contract price for North Sea oil was reduced by about USD 1.50 per barrel to about USD 35.50 per barrel cif North Sea port.

The consumption of oil products in 1981 was, on a world scale, about five per cent lower than in 1980. The total consumption of oil products in 1982 is expected to be on about the same level as in 1981.

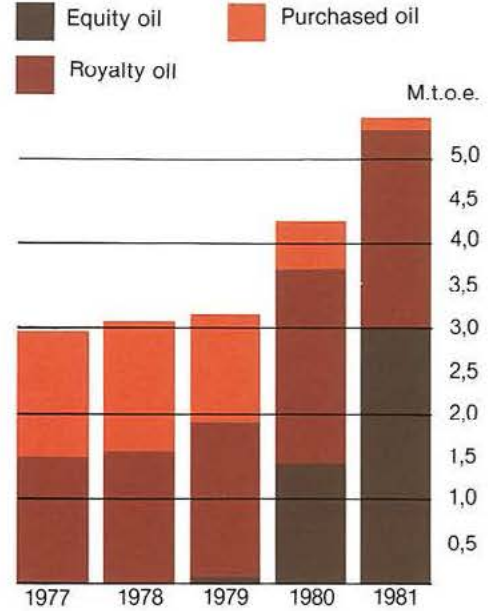
### Refining, and sale of refined products

The operation of the Mongstad refinery has been satisfactory with a capacity use of 85 per cent.

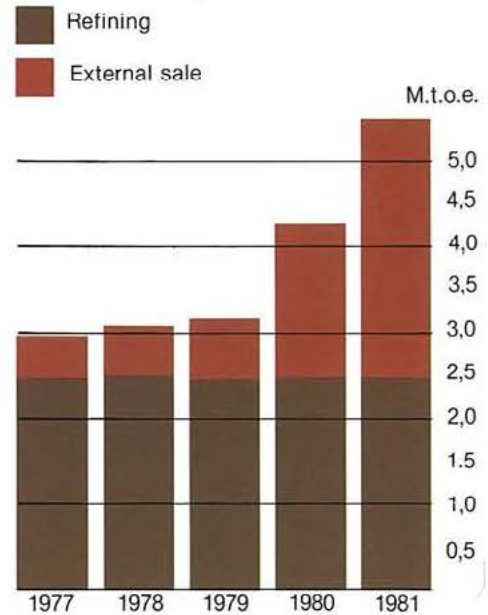
The last building stage of the facility which produces propane and butane of surplus gas is now on stream.

To meet the demand of the authorities concerning reduced lead content in petrol, the owner companies have decided to build

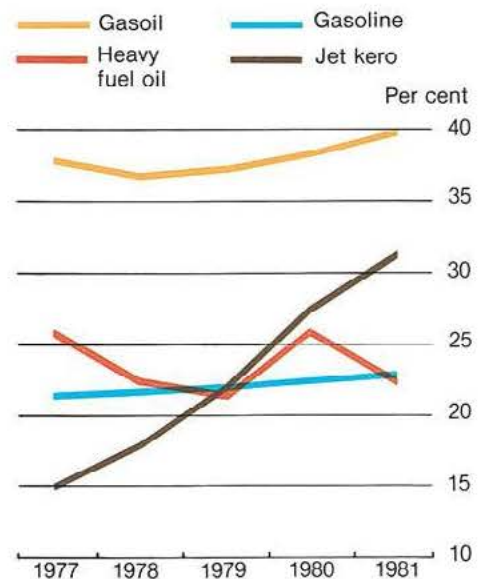
Crude oil supplies to the consolidated companies.



Crude oil marketed by the consolidated companies.



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



The Kårstø plant in February 1982. Statoil is operator for the development.



The Norwegian Parliamentary Committee for Local Government and Environmental Protection visited Kårstø in February 1982. From left to right, two members of Parliament Kjellbjørg Lunde and Håkon Randal, further Executive Vice President Jan M. Wennesland and Project Manager Bjørn Wang of Statoil.

Classes from Tysvær have also been given an introduction to the project.





a facility for production of super petrol with a low lead content. According to schedule the facility will be ready for operation in 1983, and is estimated to cost about NOK 120 million.

A more efficient exploitation of the raw material plus a maximum upgrading to the light and most valuable products is the point of departure for the development plans of the refinery which now is being considered by the owner companies. The plans are scheduled to be presented to the authorities in 1982.

Statoil's export of products from the Mongstad refinery consists of products which Norol has no need for in Norway, and includes mainly contract sales of naphtha, gas oils and fuel oils. The export has been distributed between Scandinavia, other Northern European countries and the USA.

In 1981, the international market for petroleum products in Western Europe has generally been marked by reduced consumption, especially for the heavier products.

In 1981 Statoil's total export of products was about 750 000 metric tons, a total value of slightly more than NOK 1.3 billion.

### **Norsk Olje**

In Norway Norsk Olje a.s (Norol) handles all marketing of the consolidated companies' refined products.

Total domestic sale of oil products in 1981 was 6.6 million metric tons. This is a decrease from 1980 of eight per cent. Norol's indigenous sale in 1981 was 1.8 million metric tons, which is 13 per cent lower than the previous year. Norol's reduced share of the market is due to the general market decline plus a planned adjustment to more profitable products and markets.

The sale of petrol and diesel fuel is relatively stable, and Norol strengthened its position in this market in 1981 among other things by increased use of Norol cards and self-service stations. Norol's average market share for sale of refined products in Norway was 26.2 per cent in 1981.

In 1981 Norol's sales amounted to NOK 5416 million. The accounts show a net income of NOK 81 million. This is a considerable improvement compared with the result for 1980 which showed a deficit of NOK 29 million. The result improvement is, among other things, due to the fact that the price authorities acknowledged an increase of the oil companies' marketing margins in the autumn of 1980, so that in the first months of 1981 there was a better correlation between sale prices for refined products and crude oil prices than in 1980. Besides, there is a continuous internal process to make the operation more efficient.

Norol's total investment in 1981 was NOK 106 million.

**The Staffjord A in production.**

### **Petrochemicals**

The market situation for plastic raw materials in Western Europe is still marked by low prices and low demand. Statoil's share of the revenue for Noretyl and Norpolefin was NOK 561 million. Statoil's share of the petrochemical activities at Bamble gave a negative operating result in 1981.

The market prospects for plastic raw material give no reason to expect considerably higher prices in the future years. The wet gas to Bamble will cost substantially more in 1982, therefore no result improvement is expected. The Board is concerned with reversing this development. In 1982, Statoil, together with the other owner companies, will greatly emphasize the preparation and implementation of steps which may strengthen the operational foundation of the petrochemical plant.

### **Other activities**

#### **Research and development**

The petroleum activities on the Norwegian continental shelf make large demands on technology and knowledge. This makes it necessary to have a strong engagement in research and development. In 1981, Statoil has increased its efforts considerably in this field.

A large part of Statoil's activity within research and development consists of projects related to the so-called Northern Norway programme, which was begun in 1980. Together with other oil companies, Statoil has started several large projects to develop and improve platforms and equipment for development and landing of oil and gas from fields of ocean depths of over 300 meters. Further studies have been started to determine transportation alternatives and exploration possibilities for gas if landing is decided in Northern Norway. The project also includes a survey of possible deliveries of goods and services from Northern Norwegian trade and business, plus other environmental consequences of a landing. The programme is scheduled to be finished in 1984.

A large research programme was started in 1981 aimed at determining the possibilities for an increased use of automation of future offshore installations.

Statoil, together with The Royal Norwegian Council for Scientific and Industrial Research (NTNF), Det Norske Veritas, Norsk Hydro and Saga Petroleum participated in the foundation of the Norwegian Underwater Technology Center.

#### **Safety and quality assurance**

In 1981, the work with safety and quality assurance has primarily been concentrated around Statoil's two large development projects, block 34/10 and Statpipe.

The company system for quality assurance has in that connection been put into use and further developed. The aim of this system is to achieve a satisfactory safety and quality assurance in all parts of the

company activities.

The company contingency for accidents has been further developed and several contingency drills have been conducted. Statoil is engaged in research and development projects aimed at reducing the possibilities for blow-outs.

### **Organization and environment**

#### **Wage and labour relation**

Labour relations on the Norwegian shelf have so far been complicated. The cooperation between the employers who have employees at work on the Norwegian continental shelf has been limited. In 1981 there have been several wild cat strikes on the production platforms and the mobile rigs.

Statoil will continue the work of strengthening the cooperation between the operating companies through the Norwegian Employers' Association for Operating Companies (NOAF). NOAF is member of the Norwegian Employers' Confederation (NAF). From 1982 NAF/NOAF will enter as agreement partners in all agreements between the operator companies and the employee organizations on the Norwegian shelf. These agreements must be based on the regulations which are valid between the main Norwegian trade unions.

In 1981 Statoil has had good cooperation with the four employee organizations, the Norwegian Society of Chartered Engineers (NIF), the Norwegian Oil and Petrochemical Trade Union (NOPEF), the Norwegian Society of Engineers (NITO), and the Norwegian Office Workers' Association (NF) which are represented in the company.

#### **Employees and work environment**

At the end of 1981 there was a total of 2645 employed in the consolidated companies. The number of employees in Statoil was 1362.

Statoil has further developed its internal training. A number of courses within petroleum related subjects and administration have been arranged. As part of the training activities, Statoil has continued the assignment of personnel with other oil companies. A separate grant system has been established for further education of female employees, trying to get more women in higher positions.

The company and work environment committees have had many meetings. A number of cases have been dealt with. The most important ones have been the change of Statoil's main organization and the construction of new office premises.

The Board wishes to thank all employees for the valuable effort and good cooperation throughout 1981.

#### **Organization development**

Based on among other things the operator tasks for development and

operation of block 34/10 and Statpipe, Statoil has further developed its organization. The Executive Committee consists of five people and the company has now four divisions each with their separate result responsibilities. The four divisions are Technology and Development, Exploration and Production, Transportation, Refining and Marketing.

The plan for Statoil's organization is found on page 2.

East field in block 34/10. Statoil has earlier purchased real estate near Bergen Airport, Flesland. Early in 1982, the company will start constructing an office building with office accommodation for slightly more than 700 employees. Offices are scheduled to be ready for occupancy at the beginning of 1985.

In 1981 Statoil employees in Harstad have moved into new, rented office facilities. Efforts are being made to acquire a

HM Queen Elizabeth II and HRH the Duke of Edinburgh visited Statoil in May 1981. Statoil's President Arve Johnsen explains.



The Statoil office in Beijing (Peking) was opened on 22 June 1981 in the presence of among others Vice Minister Qin Wen-Chai in the middle of the picture. Vice President Jakob Bleie, Statoil, is second from the right.

#### Premises of the activity

Statoil has continued the decentralization by moving some of its operative functions out of Stavanger.

One department with the responsibility for exploration activities on the shelf off the middle part of Norway has been moved from Stavanger to Bergen.

In 1982 a separate organization related to the Exploration and Production Division will be established in Bergen. This organization will, among other things, be responsible for the operation of the Delta

site for the building of a permanent administration centre in the area.

The company has established a district office in Trondheim. The primary task of this office is to coordinate research and development projects carried out by the research institutions in Trondheim. In addition, a project office in London and an office for advisory services in Peking, have been established.

All headquarters functions will still be in Stavanger. The same applies to Statoil's operative functions related to the North

Sea, south of the 62nd parallel.

Stage two of the headquarters at Forus is on schedule and the moving started at the end of 1981. The construction of the technical service-building at Forus has started. The building will be ready at the end of 1983.

## Economy

### The accounts for 1981

The accounts for the consolidated companies, which include Statoil, Norsk Olje and Rafinor, show sales of NOK 13 499 in 1981. Of this NOK 7 495 million was export.

Statoil's sales in 1981 were NOK 11 547 million. This was an increase of 62 per cent compared to the previous year.

The consolidated companies' operating result was NOK 3 839 million in 1981. The annual profit was NOK 1 019 million after deduction of minority interests.

Statoil's accounts show an annual profit of NOK 1 052 million. The accumulated deficit from earlier years is thereby fully covered.

The Board proposes that the year's net profit is disposed in the following manner:

Loss carried forward ..	NOK 540 million
Reserve fund .....	NOK 125 million
12.5 per cent dividend ..	NOK 368 million
Carried forward .....	NOK 19 million

NOK 1 052 million

In 1981 remuneration to the Board was NOK 99 400 and to the Company Assembly NOK 49 775. Salary and other compensation to the president was NOK 451 855. The consolidated companies invested altogether NOK 3 091 million in 1981, of which Statoil's own investment was NOK 2 953 million. The investments in the Statfjord field were still the major part of the company's total investment with a share of 70 per cent.

Reference is made to the accounts with comments.

### Financing

The international interest and currency development in 1981 was strongly marked by the continued low economic growth within OECD plus the American authorities' strict monetary and credit policy.

The strict monetary policy in the USA led to an abnormally high interest level on the dollar. As a consequence of among other things the high interest level, the value of the dollar has increased considerably compared to most European currencies in 1981. Compared to Norwegian kroner the dollar increased from about 5.13 at the end of the year to about 6.30 in August, a rise of nearly 23 per cent. By the end of the year 1981, the exchange rate had decreased to about 5.82.

The most important European countries found it necessary to keep a high rate of interest throughout the whole year, owing to a deficit in their current accounts, a weakened currency development compared to the dollar and high dollar interest rates.

The Rafinor plant at Mongstad.



The company's interest expenses in 1981 was about NOK 995 million. This gives an average interest rate of 11.5 per cent annually.

The largest part of Statoil's currency debt is in dollars. The repayment of these loans will mainly take place during the period 1983-1989. As a consequence of the exchange increase of dollar in 1981, NOK 414 million are set aside to cover unrealized



The free-fall lifeboat is tested. The Dyvi Delta, which is drilling for Statoil, is the world's first drilling rig with this emergency system.



The Statoil headquarters in Stavanger.

currency losses on long-term debt.

The high dollar exchange rate gives increased krone incomes on the petroleum sale. On the whole a strong dollar is advantageous to the company.

Statoil's total need of capital in 1981 was NOK 3051 million. Of this NOK 2710 million came from the operation. Payment on long-term debts was NOK 957 million.

In 1981 the company established itself as a borrower on still another important international market, through the placement of a private bond issue in Japan of JPY 10 billion, corresponding to NOK 254 million. The loan has a final maturity of 15 years and the interest rate is 8.7 per cent annually. In 1981 export credits were established in connection with supplies to Staffjord C and North East Frigg.

### Prospects

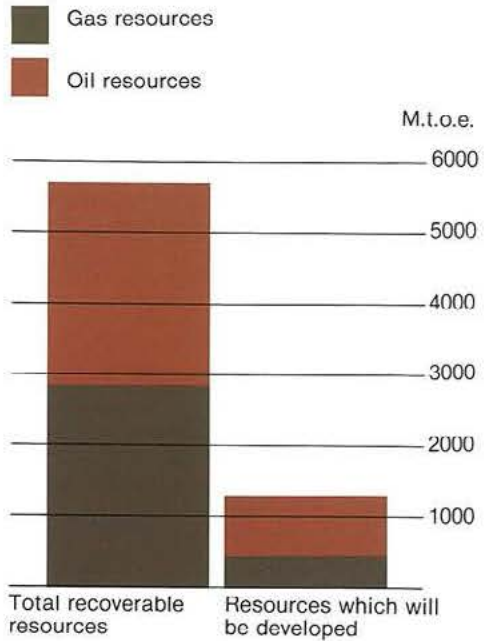
The new development projects, block 34/10, Statpipe and Heimdal will be of key importance in the consolidated companies' activities in the years to come and will lay the foundation for increased income and considerable net profit for several decades. In the first few years the consolidated

companies' total investments will amount to between NOK 7-10 billion yearly.

In 1982 Statoil expects a continued increase in income and operating result, mainly as a consequence of the planned production development of Staffjord A. The consolidated companies' refinery activity is expected to give a positive operating result in 1982. For Statoil's engagement in the petrochemical activity at Bamble, a negative result is still expected. The Board is concerned with finding solutions which will improve the profitability of this activity.

Previous years' accumulated deficit has so far been deducted before taxes. This deficit is now fully covered. Taxes will thus be higher in 1982. The consolidated companies' net income after taxes will consequently be lower than in 1981.

Oil and gas resources on the Norwegian continental shelf south of the 62nd parallel (Statoil estimate).



The Statoil Board of Directors visit the Staffjord A and look at the activities on the deck.



Stavanger, 1 March 1982

The Board of Den norske stats oljeselskap a.s.

*Finn Lied*

Finn Lied  
Chairman

Ole Myrvoll  
Vice-Chairman

*Thor Andreassen*

Thor Andreassen

*Trond Bolstad*

Trond Bolstad

*Erling Haug*

Erling Haug

*Kirsti Lange*

Kirsti Lange

Einar H. Moxnes

# The consolidated profit and loss statement for 1981

Amounts in millions of NOK

	The consolidated companies		Statoil	
	1981	1980	1981	1980
<b>Operating revenue</b>				
Sales ..... (1)	13 499	8 593	11 547	7 125
Other revenues ..... (2)	182	126	46	26
Revenue .....	<u>13 681</u>	<u>8 719</u>	<u>11 593</u>	<u>7 151</u>
<b>Operating costs</b>				
Direct costs .....	4 942	4 543	4 769	4 119
Salaries and social costs .....	471	347	250	157
Other costs ..... (3)	3 495	2 133	2 305	1 272
Depreciation .....	679	489	531	352
Loss on receivables .....	13	11		
Change in inventories .....	242	— 267	59	— 141
Operating costs .....	<u>9 842</u>	<u>7 256</u>	<u>7 914</u>	<u>5 759</u>
Operating result .....	<u>3 839</u>	<u>1 463</u>	<u>3 679</u>	<u>1 392</u>
<b>Financial income and financial costs</b>				
Dividends received ..... (4)	92	78	92	77
Interest income and other financial income .....	219	140	181	119
Interest to consolidated companies .....			3	
Interest from consolidated companies .....				6
Interest and other financial costs ..... (5) (17)	2 045	874	1 835	750
Net financial costs .....	<u>1 734</u>	<u>656</u>	<u>1 565</u>	<u>548</u>
Result before extraordinary items .....	<u>2 105</u>	<u>807</u>	<u>2 114</u>	<u>844</u>
<b>Extraordinary income and costs</b>				
Extraordinary income .....	3	11	1	4
Extraordinary costs ..... (6)	175	3	165	
Cost of share capital increase .....		2		
Net extraordinary items .....	<u>— 172</u>	<u>6</u>	<u>— 164</u>	<u>4</u>
Result before year end adjustments .....	<u>1 933</u>	<u>813</u>	<u>1 950</u>	<u>848</u>
<b>Year end adjustments</b>				
Provision for tax depreciation ..... (7)	540	616	548	624
Taxation .....	352		350	
Adjustment of price-fall risk in inventories .....		1		1
Total year end adjustments .....	<u>892</u>	<u>617</u>	<u>898</u>	<u>625</u>
Net income .....	<u>1 041</u>	<u>196</u>	<u>1 052</u>	<u>223</u>
Minority interest share ..... (8)	22	— 7		
Consolidated companies' share ..... (9)	<u>1 019</u>	<u>203</u>		

# Consolidated balance sheet as of 31 December 1981

Amounts in millions of NOK

	The consolidated companies		Statoil	
	1981	1980	1981	1980
<b>Assets</b>				
CURRENT ASSETS				
<b>Cash and short-term deposits</b>				
Cash and short-term deposits . . . . . (10)	258	74	41	52
<b>Short-term receivables</b>				
Shares . . . . .	4	4		
Bills of exchange . . . . .		2		
Interest earned, not due . . . . .	5	1	2	1
Accounts receivable . . . . .	1 317	1 562	614	918
Receivables of subsidiaries . . . . .			452	414
Other short-term receivables . . . . . (11)	481	287	516	275
<b>Inventories</b>				
Raw materials . . . . .	138	356	138	353
Products for sale . . . . .	646	833	281	339
Total current assets . . . . .	<u>2 849</u>	<u>3 119</u>	<u>2 044</u>	<u>2 352</u>
INVESTMENT CAPITAL				
<b>Long-term receivables and investments</b>				
Shares in subsidiaries . . . . . (12) (13)			295	295
Shares in other companies . . . . . (14)	488	489	486	486
Long-term receivables . . . . .	75	56	37	18
<b>Fixed assets (15)</b>				
Offshore				
Facilities in production . . . . .	3 628	4 275	3 628	4 275
Construction in progress, etc. . . . .	6 237	3 853	6 237	3 853
Ships . . . . .	85	92		
Onshore				
Furniture, equipment, etc. . . . .	107	89	98	79
Plants . . . . .	2 041	2 332	1 110	1 389
Plants under construction . . . . .	51	64	32	48
Real estate . . . . .	317	224	255	157
Total investment capital . . . . .	<u>13 029</u>	<u>11 474</u>	<u>12 178</u>	<u>10 600</u>
Total assets . . . . .	<u>15 878</u>	<u>14 593</u>	<u>14 222</u>	<u>12 952</u>

Stavanger/Oslo,

Finn Lied  
Chairman

Ole Myrvoll  
Vice-Chairman

Thor Andreassen

Trond Bolstad

	The consolidated companies		Statoil	
	1981	1980	1981	1980
<b>Liabilities and shareholder's equity</b>				
<b>Current liabilities</b>				
Short-term bank credits .....	78	23	1	1
Provisions for taxation .....	353	313	121	123
Interest incurred, not due .....	121	108	111	97
Suppliers .....	995	1 389	906	1 318
Debt to subsidiaries .....			29	19
Estimated taxes .....	150		149	
Other short-term debt .....	1 644	1 075	1 444	783
Next year's installment on long-term liabilities .....	407	208	303	106
Total current liabilities .....	<u>3 748</u>	<u>3 116</u>	<u>3 064</u>	<u>2 447</u>
<b>Long-term debt (16)</b>				
Export credits .....	444	199	436	191
Bank loans .....	3 468	4 508	2 892	3 969
Bonds and notes outstanding .....	2 222	1 986	2 137	1 891
Loans from the Norwegian state .....	2 102	2 132	2 022	2 052
Currency risk fund .....	504	75	477	63
Other long-term debt .....	200	208	30	30
Loan capital liable .....	98	119		
Next year's installment on long-term liabilities .....	— 407	— 208	— 303	— 106
Total long-term debt .....	<u>8 631</u>	<u>9 019</u>	<u>7 691</u>	<u>8 090</u>
<b>Conditional tax-free allocations</b>				
Classification fund .....	1	1		
Stock valuation reserve .....	17	17	11	11
Total conditional tax-free allocations .....	<u>18</u>	<u>18</u>	<u>11</u>	<u>11</u>
Minority interests .....	<u>145</u>	<u>123</u>		
<b>Shareholder's equity</b>				
Compulsory shareholder's equity				
Share capital: 29 435 000 shares at NOK 100 each .....	2 944	2 944	2 944	2 944
Free shareholder's equity				
Accumulated loss as of 1 Jan.	627	830	540	763
Net income .....	1 019	203	1 052	223
Total shareholder's equity .....	<u>3 336</u>	<u>2 317</u>	<u>3 456</u>	<u>2 404</u>
Total liabilities and shareholder's equity .....	<u>15 878</u>	<u>14 593</u>	<u>14 222</u>	<u>12 952</u>
Contingent liabilities, joint and several liability, etc. .... (19)				
	244	183	207	139

1 March 1982

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.

From 1981 on the Statoil accounting principles have been altered on the following points:

- Treatment of interest and other financial expenses
- Treatment of exploration expenses
- Calculation of ordinary depreciation on offshore installations

A more detailed description is found under accounting principles below. In order to arrive at comparable figures, the 1980 figures have been altered accordingly. Besides, the numerical effect is indicated in notes to financial statements.

## Accounting principles

### The following items are charged to the profit and loss account

- Expenditures for research, special studies and development projects.
- Interests and other financial expenditures. Interests concerning development projects were earlier capitalized up to the moment of production start-up.
- Expenditures concerning licences in the exploration phase. These expenditures were earlier capitalized unless the existence of commercial deposits had not been positively indicated.

### 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.

### Depreciation

Ordinary depreciation on offshore production facilities is in accordance with the unit of production method. According to this method the annual ordinary depreciation percentage appears as the relation between the annual production amount and the estimated, total recoverable reserves of the field. Further depreciation based on the maximum rate according to the Norwegian Petroleum Revenue Tax Act is found under year end adjustments in the consolidated profit and loss statement and under provision for tax depreciation in the consolidated balance sheet. Earlier, depreciation calculated in accordance with the Norwegian Petroleum Revenue Tax Act. was considered ordinary depreciation and charged to the operating result.

Fixed assets onshore are depreciated according to rates recommended by Norwegian tax authorities. Provision for tax depreciation of these assets is booked in the same manner as offshore facilities.

### 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 into Norwegian kroner (NOK) 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 higher 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 operators' accounts within two years after the end of the financial year. Corrections which might be the consequence of such audits will, in Statoil's accounts, lead to changes in a later year.

### Inventories

Inventories of crude oil, petroleum products, and equipment are valued at the lower of purchase/production cost or 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 1981

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

	The consolidated companies		Statoil	
	1981	1980	1981	1980
<b>Norway</b>				
Crude oil and gas .....	945	249	945	1.232
Refined products .....	4.485	3.837	3 431	2.607
Petrochemical products, etc. ....	574	516	219	171
<b>Exports</b>				
Crude oil and gas .....	5.233	2.644	5 233	2 644
Refined products .....	1 891	994	1 348	118
Petrochemical products, etc. ....	371	353	371	353
	13.499	8.593	11.547	7.125

2. The item, other revenues refers to rental income, NOK 147 million, sale of drilling equipment, NOK 19 million and sale of seismic data, NOK 16 million.

3. For Statoil the item includes royalty to the state in the amount of NOK 698 million. For the consolidated companies the item also includes NOK 607 million in gasoline tax. Furthermore, exploration costs of NOK 204 million are a part of this item. Based on accounting principles used in previous years, about NOK 133 million of these costs would have been capitalized, and the operating result correspondingly higher.

4. Statoil's dividends received refers to dividends for the financial year 1980 of NOK 69.5 million from Norpipe a.s and NOK 10.5 million from Norpipe Petroleum UK Ltd. In addition, advance dividends of NOK 11.7 million for 1981 from Norpipe Petroleum UK Ltd. are included.

5. As of 1981 all interest costs are expensed. If the interest on development projects had been capitalized in accordance with previously used principles, about NOK 720 million would have been capitalized, and the result before extraordinary posts correspondingly higher.

6. In Statoil, extraordinary costs apply to charging of booked value for previously capitalized immaterial property in I/S Norpolefin of NOK 129 million.

Besides, the item includes previously capitalized exploration expenditure for fields not yet declared commercial. In accordance with new accounting principles for treatment of exploration costs, these are now expensed.

7. Provision for tax depreciation is distributed over the offshore production facilities as follows (see also note 15):

Statfjord .....	NOK 479 mill.
Murchison .....	NOK 41 mill.
Frigg .....	NOK 28 mill.
Total Statoil .....	NOK 548 mill.
Norsk Olje a.s (return) .....	— NOK 8 mill.
The consolidated companies .....	NOK 540 mill.

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

26,38% of the income of NOK 81.0 million in Norsk Olje a.s .....	NOK 21.4 mill.
40,55% of the income of NOK 1.3 million in Rafinor A/S .....	NOK 0.5 mill.
	NOK 21.9 mill.

9. The consolidated profit and loss statement of 1981 consists of the following (in millions of NOK):

	1981		1980	
Statoil net income .....	1 052		223	
Norsk Olje a.s net income .....	81		— 29	
Rafinor A/S net income .....	1	1 134	1	195
Change in unrealized internal income on inventories ...	— 86		8	
Depreciation of surplus value in subsidiaries .....	7	93	7	1
		1 041		196
Minority interest share .....		22		— 7
Consolidated companies' share .....		1 019		203

10. Short-term deposits in Norwegian kroner include a total of NOK 12 million of withheld employee income tax, payable to the tax authorities. The comparable amount of the consolidated companies is NOK 21 million.

Statoil's short-term deposits are distributed as follows:

Amounts in millions	Currency deposit	Exchange rate	NOK
Deutsche marks (DEM) .....	1.1	257.65	2.9
U.S. dollar (USD) .....	0.4	5.7835	2.5
Pound sterling (GBP) .....	0.1	11.115	1.2
Finnish marks (FIM) .....	0.8	133.05	1.0
Norwegian kroner (NOK) .....			21.0
			28.6

11. Other short-term receivables for Statoil include NOK 5.0 million in short-term financing related to sale of houses to employees.

12. Shares in subsidiaries consist of the following items (amounts 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			

13. 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.

14. The distribution of shares is as follows (amounts in 1000 NOK and GBP):

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norpipe a.s . . . . .	390 000	390 000	3 900 000	50%	780 000
Coast Center Base A/S . . . . .	27	27	110	50%	55
Statfjord Transport a.s . . . . .	420	420	840 932	42.04%	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	33 1/3 %	£ 10
	486 593				

The shares are recorded at cost. The subsidiary, Norsk Olje a.s owns shares in other companies amounting to a total booked value of NOK 6 million of which NOK 4 million is included under current assets. The consolidated companies' total booked value of shares amounts to NOK 492 million.

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

	Investment as of 1 Jan. 81.	Additions during the year	Disposed of during the year	Accumulated depreciation as of 31 Dec. 81	Book value as of 31 Dec. 81.
<b>Statoil</b>					
<b>Offshore</b>					
Facilities in production . . . . .	5 379	238		1 989	3 628
Construction in progress, etc. . . . .	3 853	2 460	40	36	6 237
<b>Onshore</b>					
Furniture, equipment etc. . . . .	113	37		52	98
Plants . . . . .	1 849	23	1	761	1 110
Plants under construction . . . . .	48	76	92		32
Real estate . . . . .	166	119	17	13	255
	11 408	2 953	150	2 851	11 360
<b>The consolidated companies</b>					
<b>Offshore</b>					
Facilities in production . . . . .	5 379	238		1 989	3 628
Construction in progress . . . . .	3 853	2 460	40	36	6 237
Ships . . . . .	124	3		42	85
<b>Onshore</b>					
Furniture, equipment, etc. . . . .	180	42	3	112	107
Plants . . . . .	3 637	145	9	1 732	2 041
Plants under construction . . . . .	67	84	96	4	51
Real estate . . . . .	234	119	18	18	317
	13 474	3 091	166	3 933	12 466

Provision for tax depreciation is NOK 1307 million of the accumulated depreciation in Statoil. The corresponding figure for the consolidated companies is NOK 1368 (see also note 7).

Investments distributed by year (in millions of NOK):

	1977 and before	1978	1979	1980	1981	Total invest- ments as of 31 Dec. 81
<b>Statoil</b>						
<b>Offshore</b>						
Facilities in production .....	428	89	4 164	698	238	5 617
Construction in progress .....	2 331	1 564	— 1 678	1 636	2 420	6 273
<b>Onshore</b>						
Furniture, equipment etc. ....	32	17	40	23	37	149
Plants .....	530	577	685	58	22	1 872
Plants under construction .....	961	— 229	— 598	— 86	— 16	32
Real estate .....	28	1	5	132	102	268
	4 310	2 019	2 618	2 461	2 803	14 211
<b>The consolidated companies</b>						
		As of 1 Jan. 80				
<b>Offshore</b>						
Facilities in production .....			4 681	698	238	5 617
Construction in progress etc. ...			2 217	1 636	2 420	6 273
Ships .....			105	19	3	127
<b>Onshore</b>						
Furniture, equipment etc. ....			155	25	39	219
Plants .....			3 430	207	136	3 773
Plants under construction .....			171	— 104	— 12	55
Real estate .....			109	125	101	335
			10 868	2 606	2 925	16 399

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

	Ownership interest in per cent	Net book value as of 1 Jan. 1981	Additions in 1981	Depre- ciation in 1981	Book value as of 31 Dec. 1981
<b>Offshore activities</b>					
Statfjord .....	42.04661	6 808	2 079	714	8 173
Frigg .....	3.041	339	23	92	270
Murchison .....	8.125	445	23	79	389
Heimdal .....	40.000	68	16		84
North East Frigg .....	3.000	1	9		10
Ula .....	12.500	11	34		45
Production licence 050 .....	85.000	420	349		769
Production licence 052 .....	50.000	4		4	
Production licence 053 .....	50.000	13		13	
Production licence 054 .....	50.000	9		9	
Production licence 057 .....	50.000	10		10	
Statpipe .....	60.000		125		125
<b>Onshore Activities</b>					
Rafinor .....	30	377	16	42	351
Noretyl .....	33	450	11	62	399
Norpolefin .....	33 1/3	528	4	195	337
A/S Coast Center Base .....	50	24	1	1	24
Other .....	100	294	113	23	384
		9 801	2 803	1 244	11 360

Depreciation is expensed as ordinary depreciation - NOK 531 million, extraordinary costs - NOK 165 million (see note 6) and under year end adjustments - NOK 548 million (see note 7).

16. The long-term debt of the consolidated companies is distributed by currencies as follows:

in millions	Currency value	Average rate of exchange	Book value in NOK
U.S. dollar (USD) . . . . .	722.4	5.1635	3 729
Deutschemark (DEM) . . . . .	347.9	266.561	927
Swiss franc (CHF) . . . . .	150.5	299.105	449
Pound sterling (GBP) . . . . .	21.5	10.571	228
French franc (FRF) . . . . .	83.7	110.449	93
Japanese yen (JPY) . . . . .	10 000.0	2.542	254
Currency risk fund (NOK) . . . . .			504
Norwegian kroner . . . . .			2 853
Next year's installment on long-term liabilities . . . . .			— 407
			8 630

Of the subsidiaries' domestic long term debt, NOK 25 million is obtained by using as security vessels with a booked value of NOK 82 million, and NOK 275 million is obtained by using as security installations, real estate, and housing with a booked value of NOK 822 million.

17. In 1980 the Statoil currency risk fund has been increased by NOK 414 million to cover the currency loss which would have occurred if the total debt had been repaid at the exchange rates of 31 December 1981. The amount is charged to the profit and loss statement.

18. Other long-term Statoil debts include financing which the partners in the Heimdal field have carried 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 licence expires, the outstanding debt will be cancelled. Statoil has the option of prepaying the debt.

19. 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 207 million. The consolidated companies are responsible for guarantees to employees and customers for a total of NOK 37 million. The consolidated companies have an uncovered obligation for pension in connection with early retirement and a pension age of 65 years for certain groups of employees.

#### Liability and insurance

In connection with the activities on the continental shelf, including transportation systems, Statoil has, like all other licensees, an unlimited liability for possible claims for damages. The company has taken out insurance for this liability for damages up to a total of approximately NOK 570 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 higher than the net book value of the platform.

#### Charter agreements

Statoil has signed charter agreements for a total of four drilling rigs. Charter periods vary from three to eight years. Furthermore, Statoil has chartered six supply vessels and four stand-by vessels to service these rigs.

Statoil has a contract for seismic data collection over the period 1982-1986.

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

## Operating result for the consolidated companies, by area and activity

Amounts in millions of NOK	Operating revenue		Operating costs		Ordinary depreciation		Operating result	
	1981	1980	1981	1980	1981	1980	1981	1980
Statfjord . . . . .	5 203	2 008	1 339	620	235	109	3 629	1 279
Murchison . . . . .	408	74	100	36	39	8	269	30
Frigg . . . . .	404	284	88	81	64	53	252	150
Exploration expenses etc., other licences . . . . .	69	45	551	66	22	13	— 504	— 34
Production of oil and gas . . . . .	6 084	2 411	2 078	803	360	183	3 646	1 425
Refining and marketing . . . . .	11 983	7 678	11 596	7 486	191	178	196	14
Petrochemical activities . . . . .	561	504	436	352	128	128	— 3	24
Internal deliveries . . . . .	— 4 947	— 1 874	— 4 947	— 1 874				
Total . . . . .	13 681	8 719	9 163	6 767	679	489	3 839	1 463

# Source and applications of funds

Amounts in millions of NOK	The consolidated companies		Statoil	
	1981	1980	1981	1980
<b>Source of funds:</b>				
Result before year end adjustments .....	1 933	813	1 950	848
Depreciation .....	851	489	696	352
Currency risk fund .....	429	57	414	59
Taxation .....	— 352		— 350	
Total internal financing .....	2 861	1 359	2 710	1 259
New long-term loans .....	416	2 109	341	1 873
<b>TOTAL SOURCE OF FUNDS .....</b>	<b>3 277</b>	<b>3 468</b>	<b>3 051</b>	<b>3 132</b>
<b>Application of funds:</b>				
Investment in fixed assets .....	2 946	2 610	2 822	2 465
Repayment of long-term loans .....	1 034	825	957	517
Change in working capital .....	— 703	33	— 728	150
<b>TOTAL APPLICATION OF FUNDS .....</b>	<b>3 277</b>	<b>3 468</b>	<b>3 051</b>	<b>3 132</b>
<b>Specification of change in working capital:</b>				
Cash and term deposits .....	184	— 91	— 11	— 82
Short-term receivables .....	— 49	879	— 24	730
Inventories .....	— 405	449	— 273	472
Current liabilities .....	— 433	— 1 204	— 420	— 970
Change in working capital .....	— 703	33	— 728	150

## Result analysis for the consolidated companies

	1981	1980	Definition
Net operating margin	28.1%	17.0%	$\frac{\text{Operating result}}{\text{Operating revenue}}$
Gross profit margin	15.4%	9.4%	$\frac{\text{Result before extraordinary items}}{\text{Operating revenue}}$
Total rate of return	27.2%	12.7%	$\frac{\text{Result before extraordinary items} + \text{financial costs}}{\text{Average total capital}}$

# Value added statement

Amounts in millions of NOK

	The consolidated companies	
	1981	1980
Operating revenue .....	13 681	8 719
+ purchased goods and services used .....	7 343	5 520
= gross value added from own activities .....	6 338	3 199
÷ ordinary depreciation .....	679	489
= net value added from own activities .....	5 659	2 710
financial income .....	311	218
net extraordinary items .....	— 172	6
= value added for distribution from own activities .....	5 798	2 934
= total value added for distribution .....	5 798	2 934

Which is distributed as follows:

## EMPLOYEES

Gross salaries and social benefits .....	471	8.1%	347	11.8%
(including income tax) .....	(127)		(101)	

## LENDERS

Financial costs (currency risk fund not included) .....	1 616	27.9%	815	27.8%
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## STATE, MUNICIPALITY

Royalties, taxes and gasoline tax, etc. ....	1 701	29.3%	900	30.7%
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## THE COMPANY

Withheld for future value added (this year's net income, tax depreciation and currency risk fund) .....	2 010	34.7%	872	29.7%
Total value added for distribution .....	5 798	100%	2 934	100%

# Current cost accounting

At times when there is a strong inflation, traditional financial accounts with costs based on historical purchase value do not provide satisfactory information about the development of a company's profitability and financial standing. The current cost accounts below are prepared according to the British Statement of Standard Accounting Practice (SSAP 16).

In short, the method measures the costs (costs of goods sold and depreciation) based on replacement value. The resulting corrections are adjusted for financing in foreign currencies because the debt is nominally fixed and independent of inflation.

In the balance sheet fixed assets and inventories are adjusted to replacement value. These adjustments appear as an individual item - cost reserve - under shareholder's equity in the balance sheet below. The adjustments which are included in the profit and loss statement below, are called realized cost reserves, and the corrections in the balance sheet, unrealized cost reserves.

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

## Current cost profit and loss account for 1981

	1981	1980
Historical cost operating result .....	3 679	1 392
Current cost adjustments:		
Depreciation .....	— 261	— 106
Costs of goods .....	— 24	— 40
Monetary working capital .....	— 4	23
Current cost operating result .....	3 390	1 269
Net financial costs .....	1 565	548
Gearing adjustment .....	159	75
Result before extraordinary items .....	1 984	796
Extraordinary items .....	— 164	4
Taxation .....	— 350	
Movement in deferred taxation .....	— 465	— 530
Current cost net income attributable to the shareholder (5)	1 005	270

## Current cost balance sheet as of 31 Dec. 81.

	1981		1980
<b>Assets:</b>			
Cash and short-term deposits .....	41		52
Short-term receivables .....	1 584		1 608
Inventories .....	445		697
Long-term receivables .....	818		799
Fixed assets .....	16 723		13 256
<b>Total assets .....</b>	<b>19 611</b>		<b>16 412</b>
<b>Liabilities and shareholder's equity:</b>			
Current liabilities .....	3 064		2 447
Long-term debt .....	7 691		8 090
Deferred taxation .....	1 110		645
Shareholder's equity as of 1 Jan. ....		2 430	
Net income .....		<u>1 005</u>	
Cost reserve .....			<u>270</u>
<b>Total liabilities and shareholder's equity .....</b>	<b>19 611</b>		<b>16 412</b>

### Notes:

- The calculation of replacement cost of fixed assets is based on price indexes for offshore and onshore installations, respectively. Indexes are based on relevant price indexes for groups of investments in the national financial statement.
- The cost of goods for certain product groups is adjusted to the replacement value at the time of sale.
- The monetary working capital adjustment (customer claims-supplier debt) are linked to the prices of the product groups.
- Realization of fixed assets at values recorded in the current cost balance sheet would have resulted in a tax responsibility of about NOK 1 110 million per 31 Dec. 1981. The responsibility occurs as a consequence of provisional tax depreciation booked in the company's financial accounts.
- Corresponds to net income sufficient to maintain the company's funds in real terms.
- Specification of cost reserve:

	1981		1980
<b>Unrealized:</b>			
Revaluation of fixed assets .....	4 056		2 696
Revaluation for stocks .....	26		5
<b>Realized:</b>			
Depreciation adjustments .....	418		157
Cost of sales adjustments .....	64		40
Monetary working capital adjustment .....	— 19		— 23
Gearing adjustment .....	— 234		— 75
	<b>4 311</b>		<b>2 800</b>

## Auditor's report for 1981

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

I have audited the accounts for the 1981 fiscal year according to generally accepted auditing standards. I have also audited the accounts for the consolidated companies for 1981.

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 1981.

Stavanger, 2 March 1982

*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 1981.

At the meeting on 15 March 1982 the Statoil Company Assembly discussed the annual report and accounts for 1981 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 approved the recommendation of the Board of Directors that the 1981 net income of NOK 1 052 million be used to: cover the loss carried forward, NOK 540 million; allocate to reserve fund, NOK 125 million; pay 12.5 per cent dividend, NOK 368 million; and carry forward, NOK 19 million.

Oslo, 15 March 1982

*Egil Aarvik*

Egil Aarvik  
Chairman, Company Assembly

# Geological detective work

The gas find on block 7120/8 was made after a long, thorough preparation.





In 1969 the first seismic section profiles over areas in the northern part of the Norwegian shelf were shot. The same year, Norway's first oil field, Ekofisk, was discovered.

In 1980 a few areas on the northern shelf were opened for exploration drilling. A year later Statoil made a considerable gas find in its third well on Tromsøflaket.

It was no coincidence that gas was found in the north such a short time after exploration drilling had started. The background was a conscientious, expensive piece of detective work which was carried out in the years from 1969 to 1981 by geologists, geophysicists and their co-workers.

A large amount of information was collected and grouped. Theories were worked out and tested. Some hypotheses were rejected, others were approved. In the end, the spot was chosen and the final test started - the actual drilling.

**First condition**

The earliest geophysical surveys show that there are large amounts of sedimentary rocks in the northern part of the shelf. Sedimentary rocks are those which consist of weathered material - gravel, sand, clay and so on - which is carried towards the sea and deposited in layers over a long period of time. Only in such rocks is there hope of finding oil and gas.

The surveys, which were made by the Norwegian Petroleum Directorate, NDP, showed that the sediments were thick enough for oil and gas to be generated. It also meant that condition number one for finding oil or gas existed.

This discovery led to extensive seismic surveys. By shooting a closer grid of seismic profiles, it was possible to identify the most interesting areas. The work led to a partition of the shelf into areas, and it was decided that exploration drilling should start on Tromsøflaket and Haltenbanken. Later, Trænabanken will also be added.

With the authorities' permission, the Statoil company shot a relatively fine seismic grid over Tromsøflaket in 1975.

In this way the Statoil geophysicists obtained better

information enabling them to make interpretations and draw maps of the various geological formations in the area.

Finally, in 1977 it was decided that a larger seismic programme should be started in order to obtain an even more detailed survey of Tromsøflaket. This work was done in cooperation between Statoil, Norsk Hydro and Saga Petroleum.

The thorough interpretations which could be done after this new material had been collected, formed the basis for Statoil's application for new blocks when the area was announced by the Department of Petroleum and Energy in the autumn of 1979.

**Principles**

A basic principle on which all oil exploration is based is that oil and gas are lighter than water and will therefore migrate upwards, displacing water from available pore space.

If oil and gas are to be formed, there must be a source rock, for example shale, in the sedimentary layers. The source rock contains organic material such as dead micro-organisms and plant debris. The source rock must have been exposed to a temperature high enough to start chemical reactions which produce oil or gas from the organic debris.

Oil and gas must be able to migrate from the source rock to a reservoir rock, for instance sandstone which has pores where storage may take place.

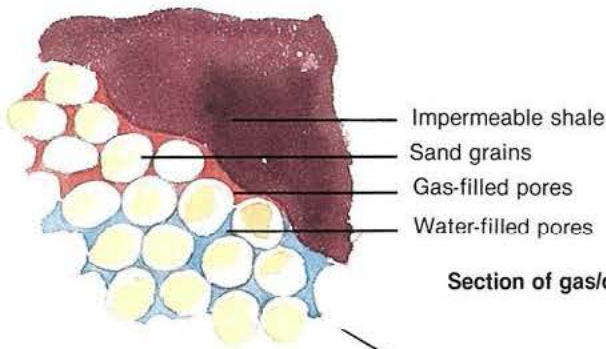
Above the reservoir rock there must be a cap rock, this means a rock type which is impermeable. It must have a shape so as to form a seal over the reservoir rock which hinders oil and gas from migrating further upwards. Thus, oil and gas are caught in a trap. The boundary between the reservoir and cap rock defines the geological structure. Detailed mapping of the structure is vital in oil exploration.

But even if one has managed to find and draw accurate maps over a structure which looks prospective by help of seismic surveys, it is not certain that the reservoir rock contains anything but water. The trap may have been formed so late that oil and gas already have escaped, or if the trap was there on time - fissures in the otherwise impermeable cap rock may have created a leak further up.

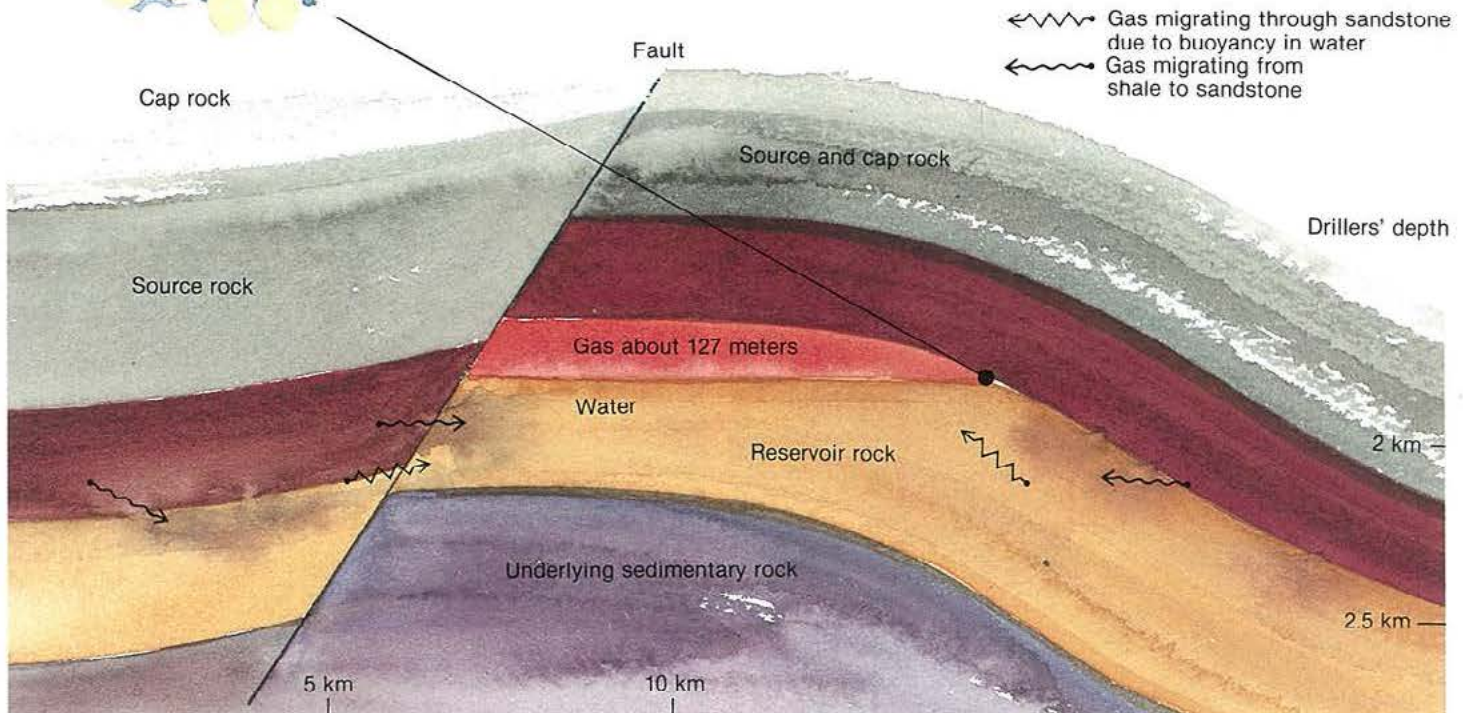
**Geological studies**

To find out more about the various types of rocks which were anticipated on the northern shelf, Statoil geologists started studies of areas with corresponding exposed rock types.

The islands Andøya, Bjørnøya and Svalbard are smaller emerged parts of the shelf. There you find sedimentary rock



Section of gas/oil-filled hydrocarbon trap of the type found in 7120/8.



types which may tell something about what has happened in the area.

But perhaps East Greenland was the most interesting study area even if it today lies 1500 kilometers away from Tromsøflaket. It appears that Greenland for a long time was situated near to Norway. Over long periods the island was probably separated from Northern Europe by a shallow ocean which was only a couple of hundred kilometers wide. Therefore, there was reason to believe that the rock types on Tromsøflaket and on East Greenland would show great similarities.

Large amounts of published material on these areas were gathered and all this knowledge was systematized. The picture formed on the basis of this literature fitted well with the seismic interpretation which was done on Tromsøflaket.

A geological report was worked out for Tromsøflaket based on the seismics and various other surveys. The report concluded by saying that all conditions indicated oil and gas in the area. Both source rock, reservoir rock and promising geological structures seemed to be present.

### First attempt

In the autumn of 1979 the first blocks north of Stad were announced by the Department of Petroleum and Energy. This applied to six blocks on Haltenbanken and 20 blocks on Tromsøflaket. Statoil had its priority ready. On Tromsøflaket block 7119/12 was considered the most favourable because it contained several different types of structures and had a favourable position for the trapping of oil and gas. In the spring of 1980 it was decided that Statoil should be operator for block 7119/12 or production licence 060.

The participants of this licence were the following:

Statoil .....	50%
Esso, technical assistant .....	25%
Norsk Hydro .....	10%
Saga Petroleum .....	5%
Hispanoil .....	5%
Deminex .....	5%

The drilling of the first well in the block started on 14 June 1980. The result from the well verified most of what had been predicted, but on one important point the result was disappointing: The oil and gas which probably once had been in the reservoir rock were gone. Apparently, there had been a leak along a fault.

In the autumn of 1980, when the authorities asked the company to update its applications based on the first drillings, it was obvious what main problems existed in the area.

Experiences from the first well indicated that the reservoir sandstone in the area seemed to have a very low porosity. The reason for this could be that the rock had been exposed to a very high pressure and temperature.

The solution to this problem was to find a structure where the sand particles in the reservoir rock had been exposed to a somewhat lower pressure and temperature. A shallower structure had to be found. Simultaneously the new structure ought to be large enough to compensate for the fact that the reservoir rock in the area had a relatively low pore volume.

Further it seemed as though the faults in the area leaked rather than helped to seal. The reason could be movements along the fault planes. It should be possible to avoid the problem by studying the seismics in greater detail.

### New attempts

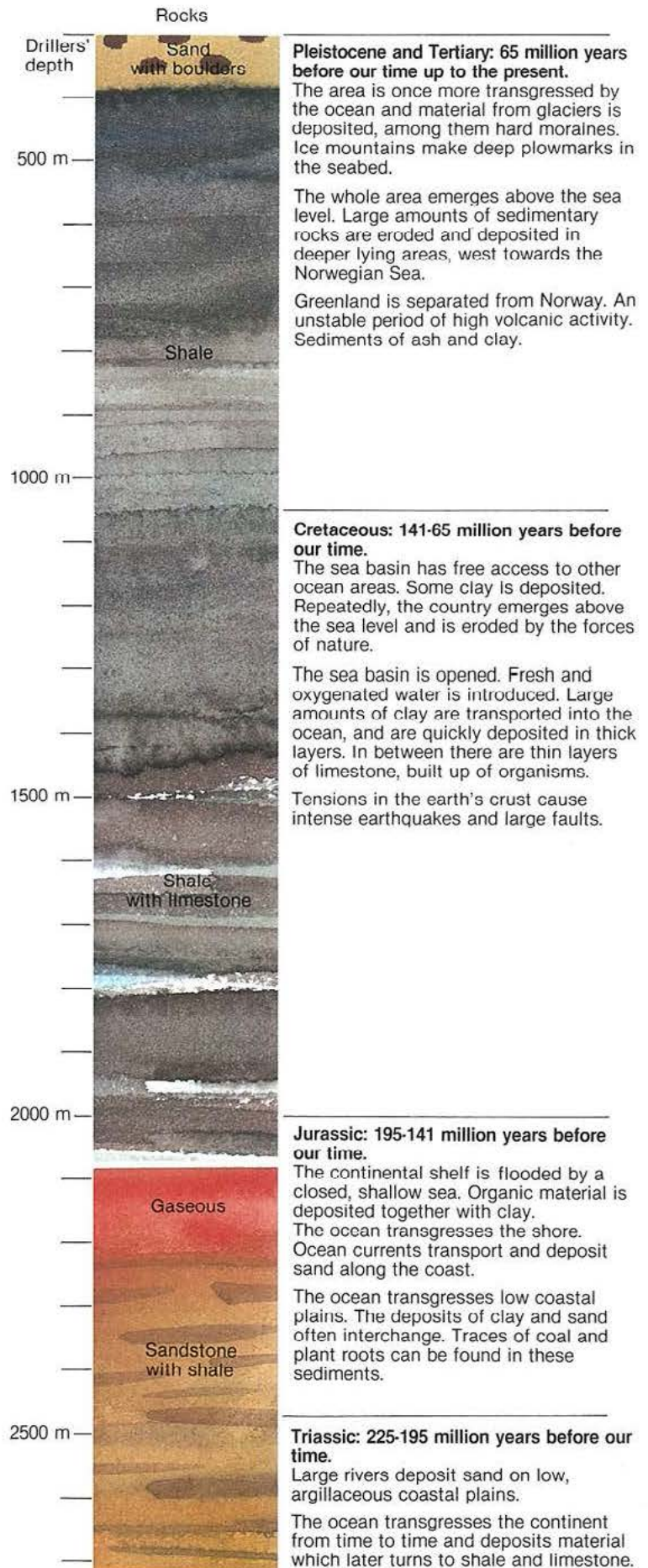
After a new evaluation Statoil reached the conclusion that block 7120/8 seemed to meet the demand and an updated application for this block was handed in.

Early in 1981 production licence 064, block 7120/8, was awarded with Statoil as operator. The participants of this licence are:

Statoil .....	50 per cent
Esso, technical assistant .....	25 per cent
Norsk Hydro .....	15 per cent
Elf Aquitaine Norge .....	5 per cent
Phillips Petroleum .....	5 per cent

### What well 1 on block 7120/8 indicated.

This survey should be read from bottom to top, which will give the best understanding of the development.





«Ross Rig» on Tromsøflaket, block 7120/8.



The drill bit on its way down to the seabed.



The first drill bit is a hole opener with a diameter of 36 inches.



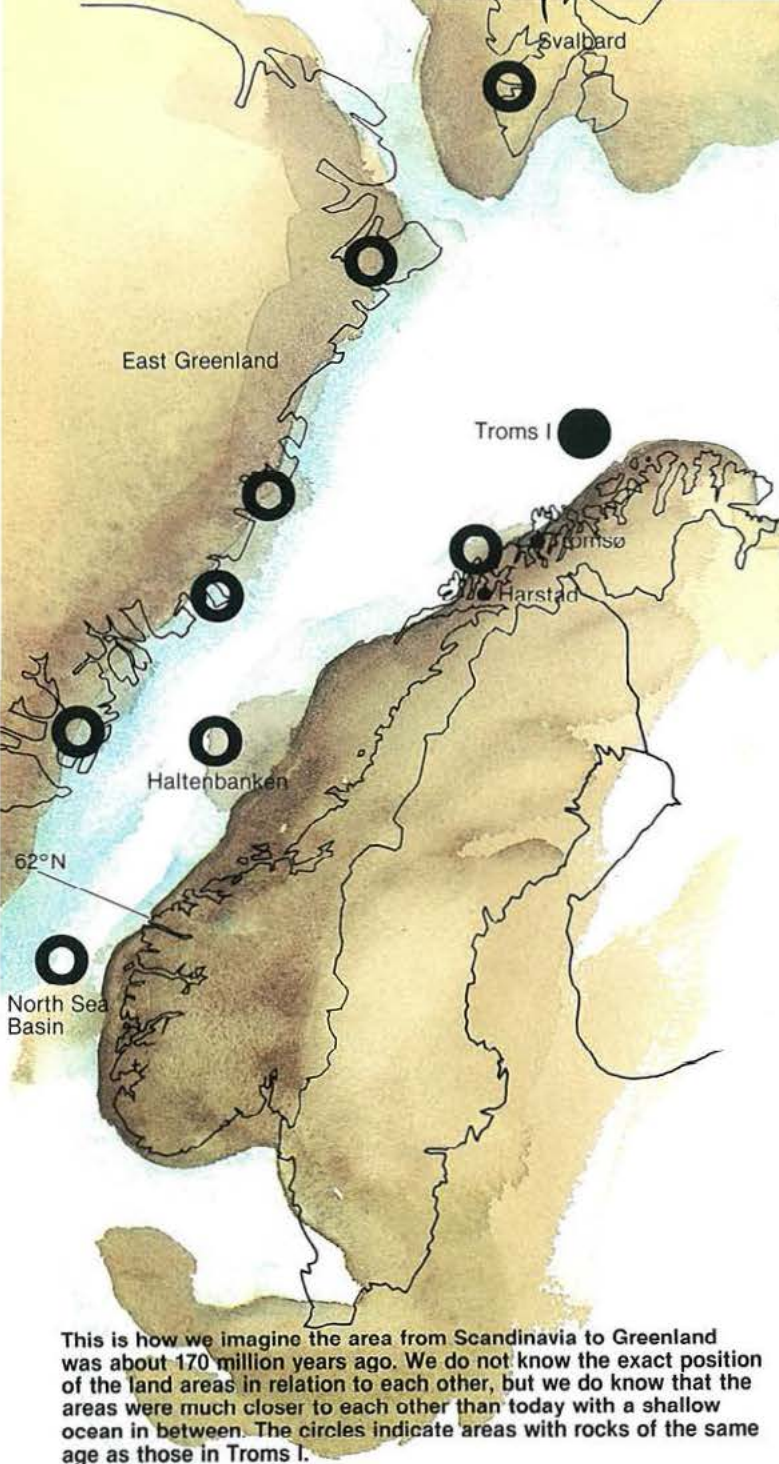
Rock samples, so-called core samples, are taken in interesting zones.



Continuous measurements on oil and gas properties are taken when a well is tested for production.



The core samples are closely examined at laboratories onshore.



This is how we imagine the area from Scandinavia to Greenland was about 170 million years ago. We do not know the exact position of the land areas in relation to each other, but we do know that the areas were much closer to each other than today with a shallow ocean in between. The circles indicate areas with rocks of the same age as those in Troms I.

For various reasons well number two was drilled in block 7119/12 before the new block was spudded. The hopes to block 7119/12 still remained in spite of suspicion concerning certain shortcomings in a few of the proven structures.

The suspicion was confirmed - the oil which once had filled the pore room in this reservoir had been replaced by salt water. Still another leaking fault had been found.

A positive feature was that the porosity in this sandstone was much higher than in the first well on the block. Experience from well number two indicated that the priority of 7120/8 as a promising block was right.

Now, drilling on the new block could start. Already while the drillbit made its way down through the upper unconsolidated rock types the first positive sign was seen: This time it was not small, shallow gas pockets which were found. In the first block gas pockets had been found is high up as two to three hundred meters under the seabed, gas which had escaped from the reservoir through the leaking faults.

The reservoir was reached after about one month of drilling. This was sandstone, about 170 million years old, deposited in the middle Jurassic period. The excitement was great and therefore the disappointment was even greater among the oil explorers when they could detect no sign of oil or gas in the

sandstone. The most pessimistic thought that once again there was an empty reservoir while the optimists pointed at the fact that perhaps the heavy drillmud had pressed possible oil or gas away from the well and therefore, further into the reservoir.

#### More information.

To get more information from the reservoir, core drilling was started. Cylinder shaped core samples of a diameter of about ten centimeters and lengths of about 18 meters were taken up. The first of these rock samples showed a few indications that gas was present. After more tests had been taken, the signs started showing: Sandstone reflected fluorescent light. This indicated that the stone was covered by a very thin film of oil or gas.

Optimism increased once more. The final answer would be found by logging the well. The resistance against electric current between points in the wall of the well had to be measured. In reality it is the resistance of the pore contents which is measured. Least resistance is acquired if the pores are filled with salt water, slightly higher if the content is fresh water, and even higher if there is oil in the pores and the maximum resistance is found if the pores contain gas.

When the interpretation of the logging was ready, there was no doubt anymore: The reservoir was filled with gas.

Estimates were made to find out how much gas could be expected from the structure, and the result was that the reserves seemed to be considerable. If the find had been made on shallow waters in the North Sea it would probably have been declared commercial just as it was. In the present situation, additional discoveries are probably needed before the gas field can be developed.

#### How the field came into existence.

The well material shows that the reservoir sandstone had been deposited mainly as sand bars along a coastline which existed in this area about 170 million years ago. The coastline stretched all around the shallow ocean between Greenland and Northern Europe. There are layers of sand deposited by storms and there are bed which are clearly deposited by tidal currents.

There are also traces of life that existed at that time: carbonized tree debris, whole layers of coal, a lot of bioturbation, various types of mollusc, worms and other organisms.

The origin of gas is probably organic material, dead animals and plants, plancton and spores, which have sunk down to the bottom of a closed sea basin. This sea covered most of the Norwegian continental shelf in upper Jurassic. The organic debris was buried together with large amounts of clay particles and hermetically sealed.

The weight of the clay made the whole area subside slowly at the same time as more clay was deposited. When the organic material had been buried deep enough - about 2500 meters - the temperature reached 60 - 70 degrees Centigrade, and this was hot enough for the organic material to start producing gas. The gas migrated from the shale over to the reservoir sandstone and was trapped under the roof of the shale which was overlying the sandstone.

The pores of sandstone are filled with gas. Most of the sandstone is washed clean by the waves. It contains little clay which can block the microscopic channels between the pores. This means that perhaps you can recover as much as 80 per cent of the gas in the reservoir and this would be a very good result.

#### Conclusion.

The generation and migration of gas took 50 - 60 million years. A turning point came in 1981, when the gas flame from the «Ross Rig» for the first time lit up Tromsøflaket. This gas flame introduced the new era in our Northern seas.

We knew that all the conditions were present for oil and gas to be generated and trapped in these areas.

The discovery in block 7120/8 is the proof that large amounts of oil and gas really had been generated here. The question is how much is trapped here and in which areas oil and gas are found. Future drilling will give us the answer.

# 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.

# Wells drilled on the Norwegian shelf in 1981

Operator	Block	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	
<b>Operated by Statoil</b>						
Statoil	34/10	34/10-11 Ross Rig		34/10-12 Nordraug	34/10-14 Ross Rig	
					34/10-13 Deepsea Saga	
	30/3	30/3-2 DSS*				
	15/9	15/9-7 Nordraug	15/9-8 Nortrym	15/9-9 Nordraug	15/9-10 Nordraug	15/9-11 Ross Rig
						15/9-12 Nordraug
	15/8				15/8-1 Glomar Biscay II	
	24/12				24/12-2 Dyvi Delta	
	30/6	30/6-4 Deepsea Saga	30/6-5 Deepsea Saga			
	7119/12		7119/12-2 Ross Rig			
	7120/8			7120/8-1 Ross Rig		
<b>Partner operated licences</b>						
Norsk Hydro	31/4	31/4-4 Nortrym		31/4-5 Nortrym		
	33/5				33/5-2 Nortrym	
	15/2				15/2-1 N.*	
	30/7	30/7-8, fase I Treasure Seeker			30/7-8, fase II Treasure Seeker	
	7120/12		7120/12-2 Treasure Seeker			
Saga	34/4				34/4-3 Dyvi Alpha	
	35/3	35/3-4 Byford Dolphin				
	6507/12			6507/12-2 Byford Dolphin		
	6507/11				6507/11-1 West Venture	
Elf	3/7		3/7-2 Dyvi Alpha	3/7-3 Dyvi Alpha		
	15/3				15/3-4 B.S.D.*	
	25/4	25/4-5 Dyvi Alpha				
Shell	31/2	31/2-4 Borgny Dolphin	31/2-5 Test B.D.*	31/2-6 B.D.*	31/2-1 Test B.D.*	
Amoco	2/11				2/11-6 Sedco 703	
	34/2	34/2-2 Sedco 703	34/2-3 Sedco 703			
BP	7/12	7/12-5 Borgsten Dolphin				
			7/12-6 Sedco 707			
	29/6				29/6-1 Sedco 707	
Conoco	24/9	24/9-3 Sedco 704				
Gulf	35/8	35/8-1 S.704*			35/8-2 Sedco 704	
Esso	25/10	4 25/10-4 G.B.*		4A G.B.*	25/10-5 G.B.*	
	25/8		25/8-3 G.B.*			
<b>Wells in which Statoil has not participated</b>						
Phillips	2/7	2/7-19 B.S.D.*				
Esso	25/11	25/11-10 G.B.*	25/11-11 G.B.*	25/11-12 G.B.*	25/11-13 G.B.*	

D.S.S.\* = Deepsea Saga  
 B.D.\* = Borgny Dolphin  
 G.B.\* = Glomar Biscay II  
 B.S.D. = Borgsten Dolphin  
 N.\* = Nortrym  
 S.704.\* = Sedco 704

# Survey of activities for the consolidated companies

Activity	Company/licence	Operator	Location	The consolidated companies' share	Type of activity
<b>Exploration</b>	Prod. licence 038	Statoil	Blocks 6/3, 15/11, 15/12	50%	Exploration
	Prod. licence 044	Statoil	Block 1/9	50%	Evaluation
	Prod. licence 045	Statoil	Blocks 24/11, 24/12	50%	Exploration
	Prod. licence 046	Statoil	Blocks 15/8, 15/9	50%	Evaluation
	Prod. licence 051	Statoil	Block 30/2	50%	Exploration
	Prod. licence 052	Statoil	Block 30/3	50%	Exploration
	Prod. licence 053	Statoil	Block 30/6*	50%	Exploration
	Prod. licence 060	Statoil	Block 7119/12	50%	Exploration
	Prod. licence 064	Statoil	Block 7120/8	50%	Exploration
	Prod. licence 071	Statoil	Block 8/3	50%	Exploration
<b>Production and Transportation</b>	Statfjord Prod. licence 037	Mobil	Blocks 33/9, 33/12	50%	Oil production
	Murchison Prod. licence 037	Conoco	Block 33/9	50%	Oil production
	Frigg Prod. licence 024	Elf	Block 25/1	5%	Gas production
	North East Frigg Prod. licence 024	Elf	Block 25/1	5%	Gas
	Prod. licence 050	Statoil	Block 34/10	85%	Oil/gas
	Ula Prod. licence 019	BP	Block 7/12	12.5%	Oil/gas
	Heimdal Prod. licence 036	Elf	Block 25/4	40%	Gas
	I/S Statpipe	Statoil	Kårstø	60%	Gas transportation system
	Norpipe a.s	Separate adm.	Stavanger	50%	Pipelines
	Norpipe Petroleum UK Ltd. K/S Statfjord Transport a.s & Co.	Separate adm. Statoil	Teesside Stavanger	50% 42.04661%	Oil terminal Transportation of crude oil
<b>Refining and marketing</b>	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
<b>Service-companies</b>	CoastCenter 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

\* Norsk Hydro operator as from 1 April 1982.

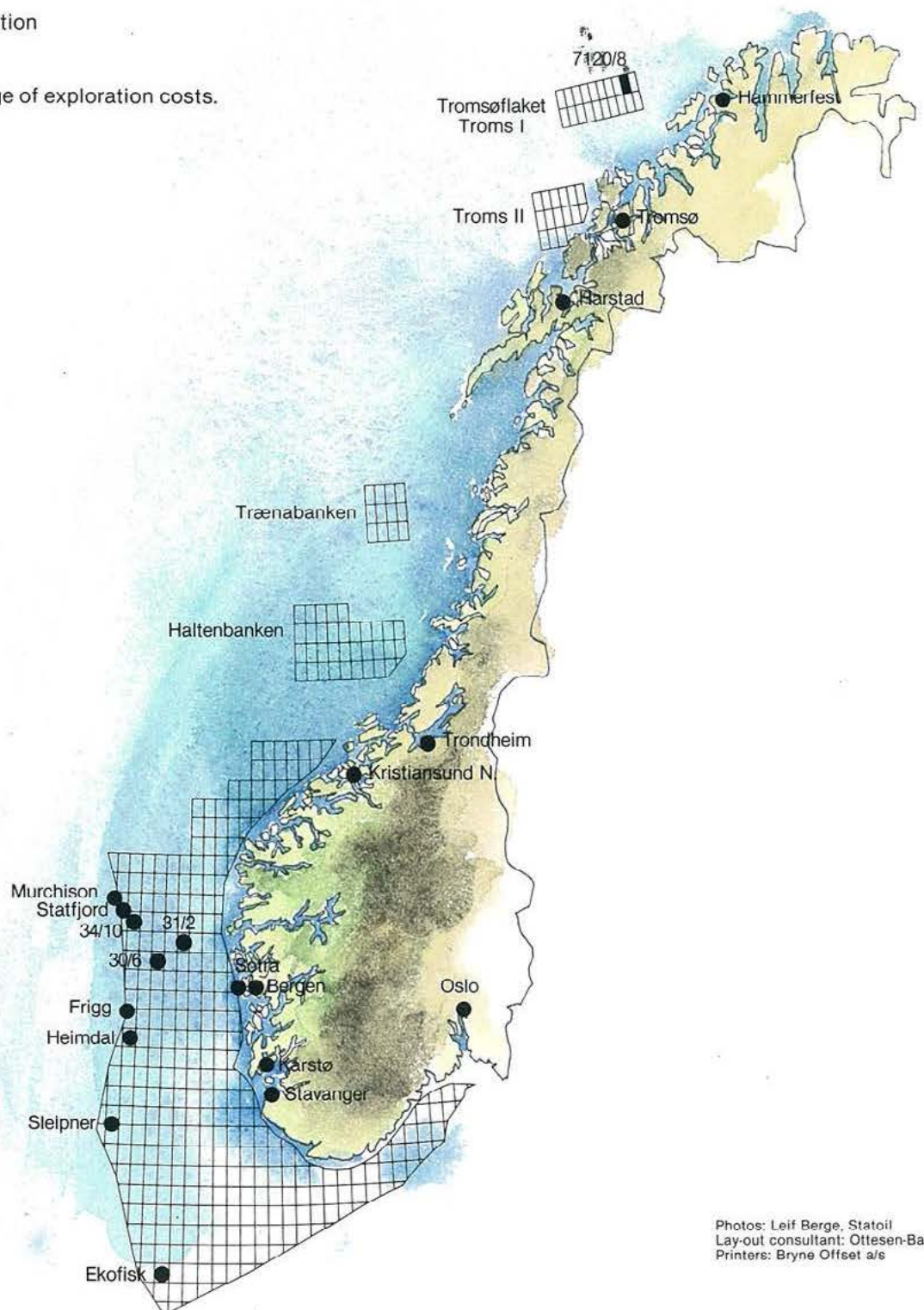
# Statoil interests in licences allocated as of 1 January 1982

Production licence and year allocated	Block	Operator	Statoil share in %		Type of agreement*	Type of discovery	Field
			Ordinary	Maximum			
<b>Norwegian continental shelf</b>							
005 - 1965	7/3	Union	10		1	Returned in 1981	
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		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	
043 - 1976	29/6, 30/4	BP	50	70	1	Gas/condens.	
044 - 1976	1/9	Statoil	50	75	1	Oil/gas	
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, 15/5	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	Oil/gas	
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	Gas	
062 - 1981	7607/11	Saga	50		5	Gas	
063 - 1981	7119/9	Norsk Hydro	50		5		
064 - 1981	7120/8	Statoil	50		5	Gas	
065 - 1981	1/3	Elf	50		1		



Production licence and year allocated	Block	Operator	Statoil share in %		Type of agreement*	Type of discovery	Field
			Ordinary	Maximum			
<b>Norwegian continental shelf</b>							
066 - 1981	2/2	Saga	50		5	Returned in 1981	
067 - 1981	2/5	Shell	50		1		
068 - 1981	2/8, 2/11	Norsk Hydro	50		5		
069 - 1981	7/8	Conoco	50		5		
070 - 1981	7/11	Norsk Hydro	50		5		
071 - 1981	8/3	Statoil	50		1		
072 - 1981	16/7	Esso	50		5		
<b>Dutch continental shelf</b>							
L/16- B-1968	K/18, L/16	Conoco	7.5		1	Oil	

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



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