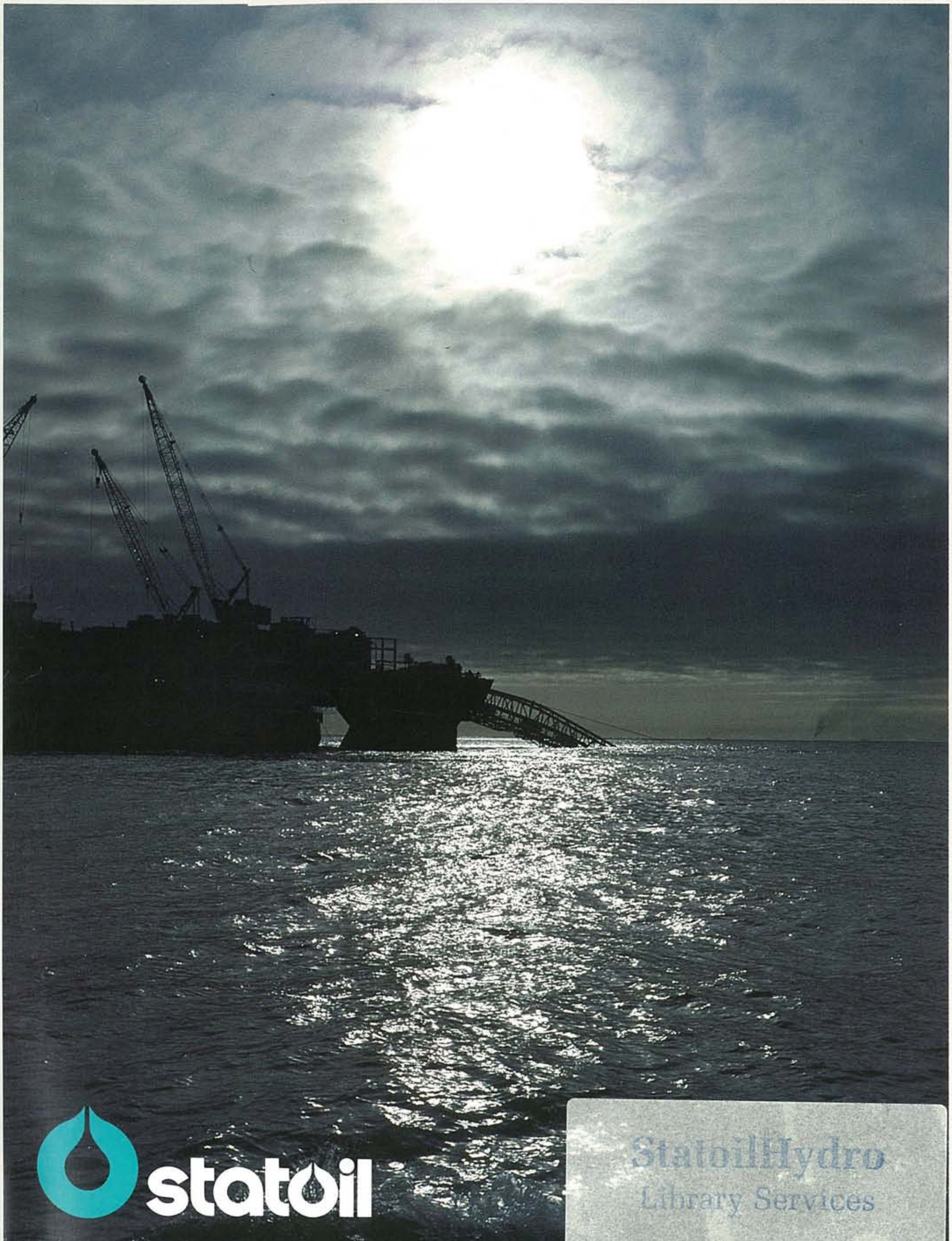
Den norske stats oljeselskap a.s
Annual report and accounts 1983



Den norske stats oljeselskap a.s

Contents

The Board of Directors

Chairman:
Finn Lied, Director
Vice-Chairman:
Fredrik Thoresen, Managing Director
Thor Andreassen, Managing Director
Benedicte Berg Schilbred, Managing Director
Finn T. Isaksen, Managing Director, to 8 June 1983
Erling Haug, Licence Manager
Atle A. Thunes, GBS Manager

Alternate members:

Jan Skaar, Director
Gerd Schanche, Housewife
Margaret B. L. Sanner, Senior Secretary
Hans Jacob Fevang, Planner
Gunnar Langvik, Department Manager
Jan Gerhard Thoresen, Procurement Manager

Auditor

Endresen, Klette & Co., State Authorized Auditors

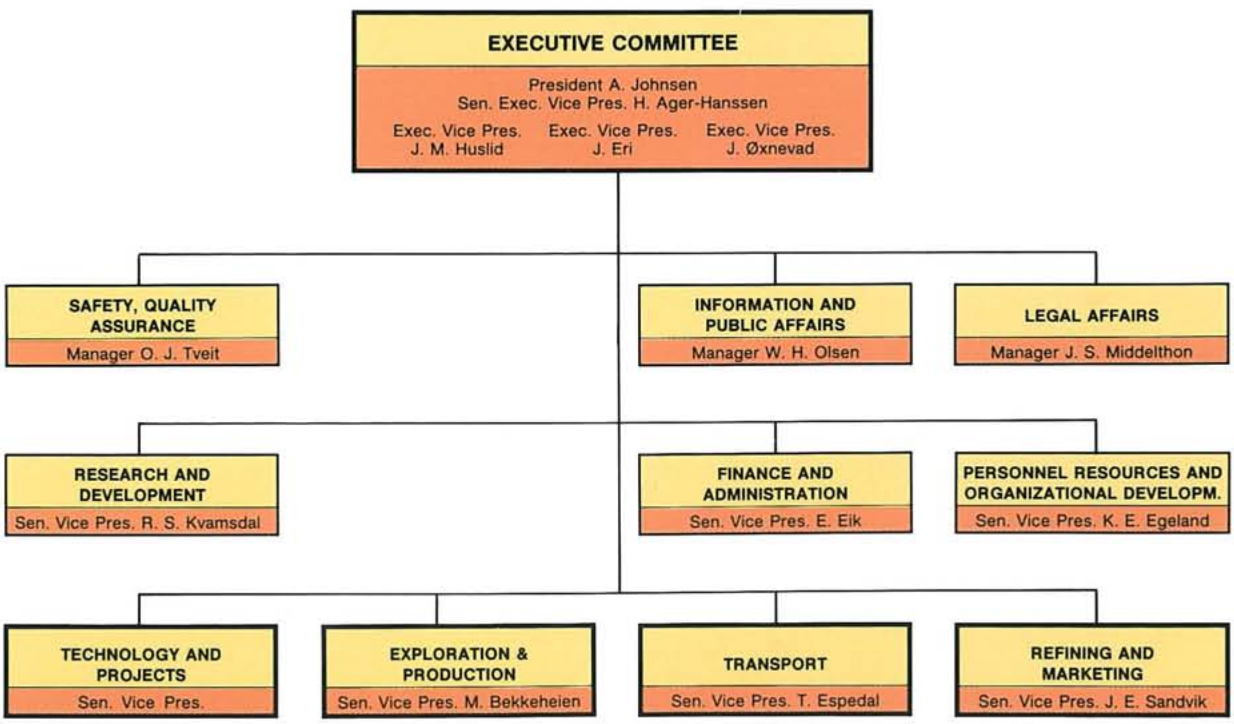
Company Assembly

Chairman:
Egil Aarvik, Editor
Vice-Chairman:
Evy Buverud Pedersen, Trade Union Secretary
Odd Bakkejord, Trade Union Secretary
Grethe Westergaard-Bjørlo, Teacher
Bodil Finsveen, Adviser
Egil Flaatin, Director
Johan Nordvik, Mayor
Martha Sæter, Clerk
Bjørn Lian, Section Manager
Aina Jørgensen, Economic Coordinator
Vidar Thomassen, Systems Engineer
Lars Bakka, Legal Counsel

Alternate members

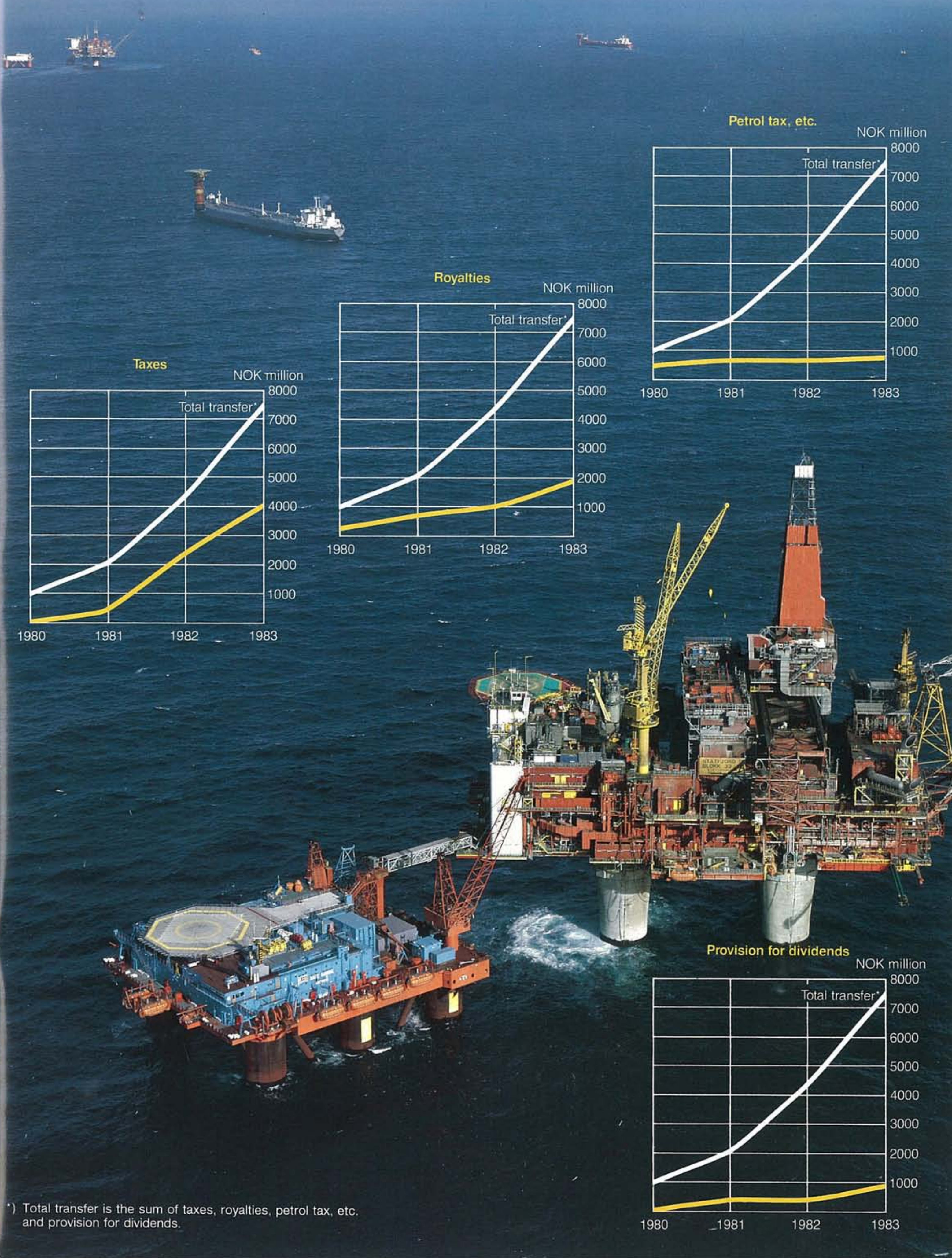
Alv Jacob Fostervoll, County Governor
Johannes Andreassen, Administration Manager
Ragnhild Midtbø, Teacher
Jan I. Holm, Marine Adviser
Tine Ihle, Senior Secretary
Inger Helen Førland, Senior Engineer
Lars Sund, Staff Engineer
Kjell Mork-Knudsen, Systems Manager
Victor Jensen, Procurement Officer
Trond Eilertsen, Junior Drilling Supervisor
Jan Rafdal, Senior Engineer

Organisation chart, March 1984



Cover photo:
In 1983 Statoil laid 570 kilometres of pipeline on the sea bed. The Norwegian Trench was crossed in June without problems.

Transfer from the Statoil Group to society



*) Total transfer is the sum of taxes, royalties, petrol tax, etc. and provision for dividends.

The Statoil Group

The Statoil Group handles the Norwegian Government's business interests in the oil and gas industry, within exploration, development, production, transportation, refining and marketing. The Group consists of Den norske stats oljeselskap a.s (Statoil), the subsidiaries Norsk Olje a.s (Norol), Rafinor A/S, Statoil Netherlands B.V., two supply base companies in Norway and several marketing organisations abroad.

Statoil's headquarters is in Stavanger. Operational organisations are being developed for Gullfaks in Bergen, and for Statpipe on the island of Karmøy and at Tysvær. Statoil's activity is decentralised to Harstad, Trondheim and Asker and as of 1984 the company has petrochemical facilities at Bamble. The company is involved in supply base activities several places along the coast.

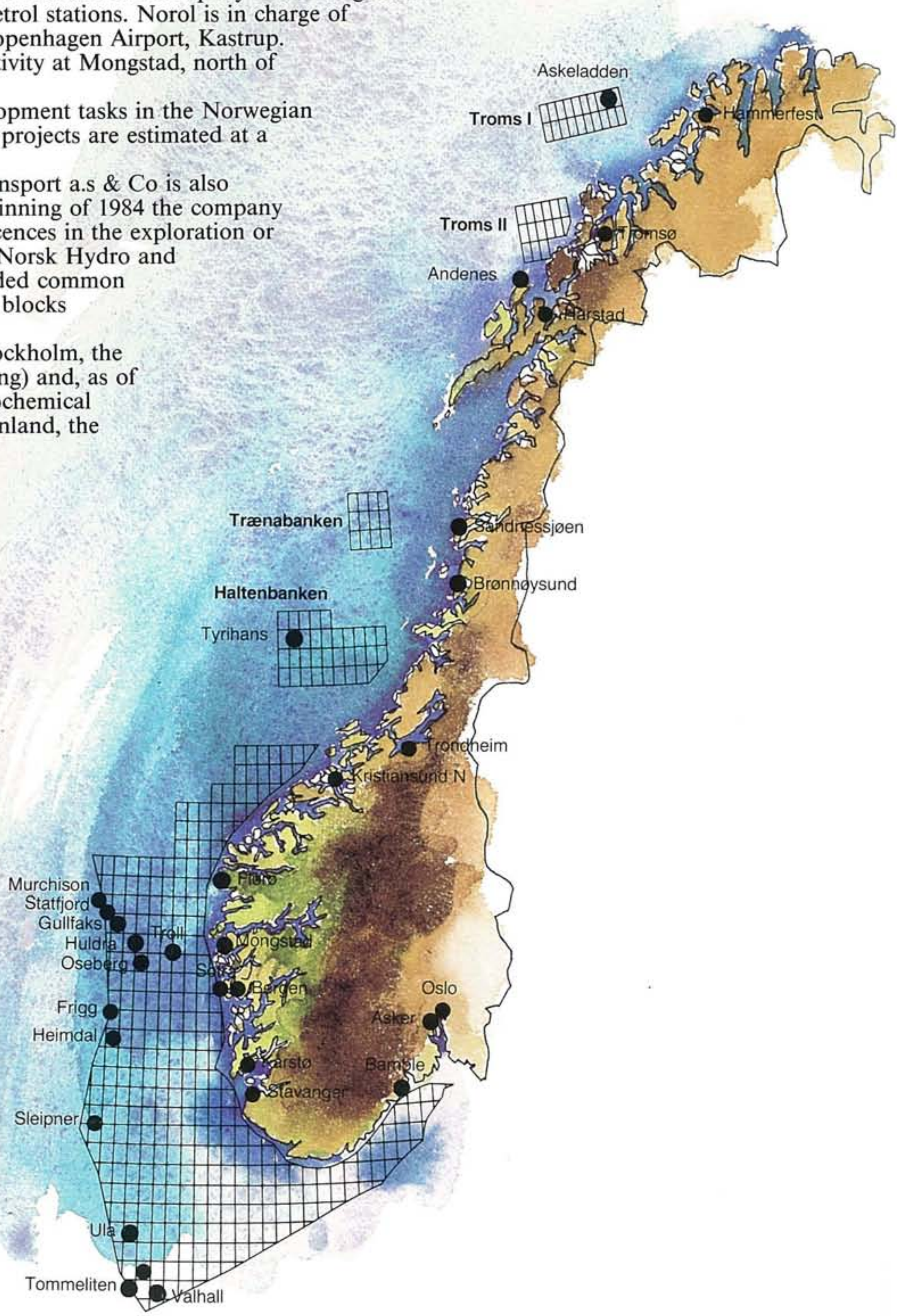
Norol has its headquarters in Oslo and regional offices in Oslo, Drammen, Bergen, Trondheim and Tromsø. The company has 12 large tank facilities and a great number of petrol stations. Norol is in charge of Statoil's sale of aviation fuel at Copenhagen Airport, Kastrup.

Rafinor handles the refining activity at Mongstad, north of Bergen.

Statoil is operator for big development tasks in the Norwegian sector. The Gullfaks and Statpipe projects are estimated at a total of close to NOK 60 billion.

Operation of K/S Statfjord Transport a.s & Co is also handled by Statoil, and at the beginning of 1984 the company was operator for 14 production licences in the exploration or evaluation phases. Together with Norsk Hydro and Saga Petroleum, Statoil was awarded common operatorship for three out of four blocks in the Troll area.

Statoil has offices abroad in Stockholm, the Hague, London and Beijing (Peking) and, as of 1984, subsidiaries for sale of petrochemical products in Sweden, Denmark, Finland, the U.K, France and West Germany.



Highlights

Amounts in millions of NOK

Profit and loss statement

	The Statoil Group 1983	1982	1981	Statoil 1983	1982	1981
Operating revenue	**26 305**	17 495	13 979	**23 909**	14 883	11 891
Operating result	**8 641**	5 747	3 839	**8 458**	5 360	3 679
Financial expenditure	**1 949**	2 332	1 734	**1 813**	2 138	1 565
Result before year end adjustments	**6 709**	3 432	1 933	**6 652**	3 235	1 950
Net income	**1 368**	402	1 019	**1 458**	433	1 052

Balance sheet

	The Statoil Group 1983	1982	1981	Statoil 1983	1982	1981
Current assets	**4 456**	3 886	2 849	**3 559**	2 943	2 044
Investment capital	**28 134**	19 661	14 397	**27 114**	18 706	13 485
Current liabilities	**9 971**	6 782	4 116	**9 246**	6 202	3 432
Long-term debt	**15 533**	11 529	8 631	**14 592**	10 455	7 691
Conditional tax-free allocations	**3 338**	2 071	1 386	**3 004**	1 824	1 318
Shareholder's equity	**3 588**	3 015	2 968	**3 831**	3 168	3 088

Other highlights

	The Statoil Group 1983	1982	1981	Statoil 1983	1982	1981
Investments	**9 750**	6 123	2 946	**9 537**	5 928	2 822
Ordinary depreciation	**1 272**	859	679	**1 117**	707	531
Shares	**2 944**	2 944	2 944	**2 944**	2 944	2 944
Total rate of return*	**32.2%**	32.1%	25.4%			
Shareholder's equity*	**60.9%**	29.8%	53.6%			

Personnel

	The Statoil Group 1983	1982	1981	Statoil 1983	1982	1981
Number of employees as of 31 Dec.	**3 534**	2 933	2 645	**2 300**	1 660	1 362
Salaries and social costs	**812**	617	471	**536**	366	250

* Definition page 28

Report of the Board of Directors for 1983

Introduction

1983 showed good results for the consolidated companies. The group result was NOK 1,368 million compared to NOK 402 million in 1982. The operating result increased by 50 per cent to NOK 26,305 million. The reason for this increase was primarily a higher production from the Statfjord field and a higher dollar rate than in 1982.

The Statfjord field is the group's most important source of income and the operating income from Statfjord represents NOK 12,826 million.

The Statoil Group will pay NOK 6,782 million in taxes and royalties. Dividends for 1983 are suggested at a total of NOK 803 million. In total, this is NOK 7,585 million.

Statoil is the operator for two large development projects in the Norwegian sector. The Gullfaks and the Statpipe projects are on schedule and within budget.

Statoil Development Projects.

Gullfaks

The Gullfaks field lies in block 34/10, about 180 kilometres west of the mouth of Sognefjorden. Statoil owns 85 per cent and is the field operator. This field is Statoil's first development task.

The recoverable reserves of the field are assessed at 185 million tonnes of oil and 21 billion cubic metres of gas.

Phase I of the field development includes the platforms Gullfaks A, now under construction, and Gullfaks B, undergoing detailed engineering. Engineering and the construction of the Gullfaks A and B platforms are within schedule and cost budgets.

The detailed engineering of deck and modules for the A platform started in 1982. All construction contracts, except the one for construction of the loading buoy, have now been signed. About 85 per cent of the fabrication and equipment contracts were let to Norwegian industry in fair competition with foreign companies. Construction of the concrete structure started in February 1983 and work on the quarters area and several other modules started during the year. The estimated cost for platform A is NOK 16 billion. Start of production is planned for summer 1987.

The conceptual studies of the B platform were finished early last year and contracts were signed with the main services contractor and the contractor for pre-engineering. The contract for construction of the concrete gravity base structure was let to Norwegian Contractors. The B platform itself will be simpler than the A platform because the processing capacity of the A platform can be used. Total cost of the B platform is estimated at NOK 12 billion, and it is expected to go on stream in 1989.

A field development plan for phase II has been prepared by Statoil and is being evaluated by the Gullfaks group. A platform of the same kind as Gullfaks A is planned in the northeastern part of the field, where the field will be exploited by up to 11 subsea completion wells. The recoverable reserves for phase II are estimated at 65 million tonnes of oil and 7 billion cubic metres of gas.

If the partners and the authorities approve the plans,

As the first platform in the world Gullfaks A will have stainless steel pipes — an economical investment. The concrete gravity base structure is being built by Norwegian Contractors in Stavanger.

Left: Sun over Gullfaks A reinforcement.

the engineering work can start in 1984 and production from this part of the field can start about 1990. The investment estimates for the platform with adjoining underwater completion wells are NOK 20 billion (1983-kroner).

Statpipe

Statoil is the operator and owns 60 per cent of the gas transportation system from Statfjord, Heimdal and Gullfaks via Kårstø and Ekofisk to the Continent. The development project was started in the summer of 1981. Both work progress and cost development for the Statpipe system, including the onshore terminal, are within the master schedule.

Detailed engineering for the pipeline and the two riser platforms was finished in April 1983. Nearly 570 of 841 kilometres of pipeline have been laid. The Norwegian Trench was crossed at nearly 300 metres water depth. During the summer the steel jackets for two riser platforms were positioned one in block 16/11 and one near Ekofisk. The rest of the offshore and onshore pipeline will be laid in 1984. The riser platforms will be completed in the summer of 1984.

At the end of 1983 about 1,500 people were building the terminal and the administration centre at Kårstø. Blasting of tunnels is completed under the fjords of Karmsundet, Førdesfjorden and Førlandsfjorden. At Bygnes on the island of Karmøy, the work of constructing the control centre for pipelines and platforms is well under way.

Total investments for the Statpipe system are estimated at about NOK 20 billion. Norwegian industry will deliver altogether 60 per cent of the total supplies. Start of production is scheduled for 1 January 1986.

Pipeline from Ula

Statoil has started the work of building an oil pipeline from the Ula field to Ekofisk. The pipeline will be tied in to the Norpipe transportation system at Ekofisk Center. The distance from Ula to Ekofisk is 65 kilometres. The pipeline itself will be laid in 1984. A better exploitation of this pipeline system will be achieved by tying the Ula field in to Ekofisk and the Norpipe system. This gives a better financial solution than offshore buoy loading and is also advantageous from a socioeconomic point of view.

Statoil owns the pipeline 100 per cent. Total investments are estimated at NOK 940 million.

Production start for the Ula field is scheduled for January 1987 and the pipeline will be ready for operation at this time.

Exploration and Production

Statfjord

Statoil's operating income from Statfjord field production was NOK 12.8 billion in 1983 and the operating result was NOK 9.3 billion.

Crude oil production increased considerably in 1983 with Statfjord B production build-up being better than expected. In 1983 total field production was 18.8 million tonnes compared to 11.3 million tonnes the previous year.

The Statfjord A platform produced an average of 234,000 barrels (31,000 tonnes) daily. The highest daily production of 322,000 barrels was achieved on 7 August.

Average daily production from the Statfjord B platform was 152,000 barrels (20,000 tonnes). A production record was set on 3 October with 186,000 barrels.

Progress on the construction of the Statfjord C plat-

Pipes for the Statpipe system on board supply boats at Åndalsnes, ready for shipment to the lay barges.

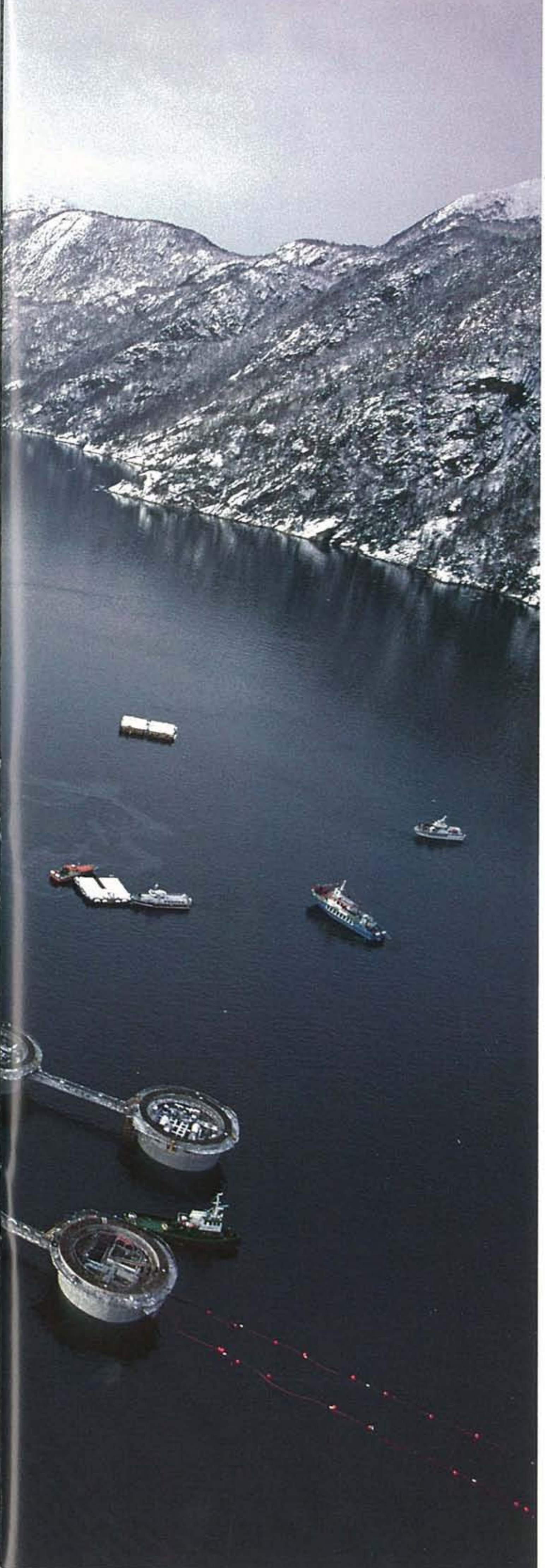
The pipeline is laid partly in trench, partly in tunnel from the landfall at Kalstø to the terminal at Kårstø.

Reception, treatment and shipping facilities for the Statfjord and Gullfaks gas are under construction at Kårstø. The work is on schedule.

The steel jacket for Statpipe's riser platform 2/4 R is being positioned, not far from the Ekofisk tank.


ROSENBERG VERFT

form has been good. The concrete gravity base structure and the platform deck were towed to Vats in Ryfylke and mated on 9 February 1984. Due to the good progress, the operator, Mobil Exploration Norway Inc., advanced the planned production start by two months to October 1985. The cost estimates for the platform were adjusted down by NOK 1 billion to about NOK 12 billion.



Murchison

Statoil's operating income from the Murchison field was NOK 802 million in 1983. The operating result was NOK 606 million.

As a result of the redistribution of licences between British and Norwegian interests, Statoil's share of the Murchison field increased from 8.125 per cent to 12.531 per cent in 1983. Statoil's share of total investments increased at the same time by NOK 340 million to NOK 0.9 billion. To compensate for a lower take in the period before the new interests were decided, Statoil's share of production of crude oil from the field will be 22.75 per cent in 1984.

In 1983 total production of crude oil from Murchison was 5.5 million tonnes. Together with the other licencees in the Murchison Group the company owns parts of the Brent pipeline system, which brings oil from Murchison and a number of other fields to Sullom Voe in Shetland. Small quantities of wet and dry gas were also delivered. The dry gas production

The Statfjord C deck was mated with the concrete base structure in Yrkjefjorden north of Stavanger in February 1984. Above we see the steel deck at Moss Rosenberg Verft in Stavanger before tow-out to Yrkjefjorden.

started in July 1983. This gas is taken to Scotland through a pipeline which ties the Murchison field and two other fields in the British sector in to the FLAGS system. The Norwegian licencees bought parts of this pipeline system in February 1983.

The Frigg Area

In 1983 17.7 billion cubic metres of gas were produced in the Frigg area, which correspond to the plateau production. Statoil's operating result from Frigg was NOK 366 million.

Production from North East Frigg started on 7 December. Total development costs for this field are NOK 2 billion, of which Statoil's share is NOK 70 million.

Gullfaks Operational Organisation

The operational organisation for the Gullfaks field is established in Bergen. The number of employees was doubled to nearly 200 during the year. Gullfaks personnel were mainly working on field development studies for phase I and II, operational preparations, establishment of a central store at the Coast Center Base on the island of Sotra, planning of the activities from the Florø supply base, and studies concerned with well technology. Personnel were also assigned to other operating companies. A special administration building and an internal training centre for platform personnel are being built at Sandsli outside Bergen. When the first building is ready in the last quarter of 1984, there will be offices for 700 employees.

Oseberg

The Oseberg field is found in blocks 30/6 (licence 053) and 30/9 (licence 079). The licencees are negotiating for common exploitation of the field. Statoil's share is currently estimated at 65 per cent. Norsk Hydro is the operator.

The Oseberg field was declared commercial on 11 August 1983. The field development is for phase I of the development to comprise a drilling platform with a steel jacket, and a processing and living quarters platform with a concrete gravity base structure. The Statoil Board of Directors originally chose a design with an integrated concrete platform of the Statfjord and Gullfaks type. The General Meeting decided that the company should vote for the operator's concept.

The licencees have decided to land the oil through a pipeline to Mongstad. The gas will be reinjected until the oil has been produced.

The recoverable reserves are estimated at about 140 million tonnes of oil and 50-70 billion cubic metres of gas. Total investments are estimated to be about NOK 32 billion (1983-kroner).

The field is scheduled to go on stream in 1989.

Heimdal

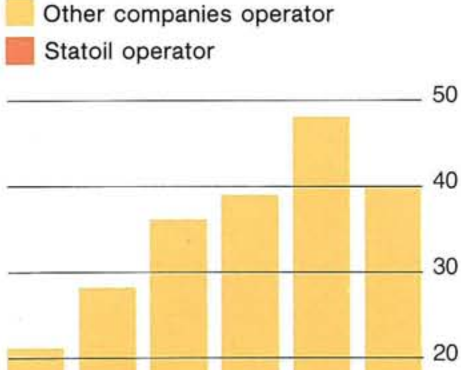
Statoil owns 40 per cent of the Heimdal field. The operator is Elf Aquitaine Norge A/S. Total recoverable reserves for the Heimdal field are estimated at 31 billion cubic metres of gas and 3 million tonnes of condensate. The gas will be transported to the Continent through the Statpipe and Norpipe systems. The condensate will be taken in a separate pipeline to the Brae field in the British sector and through the existing pipeline system to Scotland.

Heimdal development is estimated to cost NOK 8.8 billion. Production is scheduled to start in the summer of 1986.

Planned pipeline routes: Gas from Sleipner to St. Fergus in Scotland, oil from Gullfaks and Oseberg to Mongstad.

Inspection of the hole opener which is about to spud the first wild cat well in Statoil operated block 31/3 in the Troll area.

Spudded exploration and delineation wells on the Norwegian continental shelf.



Ula

BP Petroleum Development of Norway A/S is operator for development of the Ula field. Statoil owns 12.5 per cent.

The contract for construction of living quarters was signed in 1983. The other contracts will be awarded early in 1984.

Total recoverable reserves are estimated at slightly more than 20 million tonnes of oil and about 1 billion cubic metres of gas. The oil will be transported through a separate pipeline to Ekofisk and through the Norpipe system to Teesside. The gas will also flow via Ekofisk and through the Norpipe pipelines to the coast at Emden. The total cost estimates for development are NOK 9.8 billion.

Kotter and Logger

The Kotter and Logger fields are situated on the Dutch continental shelf. Statoil owns 7.5 per cent of these fields and Conoco Netherlands Oil Company is the operator. The recoverable crude oil reserves for Kotter are estimated at 4.7 million tonnes and for Logger 2 million tonnes. The oil will be landed in the Netherlands. Estimates for both fields, tie-in pipeline included, are NOK 2.3 billion. Production is scheduled to start in November 1984 for Kotter and a year later for Logger.

Statoil established a separate subsidiary, Statoil Netherlands B.V., to handle the company's interests on the Dutch continental shelf.

Sleipner

The part of the Sleipner area which is under evaluation for development includes blocks 15/6 and 15/9. The largest part of the reserves is found in block 15/9, in which Statoil owns 50 per cent and is the operator.

Total recoverable reserves of the main fields are estimated at about 180 billion cubic metres of gas and about 50 million tonnes of condensate.

The main lines of the field development plan are ready. A pipeline to St. Fergus in Scotland is being planned. The field will have three platforms and if the authorities approve the plans, production will start in 1990.

Troll

The Troll field can be divided into Troll West and Troll East. The western structure lies mainly in block 31/2 with an elongation into block 31/5. The eastern structure covers most of block 31/6 and stretches into blocks 31/3 and 31/5.

A/S Norske Shell is operator of block 31/2, of which Statoil owns 50 per cent. On 15 November the operator presented a commerciality report which states that the structure is planned with an integrated, fixed platform for combined gas production and treatment of oil produced from wellheads on the sea bed. The total recoverable reserves in Troll West are estimated at 450 billion cubic metres of gas and 30-40 million tonnes of oil. It is the intention of the authorities that Statoil shall take over the operation of block 31/2 eight years after the presentation of the commerciality report.

In 1983 Licence 085, for Troll East, blocks 31/3, 31/5 and 31/6, was awarded to the three Norwegian companies Statoil, Norsk Hydro and Saga with common operating rights. The distribution of work between the three companies in the exploration phase and in a possible development phase was decided by the Norwegian Parliament. Statoil has a 85 per cent licence in the three blocks.

During the autumn of 1983 the operating companies drilled in total 5 wells in the three blocks. So far drilling has confirmed previous assumptions about large gas reserves in this area. Preliminary estimates of total recoverable gas reserves in Troll East are about 1,000 billion cubic metres.

Statoil Netherlands B.V. opened its offices near the Hague in June. From left we see Ambassador Petter Graver, Executive Vice President Jakob Eri, General Manager Kjell Helle and Industrial Commisioner Harry van Ulzen from the Dutch Ministry of Economic Affairs.

Test flare at Troll.

Tommeliten

The Tommeliten field, of which Statoil is operator and owns 50 per cent, lies close to the existing installations in the Ekofisk area. Technical surveys of several possible field development alternatives were finished in the autumn of 1983. None of the evaluated alternatives gave sufficient profitability for a commerciality declaration.

A follow-up of the technical surveys was started as well as a review of new alternatives which aim at finding a profitable field development which gives a maximum result. The question of commerciality depends on the gas prices and the treatment and transportation tariffs which can be agreed.

After six exploration and delineation wells have been drilled, the recoverable reserves of the Tommeliten field are expected to be about 20 billion cubic metres of gas and some 8 million tonnes of oil and condensate.

Exploration for Oil and Gas

In 1983 fewer exploration and delineation wells were drilled in the Norwegian sector than in 1982. After the 8th round of concessions the exploration activity of 1984 will probably be somewhat higher than in 1983.

Out of 40 wells spudded in 1983, Statoil was responsible for 14. In addition to this drilling programme, Statoil's exploration activity included gathering new seismic data. On behalf of a number of oil companies Statoil has been operator for a large seismic survey of the blocks presented in the 8th and 9th rounds of concession in Troms I and a corresponding survey of Haltenbanken.

A particularly interesting new discovery was made in block 6407/1 on Haltenbanken. The *Dyvi Delta* drilled two wells and found structures of oil and gas. The oil discovery is the first one made north of Stad and the new field has been called Tyrihans.

The drilling at Tromsøflaket did not influence the reserve estimates. A reduction of reserves in Askeladden in block 7120/8 was compensated for by two small gas discoveries in blocks 7120/7 and 7119/12. The recoverable gas reserves in the area are estimated at 170 billion cubic metres.

In 1983 Statoil summed up the surveys from Tromsøflaket in a separate report. This report forms the basis for a discussion with the licencees in the area if preparation of a commerciality report is to proceed.

Supply Base Activities

Statoil has increased its involvement in supply base activities in 1983.

Development and operation of the Gullfaks and Odin fields will give the Coast Center Base on the island of Sotra more work and the base was extended in 1983. The supply service for the Gullfaks field will be distributed between the CCB and the new Florø supply base. Vestbase a.s in Kristiansund was expanded to serve increased exploration activity on Haltenbanken. Statoil has also taken part in the establishment of a training centre for crews of standby vessels.

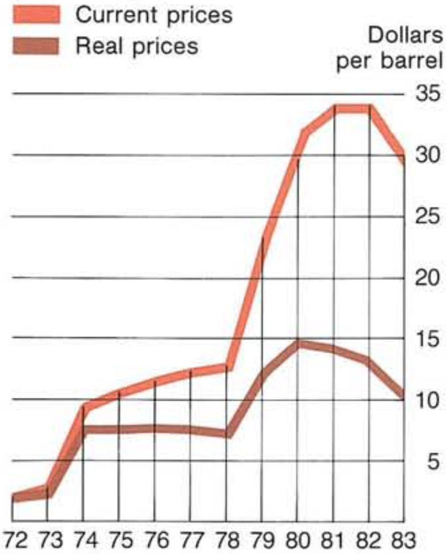
During the year, Statoil became the owner of 63 1/3 per cent of the shares in Sørøysund Eiendomsselskap A/S in the Hammerfest region, 50 per cent of Helgelandsbase a.s and 60 per cent of Andenes Helikopterbase a.s. Helgelandsbase a.s was established to serve the drilling rigs on Trænabanken and consists of a supply base in Sandnessjøen and a helicopter base for transportation of personnel in Brønnøysund. The facilities were ready in April 1983. The Andenes base was finished at year end 1983. Helgelandsbase and Sørøysund Eiendomsselskap will be the owners of the facilities, which are rented to and run by separate operational companies.

Transportation

Statpipe Operational Organisation

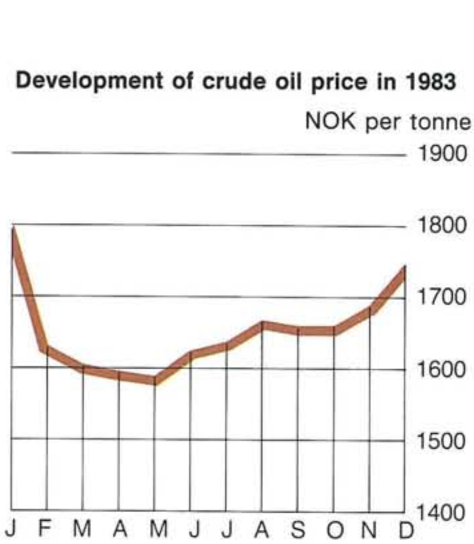
Establishment of the operational organisation for Statpipe is in progress, and preparations for operation and maintenance of the terminal have been one of the most important tasks in 1983. Recruitment and training plans require that the operational personnel participate in the testing phase. Operation of pipelines and plat-

Development of crude oil prices
(Arabian light)



The Coast Center Base on the island of Sotra is ready for new tasks, including those related to the Gullfaks field development.

Development of crude oil price in 1983



forms will be managed from a control centre at Bygnes on the island of Karmøy, which will be ready at the end of 1984. The number of employees has increased to 130 people at the end of 1983 and during 1984 the number will increase by another 200 people.

Norpipe

Norpipe a.s operates the pipeline systems from Ekofisk to a facility at Teesside in England which is run by Norpipe Petroleum UK Ltd. and to Emden in West Germany. Due to declining production from the Ekofisk area, there is now spare capacity. Norpipe Petroleum UK Ltd. operates the onshore facilities at Teesside. Statoil owns 50 per cent of the two Norpipe companies and received a total dividend of NOK 105 million in 1983, compared to NOK 137 million in 1982.

Statfjord Transport

K/S Statfjord Transport a.s & Co., with Statoil as operator, has, as of May 1983, had five tankers at its disposal for transportation of crude oil from the Statfjord field. Transportation has functioned satisfactorily with close to 100 per cent performance in the buoy loading. Altogether 172 cargoes were delivered from Statfjord in 1983.

Oil Gathering System to Mongstad

In December 1983 Norsk Hydro and Statoil agreed to build an oil gathering system from Gullfaks and Oseberg. The pipelines will be laid from Gullfaks, via Oseberg to Hjartøy north of Bergen. From Hjartøy the pipeline will proceed to an oil terminal at Mongstad. The pipeline will be dimensioned with a view to tie-in of oil transportation from future fields in the area.

The transportation system is planned as a joint venture of the partners of Gullfaks and Oseberg. Norsk Hydro will be operator for the construction of the pipeline from Gullfaks via Oseberg to Hjartøy. Statoil will have the responsibility for construction of the pipeline from Hjartøy to Mongstad and the oil terminal. When the pipeline goes on stream, Statoil will be operator for the whole transportation system.

The system is scheduled to be ready for operation and reception of Oseberg oil in 1989. Total investments for the complete pipeline system, including terminal, are estimated at NOK 4.3 billion (1983 kroner).

The partners of Gullfaks and Oseberg have approved the plans unanimously. An application for landing has been sent to the authorities and it is possible that the plans for construction of a gathering system will be approved in 1984.

Refining and Marketing

Sale of Crude Oil

In 1983 Statoil's total access to crude oil increased by some 50 per cent over the year before and was 11 million tonnes. Production from Statfjord field covered nearly 85 per cent. About 3.5 million tonnes were royalty oil bought from the state at market price (norm price).

About 2.5 million tonnes of 11 million tonnes of crude oil went to Statoil's own refining facilities and the remaining quantity was sold to external customers. Statoil's most important markets for crude oil were Scandinavia, the Netherlands and the UK.

In 1983 the world oil consumption was about 1.5 per cent less than the previous year. The decline has now stopped and the demand is expected to increase slightly in 1984.

The international market for crude oil was influenced by a considerable surplus of supply and the spot market prices were lowered. In March OPEC decreased the reference price of Arabian Light and at the same time introduced production regulation. The measures proved to be effective and the market has lately been brought into a fair balance. The contract price for North Sea oil during the first quarter of 1983 was lowered from USD 34 to USD 30 per barrel. This price level was maintained during the rest of the year.

Sale of Gas

In 1983 Statoil's income from the sale of dry gas was NOK 504 million, and came mainly from the sale of Frigg gas to the UK. In addition, Statoil had some income from the sale of dry gas from the Murchison field, which started in July.

A long-term contract has been signed with SAS for Statoil supply of aviation fuel at Copenhagen Airport, Kastrup.

Negotiations for sale of the Sleipner dry gas were handled by Statoil throughout 1983. In February 1984, an agreement was signed with the buyer, British Gas Corporation.

Consumption of dry gas in Western Europe decreased by nearly 10 per cent in the period 1979—1982. In 1983, however, this trend seemed to change and consumption is expected to increase during the next few years.

Statoil's access to wet gas was about 80,000 tonnes in 1983. Due to reduced production of wet gas from the Middle East, the prices increased during the first six months. Later prices decreased somewhat, but were still satisfactory at the end of the year.

Refining and Sale of Refined Products

Considerable development of the plant at the Mongstad Refinery has made possible a maximum upgrading from heavy to light products. The owners have invested about NOK 115 million in a new production facility for production of low lead petrol. This new grade of petrol was being produced ahead of the authorities' new requirements of lead content in petrol, which went into force on 1 September 1983.

In 1983 the Mongstad refinery produced about 2.2 million tonnes of refined products, of which about

900,000 tonnes were exported to Northwestern Europe. The Statoil Group hired refining capacity for further 300,000 tonnes of crude oil in the Rotterdam area. These products were sold in the BeNeLux countries and in West Germany.

The market for refined products was weak and the profitability acceptable only in certain periods.

A long term agreement with SAS for supply of aviation fuel at Kastrup airport was signed in 1983. The deliveries started on 1 October 1983 and during the first 12 months Statoil is to deliver 65-70 million litres of fuel.

The Statoil Group advocates an expansion of the refining capacity at Mongstad from 4 to 6.5 million tonnes a year for which the company has estimated good profitability. The authorities are currently considering the plans. If the go-ahead for an extension is given, work on the facility can start during 1984 and the expanded refinery will be ready for production in 1988. Total investment is estimated at NOK 4.2 billion (1983 kroner).

Norsk Olje a.s (Norol)

The Statoil subsidiary Norsk Olje a.s handles marketing of the Group's refined products in Norway. In 1983 the total domestic sales of oil products was 6.1 million tonnes. This is a decline of 2.5 per cent compared to 1982.

Sale of fuel to the transportation sector is a product which increased in volume in the domestic market. The market for heating oil was further reduced compared to previous years. The same applies to the sale of heavy oil.

Norol's market share of indigenous sale of petroleum products increased from 26.6 per cent in 1982 to 27.4 per cent in 1983, making Norsk Olje a.s the country's largest marketing company for oil products.

Norol had a turnover of NOK 6,371 million in 1983. The operating result was NOK 258 million and the annual net income NOK 45 million. The company invested NOK 163 million in 1983, most of which went into improvement of the petrol station network.

Petrochemicals

On 16 December 1983, the Norwegian Storting approved Statoil's purchase of Saga Petrokjemi at Bamble. The agreement meant that Statoil took over the operation of I/S Norpolefin on 1 January 1984 and the ownership share increased by 33 1/3 per cent to 66 2/3 per cent. Statoil's share of I/S Noretyl increased also from 33 per cent to 49 per cent.

Statoil is to pay NOK 621 million for Saga Petrokjemi and payment is due at the end of 1984. The takeover meant that employees in the company increased by 620.

Production at the petrochemical facilities at Bamble has been good in 1983. The quantities produced at I/S Noretyl and I/S Norpolefin increased by 7 per cent and 18 per cent, respectively. The market for polyolefines improved compared to 1982, however the profitability is not yet satisfactory.

The operating result from Statoil's petrochemical activity in 1983 was NOK 39 million compared to a loss of NOK 12 million in 1982.

As of 1 January 1984 Statoil is operator of I/S Norpolefin's petrochemical facilities at Bamble.

Other activities.

International Activity

Statoil's foreign engagements include marketing of natural gas in Europe and crude oil and refined products in Europe and the USA, as well as exploration and production in the Netherlands. As a consultant, the company cooperates with the state oil companies of China and Tanzania.

To further develop the company's know-how, Statoil wishes to expand its activity abroad to include independent exploration and development operations in more countries. In this way Norwegian industry will have a better opportunity of competing for jobs outside the domestic market.

Research and Development

The most important research work will be related to deep water technology during the next few years. This is because large parts of the remaining oil and gas reservoirs in the Norwegian sector are found in areas where the water is deeper than 300 metres. Development of fields at such depths will make it necessary to use technology which is not fully known at present.

To meet the challenges in deep water technology, Statoil has considerably increased its resources given to research and development in 1983 and a new research department has been established in Trondheim.

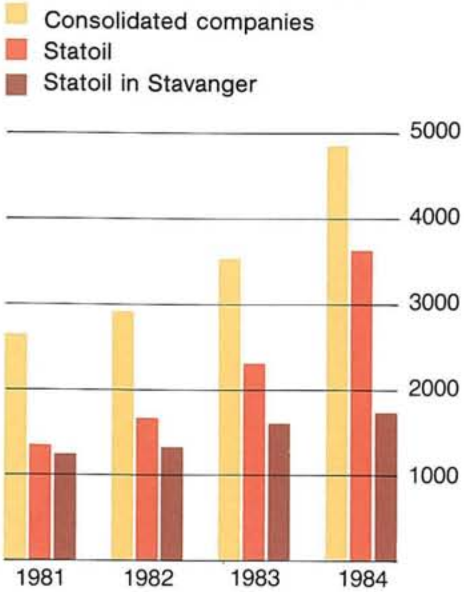
Besides increasing the effort in the company's own research and development, a considerable part of Statoil's development projects is carried out with assistance from external research institutions and engineering companies. Statoil aims in this connection at building up Norwegian technology and know-how.

Safety and Quality Assurance

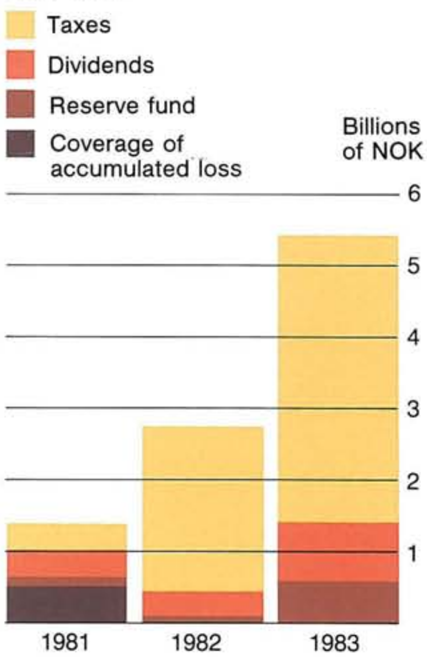
In 1983 also, the central tasks within safety and quality assurance were related to the company's drilling activity and the Gullfaks and Statpipe development projects. To be in the best position to meet a possible crisis, the company started using a new contingency centre at Forus, Stavanger, last year. During 1983 several large emergency drills were carried out. The experience learnt at these drills was useful.

A special development job, in which Statoil has participated, included studies and tests to reduce the blow-out risk on board rigs. In cooperation with external oil contingency organisations, the company has carried on the work of developing new equipment and of improving existing equipment.

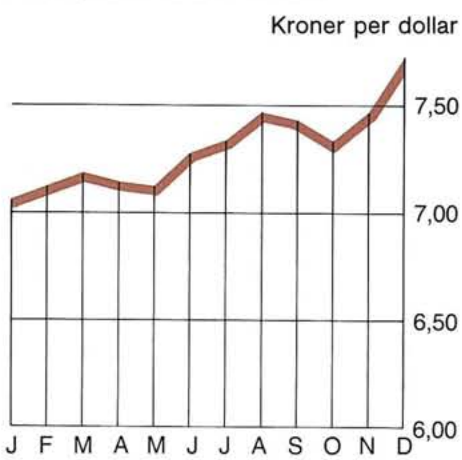
Number of employees at year end. Actual 1981-1983, expected 1984.



The consolidated companies' result before taxes and the distribution optional, 1981-1983.



Development of USD in 1983



Organisation and Environment

The number of employees in the Group was 3,534 at the end of 1983. Statoil had a total of 2,300 employees.

In 1983 Statoil was occupied with decentralising large parts of its activity. The growth in the number of employees was therefore biggest in Northern Rogaland, Bergen and Trondheim. Statoil's organisational development has been aimed at decentralisation and has not been radically changed in 1983. The organisation chart is shown on page 2.

The Company and Working Environment Committee met frequently and had a number of important matters on the agenda, including a working environment survey. In 1983, separate working environment committees were established in Northern Rogaland and Bergen.

Last year Statoil entered into a cooperation agreement with Rogaland Regional College for training of reservoir engineers. Several of the company's female employees are taking part in a further education programme with support from the company. To secure recruitment of qualified operational personnel a separate trainee system has been started. 50 per cent of the trainees are women.

Economy and Financing

The Accounts for 1983.

In 1983 the Statoil Group total sales were NOK 24,983 million, of which NOK 16,402 million represented exports.

Statoil's sales were NOK 22,954 million in 1983, an increase of 61 per cent over previous year.

The Group's operating result was NOK 8,641 million. Taxes of NOK 4,037 million will be paid for 1983. Proposed dividends to the State amount to NOK 803 million. The 1983 net income after deduction of minority interests was NOK 1,368 million.

The Board proposes that the Statoil net income is applied in the following manner:

Net income 1983	NOK 1458 million
Brought forward from 1982	NOK 10 million
	NOK 1468 million
Reserve fund	NOK 625 million
Dividends	NOK 795 million
Carried forward to 1984	NOK 48 million

The Company President's salary was NOK 558,967 in 1983. Remuneration to the Board and the Company Assembly was NOK 157,400 and NOK 81,400, respectively.

Total investments for the Statoil Group in 1983 were NOK 9,750 million. Statoil's own investments were NOK 9,537 million.

Reference is made to the accounts with comments.

Financing

In 1983 the currency markets were characterised by a gradually stronger US dollar. Towards Norwegian kroner, the dollar increased from 7.06 at the beginning of the year to 7.71 at the end of the year. Average exchange rate for 1983 was 7.31.

The most important reasons for this increase were the high level of interest rates in the USA and an increasing international confidence in the dollar. This led to a considerable flow of capital into the USA.

The net effect of a high dollar exchange rate is positive for Statoil. Even though the largest part of the company's currency debt is in dollars, this is more than outweighed by the sales income which is mainly in this currency.

Statoil has deferred further NOK 400 million to cover unrealised currency loss on long term loans. At the end of the year total deference is NOK 1,953 million.

Total interest costs for Statoil were NOK 1,235 million in 1983. The average rate of interest was about 10 per cent.

In 1983, the Statoil capital requirements were NOK 7,909 million. NOK 3,372 million was financed from operations and NOK 4,537 million by raising new long term loans. Loan repayments amounted to NOK 822 million.

The company's external financing requirements for 1983 were covered by export credits, loans on the US market, loans on the domestic market and loans from the State. Statoil was the first borrower in Norway to make a public bond issue with a floating interest rate.

Statoil's Board of Directors standing on the concrete tunnel which protects the landfall of the Statpipe pipeline at Kalstø. From left Atle A. Thunes, President Arve Johnsen, Finn T. Isaksen (up to 8 June 1983), Benedicte Berg Schilbred, Finn Lied, Thor Andreassen, Fredrik Thoresen and Erling Haug.

Prospects

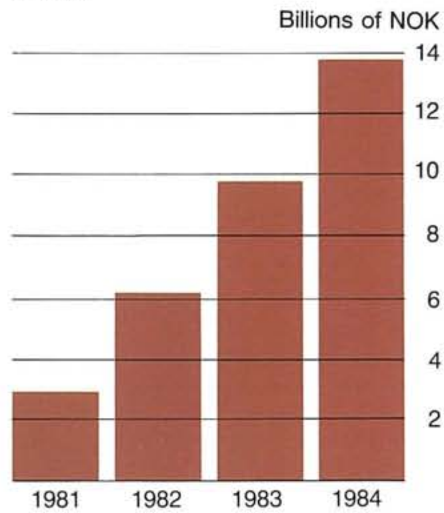
The Statoil financial results are expected to continue to be good in future years. The world economy has shown signs of improvement and if this tendency continues, it will contribute to strengthening the crude oil price in the long term.

The work of the development projects Gullfaks and Statpipe will be important to the company's activity in 1984, too. The respective operational organisations will represent more than half of the growth of personnel in the company. Taking over and incorporating the Bamble facilities into Statoil will be another very important task.

New development projects which may be started during 1984 are the extension of the Mongstad refinery and Statoil's part of the construction of the pipeline from Gullfaks and Oseberg to Mongstad with a crude oil terminal. Other development tasks in question are Sleipner, Gullfaks phase II and Tommeliten.

The Statoil Group's total investments in 1984 will be about NOK 13 billion. This investment programme makes it necessary to take up new long term loans.

The consolidated investments in 1981-1983 and estimated investments in 1984



Stavanger, 23 February 1984
The Board of Den norske stats oljeselskap a.s

Finn Lied
Chairman

Fredrik Thoresen
Vice-Chairman

Benedicte Berg Schilbred

Jan Skaar

Thor Andreassen

Erling Haug

Atle A. Thunes

Profit and loss statement for 1983

Amounts in millions of NOK

	The consolidated companies		Statoil	
Operating revenue	1983	1982	1983	1982
Sales (1)	**24 983**	16 531	**22 954**	14 241
Other revenues (2)	**1 322**	964	**955**	642
Revenue	**26 305**	17 495	**23 909**	14 883
Operating costs				
Direct cost	**8 052**	5 882	**7 424**	5 035
Salaries and social costs	**812**	617	**536**	366
Other costs (3)	**7 417**	4 541	**6 134**	3 502
Depreciation	**1 272**	859	**1 117**	707
Loss on receivables (4)	**102**	21	**98**	2
Changes in inventories	**9**	– 172	**142**	– 89
Operating costs	**17 664**	11 748	**15 451**	9 523
Operating result	**8 641**	5 747	**8 458**	5 360
Financial income and financial costs				
Dividends received (5)	**106**	139	**118**	138
Interest from consolidated companies			**18**	
Interest income and other financial income	**303**	434	**254**	384
Interest to consolidated companies			**2**	2
Interest costs and other financial costs (19)	**2 358**	2 905	**2 201**	2 658
Net financial costs	**1 949**	2 332	**1 813**	2 138
Result before extraordinary items	**6 692**	3 415	**6 645**	3 222
Extraordinary income and costs				
Extraordinary income (6)	**36**	19	**26**	13
Extraordinary costs (6)	**19**	2	**19**	
Net extraordinary items	**17**	17	**7**	13
Result before year end adjustments	**6 709**	3 432	**6 652**	3 235
Year end adjustments				
Taxation (7)	**4 037**	2 314	**4 014**	2 296
Provision for tax depreciation (20)	**1 189**	579	**1 149**	513
Other year end adjustments (8)	**104**	127	**31**	– 7
Total year end adjustments	**5 330**	3 020	**5 194**	2 802
Net income	**1 379**	412	**1 458**	433
Minority interest share (9)	**11**	10		
Consolidated companies' share (9)	**1 368**	402		
Disposal of net income (11)				
Brought forward from previous year	**146**	101	**– 10**	– 19
Reserve fund	**630**	92	**625**	89
Allocations fund	**16**			
Dividends	**795**	353	**795**	353
Research fund		2		
Carried forward to new account	**– 219**	– 146	**48**	10
	1 368	402	**1 458**	433

Balance sheet as of

Assets

Amounts in millions of NOK

	The consolidated companies		Statoil	
CURRENT ASSETS				
Cash and short-term deposits	1983	1982	1983	1982
Cash and short-term deposits (12)	**501**	383	**437**	110
Short-term receivables				
Shares	**1**	4		
Accounts receivables	**1 854**	1 616	**1 252**	981
Receivables from subsidiaries			**369**	471
Other short-term receivables (13)	**1 204**	604	**1 096**	559
Inventories				
Raw materials	**197**	449	**194**	446
Products for sale	**699**	830	**211**	376
Total current assets	**4 456**	3 886	**3 559**	2 943
INVESTMENT CAPITAL				
Long-term receivables and investments				
Shares in subsidiaries (14)(15)			**317**	295
Shares in other companies (16)	**498**	491	**497**	489
Long-term receivables	**74**	75	**45**	40
Fixed assets (17)				
Facilities in production	**11 698**	11 655	**10 642**	10 701
Construction in progress	**15 073**	6 851	**15 002**	6 780
Ships	**87**	98		
Machinery, inventories, etc.	**218**	127	**201**	112
Real estate	**486**	364	**410**	289
Total investment capital	**28 134**	19 661	**27 114**	18 706
Total assets	**32 590**	23 547	**30 673**	21 649

Stavanger, 23 February 1984
The Board of Den norske stats oljeselskap a.s

Finn Lied
Chairman

Fredrik Thoresen
Vice-Chairman

Thor Andreassen

Benedicte Berg-Schilbred

Jan Skaar

Erling Haug

Atle A. Thunes

Arve Johnsen
President

31 December 1983

Liabilities and shareholder's equity

Amounts in millions of NOK

	The consolidated companies		Statoil	
Current liabilities	**1983**	**1982**	**1983**	**1982**
Short-term bank credits	**39**	60	**7**	
Provisions for taxation, etc.	**445**	465	**179**	226
Interest incurred, not due	**266**	168	**249**	155
Provision for dividends	**803**	358	**795**	353
Suppliers	**1 947**	1 393	**1 768**	1 304
Debt to subsidiaries			**37**	45
Assessed taxes	**23**		**23**	
Calculated taxes	**2 539**	1 187	**2 510**	1 169
Other short-term debts	**2 874**	2 125	**2 778**	2 028
Next year's installment on long-term liabilities	**1 035**	1 026	**900**	922
Total current liabilities	**9 971**	6 782	**9 246**	6 202
Long-term liabilities (18)				
Export credits	**1 364**	661	**1 364**	613
Bank loans	**5 579**	4 980	**4 899**	4 327
Bonds and notes outstanding	**2 981**	2 446	**2 911**	2 367
Loans from the Norwegian Government	**4 221**	2 412	**4 221**	2 331
Currency risk fund (19)	**2 053**	1 643	**1 953**	1 553
Other long-term debts	**370**	339	**144**	186
Subordinated debts		74		
Next year's installment on long-term liabilities	**— 1 035**	— 1 026	**— 900**	— 922
Total long-term liabilities	**15 533**	11 529	**14 592**	10 455
Conditional tax-free allocation				
Inventory reserves (20)	**3 136**	1 947	**2 969**	1 820
Stock valuation reserve	**139**	79	**35**	4
Regional development fund	**25**	26		
Classification fund	**13**	10		
Consolidation fund	**25**	9		
Total conditional tax-free allocations, etc.	**3 338**	2 071	**3 004**	1 824
Minority interests	**160**	150		
Shareholder's equity				
Compulsory shareholder's equity				
Share capital: 29,435,000 shares at NOK 100 each	**2 944**	2 944	**2 944**	2 944
Reserve fund	**847**	217	**839**	214
Unrestricted shareholder's equity				
Allocations fund	**16**			
Brought forward as of 1 January	**— 219**	— 146	**48**	10
Total shareholder's equity	**3 588**	3 015	**3 831**	3 168
Total liabilities and shareholder's equity	**32 590**	23 547	**30 673**	21 649
Contingent liabilities, joint and several liability, etc. (21)	**174**	177	**141**	145
Mortgages (18)	**321**	300		

Comments

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, Rafinor A/S, the limited partnership of Rafinor A/S & Co., Sørøysund Eiendomsselskap a.s., Andenes Helikopterbase a.s. and Statoil Netherlands B.V. Ownership shares are stated in note 14 to the financial statement.

Accounting principles

In 1983 the principles of accounting have been changed as follows:
- The book value of fixed assets is calculated as the acquisition value less normal depreciation. Depreciation for tax purposes is shown as "Inventory reserves" under "Conditional tax-free allocation" in the balance sheet. These were previously deducted directly from the book value of the assets. The balanced figures for 1982 have been adjusted accordingly for comparison.
- Taxes, which in accordance with the Petroleum Tax Act are calculated on crude oil which is produced, but which is not sold at the time of consideration, are accrued. This produces agreement between the realised income and the net calculated tax as shown in the profit and loss statement.
- Statoil's invoicing of personnel services was previously presented as a cost reduction under "Other costs". Such sales are included under "Other revenues" as of 1983. The corresponding figures for 1982 have been changed accordingly.
- In conjunction with ratified changes to the Joint Stock Companies Act, Statoil has decided as of 1983 to account proposed disposal of net income.

The following items are charged to the profit and loss account
- Expenditures concerning licences in the exploration phase.
- Expenditures for research, special studies and development projects.
- Interests and other financial expenditures.
- Capitalised value of unpaid pension liabilities which are not paid by pension insurances are costed and included in other long-term liabilities in the balance sheet.

The following items are capitalised and subject to later depreciation
- Expenditures related to commercial fields where Statoil has exercised its option to participate in field development.
- Field costs incurred after commerciality declaration.

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

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

Further depreciation, calculated as the difference between ordinary depreciation and the maximum depreciation in accordance with the Petroleum Tax Act and the general Tax Act, is shown as provision for tax depreciation under the year end adjustments in the profit and loss statement. In the balance sheet the provision for tax depreciation proportion is included under "Conditional tax-free allocation, etc.".

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 transaction.
- 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 book debt for the individual currency, a provision is made for an amount equal to the difference in the relevant currency, and at the same time the amount is accounted as a financial cost. Realised currency losses are charged under financial costs to the extent that they are not covered by previous provisions. Currency gains are charged as income only when such gains are realised in connection with payment of debt.
- The effects of forward buying, calculated as the difference between the agreed forward rate and the actual rate at year end is included in the profit and loss statement under financial income/costs and in the balance sheet as short-term receivables/short term liabilities.

Partnerships and limited partnerships
Statoil's shares in partnerships and limited partnerships are included in the appropriate items in the statement of profit and loss and in the balance sheet in accordance with the gross method.

In the limited partnerships in which Statoil participates, the partners, in accordance with existing accounting agreements, have the right to audit the operators' accounts within two years after the end of the financial year. Corrections 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 purchase/production cost or net market price, whichever is the lower.

Principles used for consolidating companies
- Shares in subsidiaries are eliminated using the past equity method. Any surplus value which is a result of the elimination is charged to the corresponding assets and is depreciated accordingly.
- Foreign subsidiaries are consolidated in accordance with the English standard "Statement of Standard Accounting Practice 20". This means that profit and balance items are usually accounted at the rate of exchange applicable at year end. Conversion differences on shareholders' equity are shown under shareholders' equity as an individual item in the balance and are not reflected in the profit and loss statement.
- 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 1983

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

	The consolidated companies		Statoil	
Norway	1983	1982	1983	1982
Crude oil and gas	**3 194**	1 808	**4 454**	1 808
Refined products	**4 710**	4 478	**2 441**	3 255
Petrochemical products	**248**	244	**248**	244
Sale of other products/material	**429**	391		
Exports				
Crude oil and gas	**13 715**	7 359	**13 715**	7 359
Refined products	**2 245**	1 817	**1 654**	1 141
Petrochemical products	**442**	434	**442**	434
	24 983	16 531	**22 954**	14 241

2. Other consolidated revenues include invoicing of personnel services at NOK 650 million, other services at NOK 135 million, rental income at NOK 489 million and sale of seismic data at NOK 48 million.

3. For Statoil, the item includes royalties to the state amounting to NOK 1,984 million. For the consolidated companies the item also includes NOK 708 million in petrol tax. Exploration costs of NOK 1,541 million are included as part of this item.

4. Provision is primarily allocated to cover possible future losses on receivables.

5. Statoil's dividends received refers to dividends for the financial year 1982 with NOK 13 million from Norsk Olje a.s, NOK 80 million from Norpipe a.s and NOK 9 million from Norpipe Petroleum UK Ltd. Furthermore Norpipe Petroleum UK Ltd. has prepaid NOK 16 million in dividends for 1983.

6. Extraordinary income includes profit from the sale of fixed assets. Extraordinary costs include the costs of accounted remainder values of previously activated immaterial shares in Rafinor of NOK 12 million.

7. According to the Norwegian Petroleum Tax Act, crude oil is taxed at norm price (assumed selling price) at the time of production. This means that crude oil in stock is taxed before revenue is realised and noted. Taxation on unrealised income as of, and including 1983, is accrued. The amount in 1983 was NOK 180 million in advance costs.

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

	The consolidated companies	Statoil
Changes in inventories	59	31
Regional development fund	— 1	
Premium fund	26	
Consolidation fund	16	
Classification fund	4	
	104	31

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

26.38% of the surplus of NOK 45 million in Norsk Olje a.s	NOK	11,9 million
36,67% of the surplus of NOK 0.6 million in Sørøysund Eiendomsselskap a.s	NOK	0,2 million
40,00% of the loss of NOK 1.6 million in Andenes Helikopterbase a.s	NOK	— 0,6 million
	NOK	11,5 million

10. The consolidated profit and loss for 1983 consists of the following (in millions of NOK):

	1983	1982
Statoil	**1 458**	433
Norsk Olje a.s	**45**	39
Rafinor A/S		1
Statoil Netherlands B.V.	**— 8**	
Sørøysund Eiendomsselskap a.s	**1**	
Andenes Helikopterbase a.s	**— 2**	
	1 494	473
Increase in unrealised income on inventories	**— 95**	— 53
Internal dividends	**— 13**	
Depreciation of surplus value in subsidiaries	**— 7**	— 8
	1 379	412
Minority interest share	**11**	10
Consolidated companies' share	**1 368**	402

11. The consolidated revenue is not allocated in accordance with the Joint Stock Companies Act. Thus consolidated allocations are a result of measures decided by each of the consolidated companies individually.

12. Short-term deposits in Norwegian kroner include a total of NOK 23 million of withheld employee income tax, payable to the tax authorities. The corresponding amount for the consolidated companies is NOK 35 million.

13. The item short-term receivables includes NOK 16 million as credit with Statoil employees.

14. Shares in subsidiaries consists of the following items (amounts in 1000):

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norsk Olje a.s	291 500	213 500	213 500	73.62%	290 000
Rafinor A/S	3 000	3 000	3 000	30%	10 000
Statoil Netherlands B.V.	9 729	NLG 3 790	3 790	100%	NLG 3 790
Sørøysund Eiendomsselskap a.s	9 500	9 500	1 900	63.33%	15 000
Andenes Helikopterbase a.s.	3 000	3 000	60	60%	5 000
	316 729				

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

15. In the consolidated balance sheet, the value added 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. The value added as of 31 December 1983 is reduced to NOK 62.4 million.

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

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norpipe a.s	390 000	390 000	3 900 000	50%	780 000
Coast Center Base A/S	53	53	210	50%	105
Statfjord Transport a.s	420	420	840 932	42.04%	1 000
Vestbase a.s	400	400	400	40%	1 000
Norbase a.s	160	160	160	40%	400
Botnaneset Industriselskap A/S	3 000	3 000	30	18.5%	16 200
Norpipe Petroleum UK Limited	95 751	GBP 6 250	6 250 000	50%	GBP 12 500
Norpolefin (UK) Limited	35	GBP 3	3 333	33 ⅓%	GBP 10
Copenhagen Fueling Company ApS	2 413	DKK 16	16	20%	DKK 80
Helgelandsbase a.s	5 000	5 000	250	50%	10 000
	497 232				

The shares are recorded at cost. The subsidiary Norsk Olje a.s owns a number of small blocks of shares in other companies amounting to a total book value of NOK 2 million. The consolidated companies' total book value of shares amounts to NOK 499 million.

17. Specifications of fixed assets (in millions of NOK):

Statoil	Investment as of 1 Jan. 1983	Additions during the year	Disposed of during the year	Accum.ord. depreciat. as of 31 Dec. 83	Book value as of 31 Dec. 83
Facilities in production	12 707	996		3 061	10 642
Construction in progress, etc.	6 780	8 421	199		15 002
Machinery, inventories, etc.	199	157	1	154	201
Real estate	308	128		26	410
	19 994	9 702	200	3 241	26 255

The consolidated companies					
Facilities in production	14 708	1 236	4	4 242	11 698
Construction in progress, etc.	6 851	8 421	199		15 073
Ships	149	1		63	87
Machinery, inventories, etc.	283	166	4	227	218
Real estate	383	130	1	26	486
	22 374	9 954	208	4 558	27 562

Refer to note 20 for tax depreciation.

Investments distributed by year (in millions of NOK):

Statoil	1979 and before	1980	1981	1982	1983	Total investment as of 31 Dec. 83
Facilities in production	6 473	756	260	5 316	996	13 801
Construction in progress, etc.	2 351	1 550	2 404	511	8 222	15 038
Machinery, inventories, etc.	89	23	37	55	156	360
Real estate	34	132	102	40	128	436
	8 947	2 461	2 803	5 922	9 502	29 635
The consolidated companies	**Pr. 1.1.80**					
Facilities in production	8 111	905	374	5 415	1 232	16 037
Construction in progress, etc.	2 388	1 532	2 408	559	8 222	15 109
Ships	105	19	3	22	1	150
Machinery, inventories, etc.	155	25	39	70	162	451
Real estate	109	125	101	48	129	512
	10 868	2 606	2 925	6 114	9 746	32 259

The consolidated companies were established on 1 January 1980.

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

	Net book value as of 1 Jan. 1983	Additions in 1983	Depreciation in 1983	Book value as of 31 Dec. 1983
Statfjord	11 384	1 721	735	12 370
Gullfaks	1 464	2 400		3 864
Statpipe	2 226	3 529		5 755
Heimdal	341	886		1 227
Frigg	435	58	61	432
Murchison	400	349	72	677
N/E Frigg	34	27		61
Ula	49	28		77
Ula pipeline		62		62
Oseberg		30		30
Norol	595	138	87	646
Statoil Netherlands	33	25		58
Rafinor	931	58	139	850
Noretyl	347	9	63	293
Norpolefin	287	2	47	242
Coast Center Base	32	25	4	53
Others	537	404	76	865
	19 095	9 751	1 284	27 562

Depreciation in 1983 includes NOK 12 million which is part of extraordinary costs in the profit and loss statement.

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

	Currency value	Average rate of exchange	Book value in NOK
Norwegian kroner (NOK)			6 709
U.S. dollar (USD)	924.6	5.75	5 315
Deutschemark (DEM)	363.0	269.12	977
Swiss franc (CHF)	182.3	305.60	557
Pound sterling (GBP)	38.6	10.89	420
Japanese yen (JPY)	10 000.0	2.54	254
French franc (FRF)	168.5	97.66	165
Danish kroner (DKK)	142.3	82.97	118
Currency risk fund (NOK)			2 053
Next year's installment on long-term liabilities			— 1 035
			15 533

Of the subsidiaries' domestic long-term debt, NOK 51 million is obtained by using vessels with a book value of NOK 87 million as security, and NOK 270 million is obtained by using installations, real estate, and housing with a book value of NOK 1,291 million as security.

The unused part of long-term loan agreements is NOK 180 million.

19. In 1983 the Statoil currency risk fund was increased by NOK 400 million to cover the currency loss which would have occurred if the total debt had been repaid at the exchange rates of 31 December 1983. The amount is charged to the profit and loss statement. The corresponding figure for the consolidated companies is NOK 410 million.

20. Tax deductions on fixed assets are as follows (refer also to note 17) (amounts in millions of NOK):

Facilities in production	Accumulated at 1.1.83	Tax deductions 1983	Accumulated at 31.12.83
Statfjord	1 551	932	2 483
Murchison	66	23	89
Frigg	203	56	259
Rafinor		24	24
Noretyl		22	22
Norpolefin		4	4
Construction in progress			
Statpipe		88	88
Statoil, total	1 820	1 149	2 969
Norol	127	38	165
Andenes Helikopterbase		2	2
Consolidated companies	1 947	1 189	3 136

21. Together with the other partners in I/S Noretyl and I/S Norpolefin, Statoil is jointly and severally liable for the debts incurred in the name of the partnerships. This is mainly accounts payable in the amount of about NOK 141 million in addition to Statoil's previous book share.

The consolidated companies are responsible for guarantees to employees and customers for a total of NOK 33 million.

Liability and insurance
In connection with the activities on the continental shelf, including transportation systems, Statoil has, like all other licencees, an unlimited liability for possible claims for damages. The company has taken out insurance for this liability for damages up to a total of approximately NOK 700 million for each incident. On principle, Statoil insures company assets at their estimated replacement value. Due to the lack of capacity on the insurance market this could not be done for the Statfjord platforms. However, the insurance sum is higher than the book net value of the platforms.

Dismantling costs
Because of the long time perspective and the uncertain tax and accounting considerations related to dismantling costs, Statoil has currently not set aside any provisions in the accounts for such costs.

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

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

Statoil also leases some of its automated office equipment.

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

Operating result for the consolidated companies, by area and activity

Amounts in millions of NOK

	Operating revenue		Operating costs		Ordinary depreciation		Operating result	
	1983	1982	1983	1982	1983	1982	1983	1982
Statfjord	**12 826**	7 603	**2 790**	1 606	**734**	374	**9 302**	5 623
Murchison	**802**	746	**124**	108	**72**	70	**606**	568
Frigg	**545**	457	**144**	68	**35**	47	**366**	342
Expl. exp. etc., other licences	**1 000**	556	**2 832**	1 752	**71**	44	**— 1 903**	— 1 240
Production of oil and gas	**15 173**	9 362	**5 890**	3 534	**912**	535	**8 371**	5 293
Refining and marketing	**22 527**	14 814	**22 034**	14 112	**221**	214	**272**	488
Petrochemical activities	**939**	881	**790**	784	**110**	109	**39**	— 12
Transportation	**129**	9	**141**	30	**29**	1	**— 41**	— 22
Internal deliveries	**— 12 463**	— 7 571	**— 12 463**	— 7 571				
Total	**26 305**	17 495	**16 392**	10 889	**1 272**	859	**8 641**	5 747

Source and application of funds

Amounts in millions of NOK

	The consolidated companies 1983	1982	Statoil 1983	1982
Source of funds				
Result before year end adjustments	**6 709**	3 432	**6 652**	3 235
Depreciation	**1 284**	859	**1 129**	707
Currency risk	**410**	1 139	**400**	1 076
Taxation	**— 4 037**	— 2 314	**— 4 014**	— 2 296
Proposed allocations for dividends	**— 803**	— 358	**— 795**	— 353
Premium fund	**— 26**	— 21		
Total internal financing	**3 537**	2 737	**3 372**	2 369
New long-term loans	**4 655**	2 788	**4 537**	2 606
Total source of funds	**8 192**	5 525	**7 909**	4 975
Application of funds				
Investment in fixed assets	**9 750**	6 123	**9 537**	5 928
Repayment of long-term loans	**1 052**	410	**822**	299
Change in working capital	**— 2 610**	— 1 008	**— 2 450**	— 1 252
Total application of funds	**8 192**	5 525	**7 909**	4 975
Specification of change in working capital				
Cash and short-term deposits	**118**	125	**327**	69
Short-term receivables	**835**	417	**706**	427
Inventories	**— 383**	495	**— 417**	403
Current liabilities	**— 3 180**	— 2 045	**— 3 066**	— 2 151
Change in working capital	**— 2 610**	— 1 008	**— 2 450**	— 1 252

Valued added statement

Amounts in millions of NOK

	The consolidated companies 1983		1982	
Operating revenue	**26 305**		17 495	
— purchased goods and services used	**12 835**		8 570	
= gross value added from own activities	**13 470**		8 925	
— ordinary depreciation	**1 272**		859	
= net value added from own activities	**12 198**		8 066	
financial income	**409**		573	
net extraordinary items	**17**		17	
= value added for distribution from own activities	**12 624**		8 656	
= total value added for distribution	**12 624**		8 656	

Which is distributed as follows:

Employees				
Gross salaries and social benefits	**812**	**6.4%**	617	7.1%
(including income tax)	**(202)**		(165)	
Capital investors				
Interest to borrowers	**1 948**	**15.4%**	1 766	20.4%
Dividends to the Government	**803**	**6.4%**	358	4.1%
State, municipality				
Royalties, taxes and petrol tax, etc.	**6 782**	**53.8%**	4 016	46.4%
The company				
Retained for future value added	**2 279**	**18.0%**	1 899	22.0%
Total value added for distribution	**12 624**	**100%**	8 656	100%

Result analysis for the consolidated companies

	1983	1982	Definition
Net operating margin	**32.9%**	32.9%	Operating result / Operating revenue
Gross profit margin	**25.4%**	19.5%	Result before extraordinary items / Operating revenue
Total rate of return (before taxes)	**32.2%**	32.1%	Result before extraordinary items + financial costs / Average total capital
Shareholder's equity rate of return (after taxes)	**60.9%**	29.8%	Result before extraordinary items less taxes / Average shareholder's equity

Current cost accounting

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

In short, the method measures the costs (costs of goods sold and depreciation) based on replacement value. The resulting corrections are adjusted by the proportion of the price rises attributable to costs financed with foreign currency. This is because the debt is nominally set in NOK. In the balance sheet, fixed assets and inventories are adjusted to replacement value. These adjustments appear as an individual item — cost reserve — under shareholder's equity in the balance sheet below. The adjustments which are included in the profit and loss statement below are called realised cost reserves, and the corrections in the balance sheet, unrealised cost reserves. Thus the cost reserves are an expression of the additional share capital necessary to maintain the company's real capital at current values.

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

Current cost profit and loss statement for 1983

		1983		1982
Historical cost operating result		**8 458**		5 360
Current cost adjustments based on replacement costs:				
Depreciation (1)	— 992		— 362	
Cost of goods (2)	— 3		— 55	
Adjustment for monetary working capital (3)	+ 1	**— 994**	— 13	— 430
Current cost operating result		**7 464**		4 930
Net financial costs		**1 813**		2 138
Gearing adjustment		**606**		249
Result before extraordinary items		**6 257**		3 041
Extraordinary items		**7**		13
Taxation (cost accounted)		**— 4 014**		— 2 296
Movement in deferred taxation (4)		**— 929**		— 165
Net income (5)		**1 321**		593

Current cost balance sheet as of 31 Dec. 83

Assets	1983	1982
Cash and short-term deposits	**437**	110
Short-term receivables	**2 717**	2 011
Inventories (2)	**405**	824
Long-term receivables	**859**	824
Fixed assets (1)	**34 500**	24 556
Total assets	**38 918**	28 325

Liabilities and shareholder's equity

Current liabilities		**8 451**		5 849
Long-term liabilities		**14 592**		10 455
Deferred taxation (4)		**2 109**		1 180
Shareholder's equity as of 1 Jan.	3 641		3 416	
Surplus for the year	1 321		593	
Dividends paid	— 353	**4 609**	— 368	3 641
Cost reserve (6)		**9 157**		7 200
Total liability and shareholder's equity		**38 918**		28 325

Notes:

1. The calculation of replacement cost of fixed assets is based on price indices for offshore installations. Indices are based on relevant price indices for groups of investments in the national financial statement.

2. The cost of goods for certain product groups is adjusted to the replacement value at the time of sale.

3. The monetary working capital adjustment (customer claims — supplier debt) is linked to the prices of the product groups.

4. Realisation of fixed assets at values recorded in the current cost balance sheet would have resulted in a tax liability of about NOK 2,109 million per 31 December 1983. The responsibility occurs as a consequence of provisional tax depreciation booked in the company's financial accounts.

5. Corresponds to net income sufficient to maintain the company's funds in real terms.

6. Specification of cost reserve (in millions of NOK):

Unrealised:	1983	1982
Revaluation of fixed assets	**8 245**	6 674
Revaluation for stocks		2
Realised:		
Depreciation adjustments	**1 899**	907
Cost of sale adjustments	**122**	119
Monetary working capital adjustment	**— 7**	— 6
Gearing adjustment	**— 1 102**	— 496
	9 157	7 200

Auditor's Report for 1983

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

We have audited the accounts for 1983 according to generally accepted auditing standards. We have also audited the accounts for the consolidated companies for 1983.
The annual financial statements for the company and the consolidated companies are in compliance with the Companies Act, and in our opinion present the result of the year and the financial position of the company and the consolidated companies on the basis of generally accepted accounting principles.
The Board's proposal for application of the company's net income complies with the Companies Act.
The Statement of profit and loss and the balance sheet submitted for the company and for the consolidated companies may be adopted as the accounts of Statoil and the Statoil Group for 1983.

Stavanger, 24 February 1984

Karl-Johan Endresen

Endresen, Klette & Co.
State Authorised Accountants

Ole M. Klette

Recommendation from the Company Assembly

to the General Meeting regarding the annual report and accounts for 1983

At the meeting on 5 March 1983 the Statoil Company Assembly discussed the annual report and accounts for 1983 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 1983 net income be applied in the following manner:

Net income 1983	1458 million
Brought forward from 1982	10 million
	1468 million
Reserve fund	625 million
Dividends	795 million
Carried forward to 1984	48 million

Stavanger, 5 march 1983

Egil Aarvik
Chairman, Company Assembly

B
C 26

Statoil's purchase of goods and services

Purchase of NOK 10 billion requires thorough preparation and strict guidelines

Construction of modules means important jobs for Norwegian industry. This picture is taken at Moss Rosenberg Verft, which is building two modules for Kårstø worth about NOK 70 million.

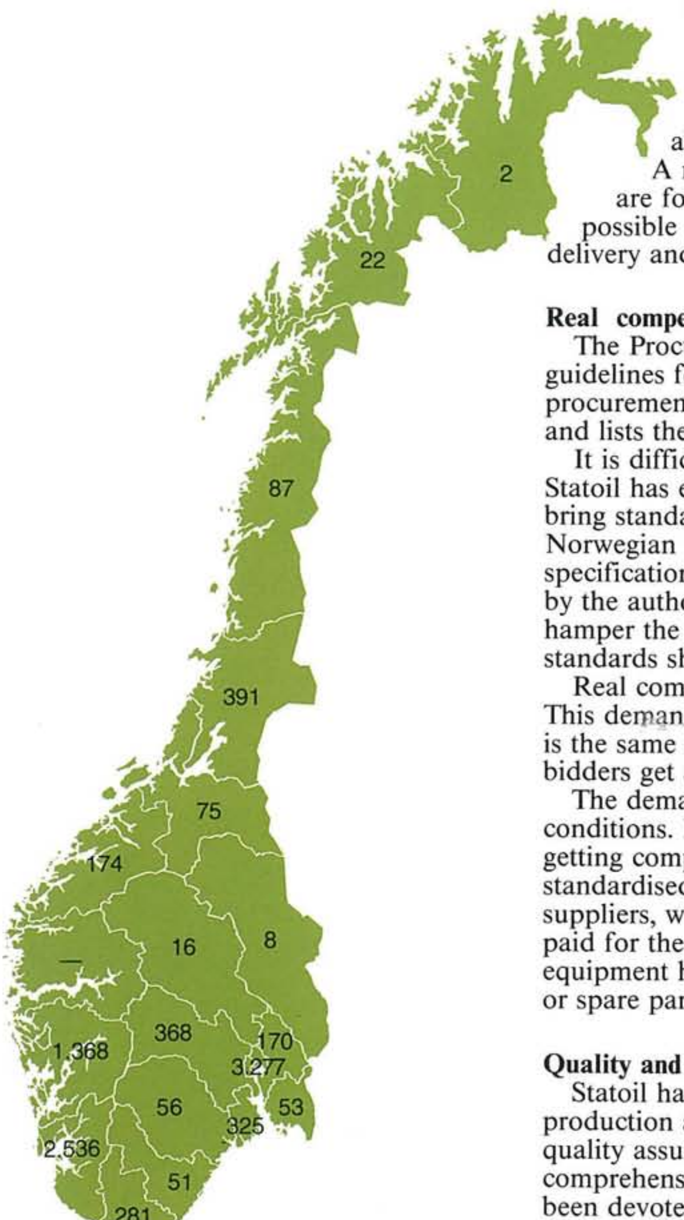
In 1983 the total procurement of goods and services by Statoil amounted to more than NOK 10 billion. About NOK 9.3 billion of this was bought from Norwegian companies. The counties Oslo and Rogaland took the largest shares, NOK 3.3 and 2.5 billion respectively.

Statoil's procurement of goods and services represents a considerable turn-over both for Norwegian and foreign manufacturing and trading companies. The company has devised comprehensive systems to ensure that purchasing takes place in accordance with sound business principles, established ethical norms and Norwegian laws and regulations.

Purchasing is coordinated by Statoil's Procurement Department in close cooperation with the various departments, project organisations and the company's legal department.

The norms which govern the company's procurement also apply to the individuals acting on Statoil's behalf. Compliance with regulations, the company's own rules and interests, as well as refusal of any attempt at bribery are absolute conditions in the procurement work.

A number of other demands also contribute to making sure the rules are followed. This applies all the way from preliminary analyses of possible suppliers to exact reports of experience after completion of delivery and after the product is taken in use.



Procurement of goods and services from Norwegian suppliers in 1983, distributed by counties. The sums are given in NOK million. Purchases totalling NOK 9,260 million were made. Suppliers' purchases from foreign suppliers are included.

Real competition

The Procurement Department carries out wide-ranging tasks. It prepares guidelines for procedures, standards and training programmes for procurement work. It also carries out surveys of the markets, the suppliers and lists the capacities of manufacturers producing large structures.

It is difficult to get an overall view of the standards of the oil industry. Statoil has engaged a number of Norwegian companies and institutions to bring standard specifications more in step with Norwegian conditions and Norwegian practice. The main demand for Statoil's purchases is for the specifications to be in accordance with the norms and standards laid down by the authorities or accepted by the petroleum industry. But this must not hamper the development of new concepts. Alternatives to prevailing standards should be accepted as far as possible.

Real competition between suppliers is the main aim in all large purchases. This demands inviting several tenders on equal terms, where the information is the same and all regulations and conditions are included and where the bidders get a fair period of time to work out binding offers.

The demand for competition may however be waived under certain conditions. For instance in the case of small purchases when the costs of getting competitive bids are clearly higher than any possible gain, when standardised goods are delivered on similar conditions from all known suppliers, where patented equipment is concerned or when the company has paid for the development of special tools. There are also cases where equipment has to be bought which must be compatible with other equipment or spare parts must be bought by the original supplier of the equipment.

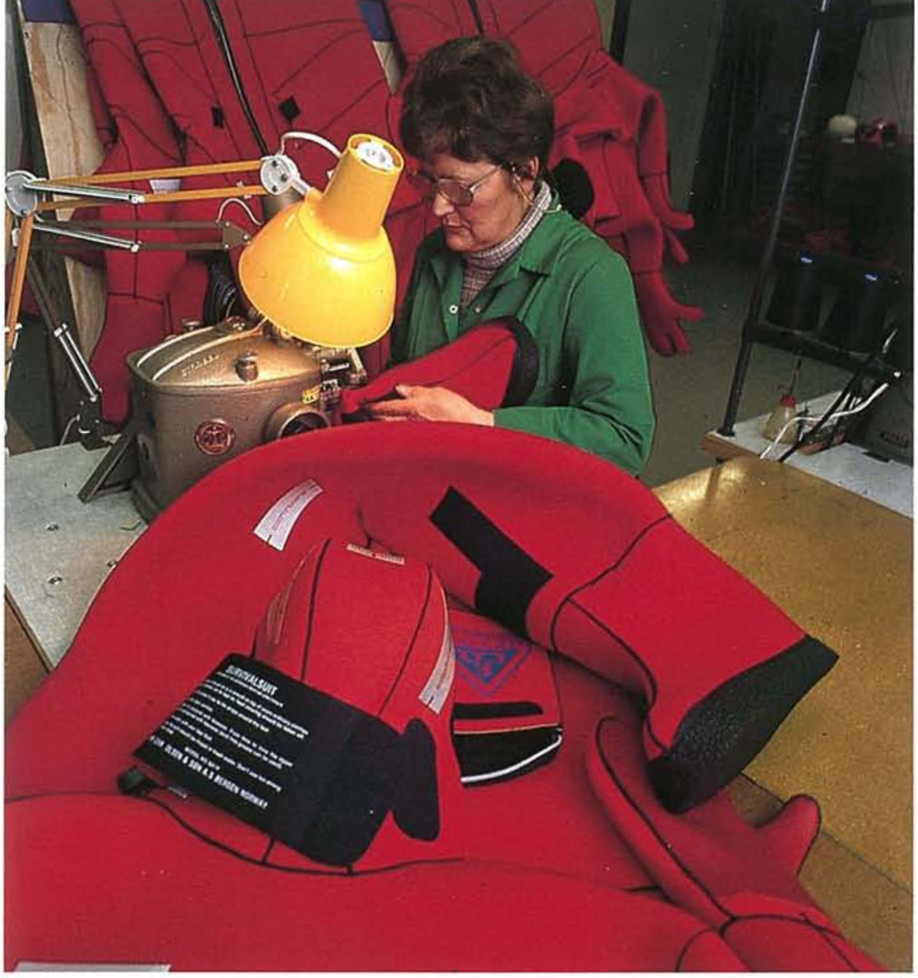
Quality and conditions

Statoil has worked hard to get potential suppliers to establish engineering, production and control routines which satisfy the company's demand for quality assurance. The oil industry's demands in this field are far more comprehensive than usual in most other industries. Considerable effort has been devoted informing Norwegian industry about demands and, in some cases, suggestions for routines have been presented to ensure that the desired quality is planned and achieved.

Statoil has given priority to this work, particularly in connection with the development of the Gullfaks field and the Statpipe gas transportation system. The Federation of Norwegian Engineering Industries, together with Statoil, has arranged seminars where company management has been informed about tender conditions, contracts, standard demands related to procedures for quality assurance etc.

Together with the Federation, Statoil has prepared an engineering contract with standard contract conditions adapted to Norwegian industry and Norwegian traditions. One of the main aims of this work has been to simplify the contracts both as regards terminology and actual conditions. This simplification will result in contract negotiations being less demanding and it will have obvious advantages for smaller supply companies.

To Statoil it is just as important to adapt the tasks so that they can be carried out by existing companies and with current know-how. This is done



Oil related activity means not only large contracts worth tens and hundreds of millions. Good craftsmanship is necessary to produce safe survival suits for Statoil employees.

by splitting up big jobs into supplies which can be handled by both small and large companies.

The work of adapting the tasks begins at an early stage. When the commerciality declarations for oil and gas fields are prepared, the Procurement Department takes part in the work to ensure that these interests are taken into account. Procurement for larger projects is therefore set up in cooperation between the procurement organisation and the company's operational divisions.

Norwegian share

In projects where other companies are operators, Statoil considers it important to give Norwegian firms a fair opportunity to compete for supplies.

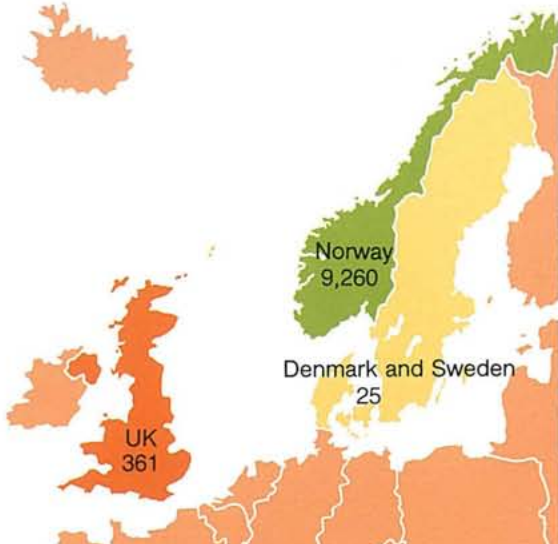
Statoil feels it has a special obligation to prepare the projects in a way that a maximum of engineering and construction work can be carried out by Norwegian companies. Earlier the company worked towards fulfilling this obligation as a licencee but without being an operator. Statoil's high share proportion has provided the opportunities for influencing procurement. This work has yielded good results, particularly in connection with development of the Statfjord field. The Norwegian share of supplies has increased from 65 per cent for Statfjord A to 75 per cent for Statfjord B and about 80 per cent for Statfjord C.

Statoil is the operator for the Gullfaks field and the Statpipe gas transportation system. The Norwegian share of the Gullfaks A platform is expected to be about 90 per cent. Statpipe is expected to get a Norwegian share of goods and services of 50 per cent. The Norwegian share of the Statpipe supplies is lower because a large part of equipment and services could not be procured in Norway. The share is 70 per cent, excluding pipes and pipelaying.

The desire for maximum domestic participation in the development of Norwegian oil and gas fields must not be at the expense of fair competition. Norwegian suppliers should only be preferred if they are competitive. When evaluating competitiveness, several conditions must be included. Price, time of delivery, quality assurance, future maintenance and supply of spare parts are examples.

Open information

Together with strict formal rules, the important assumptions for a successful enterprise are openness, willingness and active communication



Procurement of goods and services from European suppliers in 1983. The sums are given in NOK million. From the USA purchases worth NOK 66 million were made, and from the rest of the world the sum was NOK 68 million. The total value of procurement from foreign suppliers is NOK 1,113 million.

The requirements to quality assurance are strict, for instance within welding. The technological challenges involved in new tasks will lead to the growth of Norwegian expertise in many fields.

between the company and potential suppliers.

Openness and willingness start when the vendor file is being prepared, and during the preparation of capacity surveys for suppliers of large jobs. The key to supply lies primarily in this file. It is the company's entrance door to firms that wish to be represented when possible tenders are being evaluated. Only those included in the file can count on being evaluated when the tender lists are set up.

The vendor file must contain all data of importance. This will ensure that Statoil as a company knows who can supply goods and services, and it will save firms or institutions from preparing tenders for jobs they cannot do. Making the vendor file a useful tool to be applied actively in procurement work demands that current, upgraded information is available for those who work with the procurement tasks related to the company's projects.

The surveys of capacity are also an operative tool. They ensure that the buyer can evaluate tenders on a better basis in terms of completing the task within the time limits and the potential for complying with quality assurance requirements.

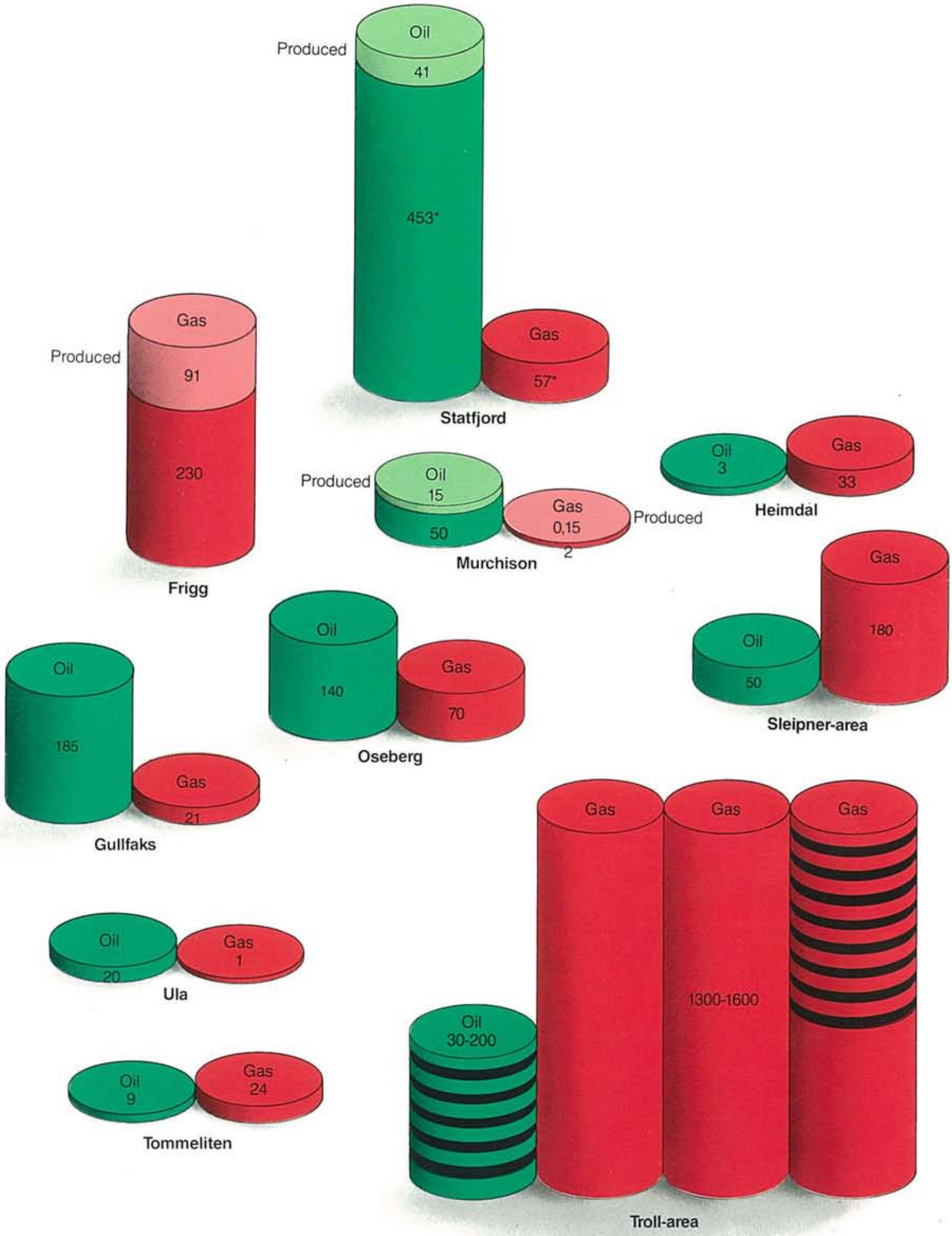
The language is important

A large number of goods and services are bought by Statoil's external departments, for instance project or production organisations. The procurement people work in close cooperation with the Procurement Department and they are also responsible for, and subject to, guidelines and procedures prepared by this department. The adjustment of the purchases and procurement of particularly strategic importance to the company is always carried out centrally. Statoil's procurement policy must always reflect a uniform character irrespective of who carries out the purchases.

As the state's business organisation in the oil industry it is natural for Statoil to feel responsibility for the Norwegian language, too.

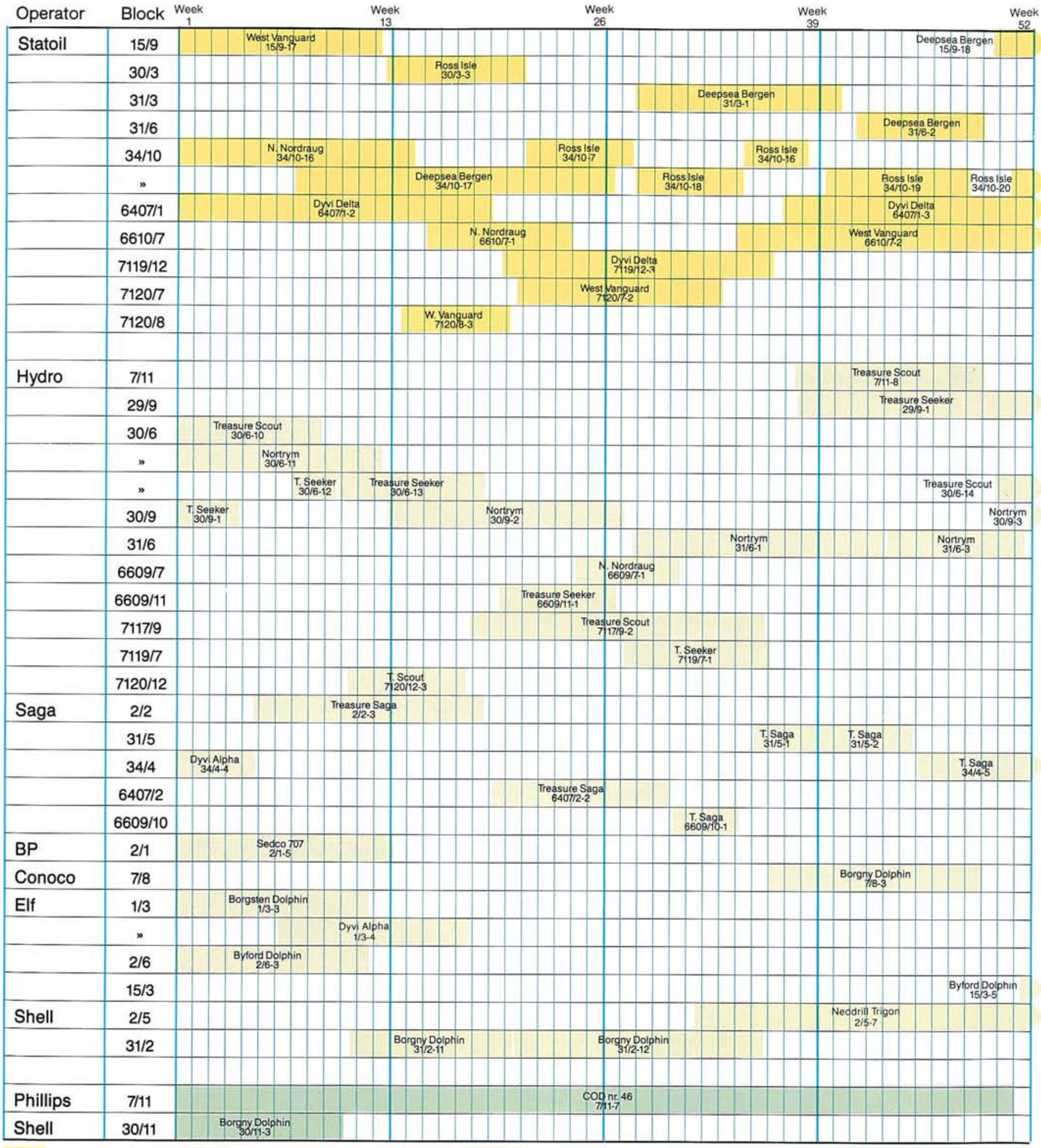
Traditionally, English is the main language in the oil industry. Strengthening Norwegian as a tool is important both in principle and practice. When conditions are adjusted to encourage Norwegian industrial participation in activities, it is often necessary to prepare documents both in English and Norwegian. From a safety point of view it is of great importance that Norwegian is used. After the initial period in the Norwegian oil industry, when foreign experts and suppliers were necessary, we are now more confident about the tasks and the terms that are used and the work of introducing Norwegian terms has started. The first contract in Norwegian for drilling in the Norwegian sector was signed by Statoil and the drilling company Morco. The standard contract for construction jobs in the Norwegian sector is also written in Norwegian. Statoil has done a great deal to contribute to this language development and it is the company's declared policy that this work shall continue.

Reserves in some important fields and areas



The reserve estimates are given in m.t.o.e. The estimates are as of 31 December 1983 and may be changed in accordance with new survey results. The Statfjord figures are new, as NGL now comes under oil, not gas. The uncertainty of the Troll estimates is indicated by circles.

Exploration and delineation wells in 1983



Operated by Statoil

Operated by others, Statoil is partner

Operated by others, Statoil is not a partner

T. Saga = Treasure Saga N. Nordraug = Neptuno Nordraug W. Vanguard = West Vanguard

Statoil's interests in licences allocated

As of March 1984

Production licence and year allocated		Block	Operator	Statoils share Ordinary	Statoils share Maximum	Type of agreem.*	Type of discovery	Field
Norwegian continental shelf								
005	- 1965	7/3	Union	10%		1	Returned in 1981	
008	- 1965	18/10, 2/6	Elf	2%		5		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	Valhall/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	15/12	Statoil	50%	75%	1	6/3 and 15/11 returned in 1982	
039	- 1974	24/9	Conoco	50%	75%	5	Returned in 1982	
040	- 1974	29/9, 30/7	Norsk Hydro	50%	66%	5	Gas/condens.	Hild
041	- 1974	35/3	Saga	50%	70%	5	Gas	
043	- 1976	29/6, 30/4	BP	50%	70%	1	Gas/condens.	
044	- 1976	1/9	Statoil	50%	75%	1	Oil/gas	Tommeliten
045	- 1976	24/11, 24/12	Statoil	50%	75%	5	Returned in 1982	
046	- 1976	15/8, 15/9	Statoil	50%	75%	5	Gas/condens.	Sleipner
047	- 1977	33/2, 33/5	Norsk Hydro	50%	66%	5	33/2 returned in 1983	
048	- 1977	15/2, 15/5	Norsk Hydro	50%	75%	5	Gas/condens., 15/2 returned in 1983	
049	- 1977	33/6	Agip	50%	70%	1		
050	- 1978	34/10	Statoil	85%	85%	5	Oil/gas	Gullfaks
051	- 1979	30/2	Statoil	50%	75%	1	Gas	Huldra
052	- 1979	30/3	Statoil	50%	75%	5	Gas	Huldra
053	- 1979	30/6	Norsk Hydro	50%	80%	5	Oil/gas	Oseberg
054	- 1979	31/2	Shell	50%	75%	5	Oil/gas	Troll
055	- 1979	31/4	Norsk Hydro	50%	75%	5	Oil	Brage
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	6507/11	Saga	50%	80%	5	Gas	
063	- 1981	7117/9	Norsk Hydro	50%	80%	5		
064	- 1981	7120/8	Statoil	50%	80%	5	Gas	Askeladden
065	- 1981	1/3	Elf	50%	80%	1		
066	- 1981	2/2	Saga	50%	80%	5	Gas/oil	
067	- 1981	2/5	Shell	50%	80%	1		
068	- 1981	2/8, 2/11	Norsk Hydro	50%	80%	5		
069	- 1981	7/8	Conoco	50%	80%	5	Oil	
070	- 1981	7/11	Norsk Hydro	50%	80%	5	Oil	
071	- 1981	8/3	Statoil	50%	80%	1		
072	- 1981	16/7	Esso	50%	80%	5	Gas/condens.	
073	- 1982	6407/1	Statoil	50%	80%	5	Gas/oil	Tyrihans
074	- 1982	6407/2	Saga	50%	80%	5	Gas	
075	- 1982	6507/10	BP	50%	80%	1		

Production licence and year allocated		Block	Operator	Statoils share Ordinary	Statoils share Maximum	Type of agreem.*	Type of discovery	Field
Norwegian continental shelf								
076	- 1982	7119/7	Norsk Hydro	50%	80%	5		
077	- 1982	7120/7	Statoil	50%	80%	5	Gas	
078	- 1982	7120/9	Norsk Hydro	50%	80%	5	Gas	
079	- 1982	30/9	Norsk Hydro	70%	70%	5	Oil	Oseberg
080	- 1982	6609/5	Statoil	50%	75%	5		
081	- 1982	6609/7	Phillips	50%	80%	1		
082	- 1982	6609/10	Saga	50%	80%	5		
083	- 1982	6609/11	Norsk Hydro	50%	80%	5		
084	- 1982	6610/7	Statoil	50%	80%	1		
085	- 1983	31/3, 31/5, 31/6	Norsk Hydro Statoil, Saga	85%	85%	5	Gas	Troll
086	- 1984	6/3,7/1	Statoil	50%	80%	5		
087	- 1984	16/4	Norsk Hydro	50%	80%	5		
088	- 1984	24/6,25/4	Total	50%	80%	5		
089	- 1984	34/7	Saga	50%	80%	5		
090	- 1984	35/11	Mobil	50%	80%	5		
091	- 1984	6406/3	Statoil	50%	80%	5		
092	- 1984	6407/6	Statoil	50%	80%	5		
093	- 1984	6407/9	Shell	50%	80%	5		
094	- 1984	6506/12	Statoil	50%	80%	5		
095	- 1984	6507/7	Conoco	50%	80%	5		
096	- 1984	7119/9	Elf	50%	80%	5		
097	- 1984	7120/6	Norsk Hydro	50%	80%	5		
098	- 1984	7120/10	Esso	50%	80%	5		
099	- 1984	7121/4	Statoil	50%	80%	5		
100	- 1984	7121/7	Statoil	50%	80%	5		
Dutch continental shelf								
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.

Survey of the Group's activities in 1983

Field, licence, company	Operator	Location	The Group's share, %	Comments
		Exploration		
14 exploration licences[1]	Statoil	Norwegian sector	50	Exploration or evaluation
		Development		
Gullfaks, 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
Oseberg, prod. licence 053	Hydro	Block 30/6	50	Oil/gas
Oseberg, prod. licence 079	Hydro	Block 30/9	70	Oil
Odin, prod. licence 030	Esso	Block 30/10	0[3]	Gas
Statfjord, prod. licence 037	Mobil	Block 33/9, 33/12	50	Oil/gas
Statpipe	Statoil	Kårstø	60	Gas transportation
Kotter, Logger, prod. licence L/16-B	Conoco	Dutch sector	7.5	Oil

Field, licence, company	Operator	Location	The Group's share, %	Comments
Production				
Statfjord, prod. licence 037	Mobil	Block 33/9, 33/12	50	Oil
Murchison, prod. licence 037	Conoco	Block 33/9	50	Oil
Frigg, prod. licence 024	Elf	Block 25/1	5	Gas
North East Frigg, prod. licence 024	Elf	Block 25/1	5	Gas.
Valhall, prod. licence 033	Amoco	Block 2/11	0[3]	Oil
Transportation				
Norpipe a.s	Separate adm.	Stavanger	50	Oil and gas transportation
Norpipe Petroleum UK Ltd.	Separate adm.	Teesside	50	Oil terminal
K/S Statfjord Transport a.s & Co.	Statoil	Stavanger	42	Crude oil transportation
Refining and marketing				
Rafinor A/S & Co.	Separate adm.	Mongstad	70	Refining
Norsk Olje a.s	Separate adm.	Oslo	73.62	Marketing
I/S Noretyl	Hydro	Bamble	33[4]	Petrochemicals
I/S Norpolefin	Saga[5]	Bamble	33⅓[5]	Petrochemicals

1) Includes Sleipner, Tommeliten, Huldra, Tyrihans and Askeladden, amongst others. 2) Statoil gets 17.5% of net income. 3) Statoil gets 10% of net income. 4) As of 1.1.1984 Statoil owns 49%. 5) As of 1.1.1984 Statoil is operator and owns 66⅔ %.

Articles of Association

Art. 1

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

Art. 2

The Company shall be situate in Stavanger.

Art. 3

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

Art. 4

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

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

Art. 5

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

Art. 6

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

Art. 7

The company shall have a Company Assembly consisting of 12 members. Members and alternates shall be elected for two years at a time. The General Meeting shall elect eight members and three alternate members for these eight. Four members and alternates for these four shall be elected by and among the employees of the Company in accordance with regulations 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 shall elect a chairman and a vice-chairman from among its members.

The Company Assembly shall hold at least two meetings annually.

Art. 8

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

Art. 9

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

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

Art. 10

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

Such matters shall be deemed to include, inter alia:

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

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

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

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

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

Art. 11

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

The Statoil headquarters at Forus in Stavanger

Den norske stats oljeselskap a.s
P.O.Box 300, N-4001 Stavanger, Norway
Telephone (04) 57 70 00. Telex 73 600 stast n
New telephone No. from September 1984: (04) 80 80 80

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