Annual Report and Accounts 1987

STATOIL

Den norske stats oljeselskap a.s

Den norske stats oljeselskap a.s

Contents

Board of Directors

Elected by the General Meeting 27 November 1987:
Chairman:
Jan Erik Langangen, Managing Director
Vice Chairman: Arnfinn Hofstad, Managing Director
Else Bugge Fougner, Supreme Court Barrister
Marit Reutz, Bank Manager
Ole Knapp, Deputy, Trade Unions Oil Cartel
Bjarne Gravdahl, Managing Director*
Lars Bakka, Legal Counsel
Tor Ragnar Pedersen, Trade Union Officer
Erling Haug, Area Licence Manager

Deputy Directors

Berit Wenaas, Personnel Director
Kjeld Rimberg, Managing Director
Jan Otto Askim, Process Technician
Åse Simonsen, Financial Analyst
Atle A. Thunes, Project Manager

* At the General Meeting 8 February 1988 Harald Norvik was replaced by Bjarne Gravdahl.

Corporate Assembly

Chairman: Per Magnar Arnstad, Managing Director
Vice Chairman: Evy Buverud Pedersen, Trade Union Secretary
Odd Bakkejord, Trade Union Secretary
Grethe Westergaard-Bjørlo, Teacher
Aud-Inger Aure, Manager
Egil Flaatin, Managing Director
Johan Nordvik, Chief Municipal Education Officer
Martha Sæter, Secretary
Bjørn Lian, Department Manager
Anne Grethe Tveiten, Planning Consultant
Per Hasler, Production Operator
Aud Tveito Ekse, Staff Engineer

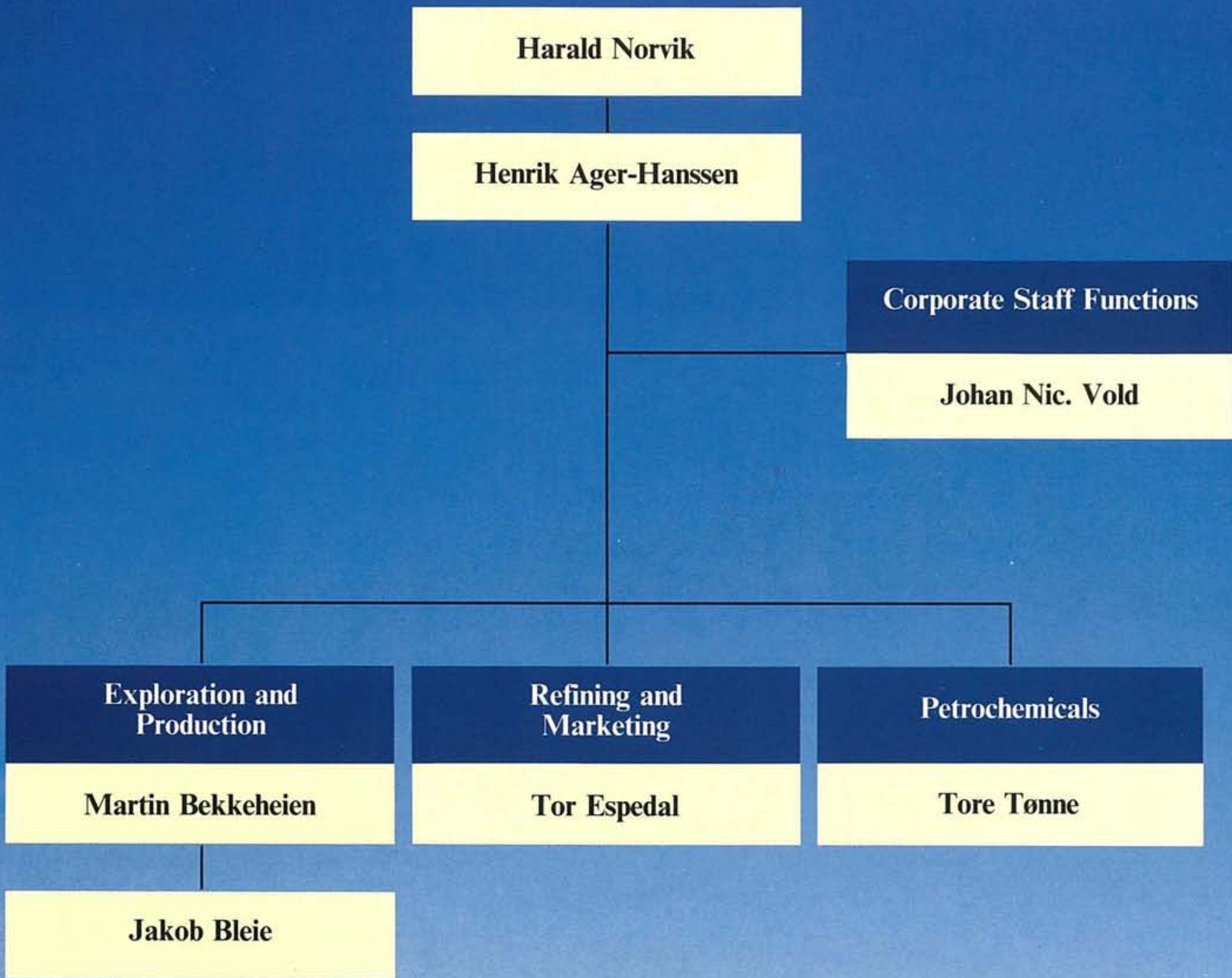
Alternate members

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

Statoil's Board of Directors: Front row, left to right: Jan Erik Langangen (chairman), Else Bugge Fougner, Marit Reutz and Arnfinn Hofstad. Second row, left to right: Lars Bakka, Tor Ragnar Pedersen, Erling Haug, Ole Knapp and Bjarne Gravdahl.

Cover photo:
Gullfaks B platform on stream

The Statoil Group



Den norske stats oljeselskap a.s - Statoil - is wholly owned by the Norwegian state. During the first half of 1988 the company reorganized its activities into three Business Units:

- Exploration and Production
- Refining and Marketing
- Petrochemicals

The Statoil Group consists of Den norske stats oljeselskap a.s - Statoil, and several subsidiaries, the most important of which are Norsk Olje a.s - Norol -, K/S Rafinor A/S, Den norske stats oljeselskap, Sverige AB and Statoil Danmark A/S. Norsk Olje a.s - Norol - handles the company's marketing of oil products in Norway. K/S Rafinor A/S is a refining company.

Den norske stats oljeselskap, Sverige AB, in Sweden, is the owner of Statoil Invest AB, which, in turn, owns the two operating companies Svenska Statoil AB and Statoil Petrokemi AB.

Statoil Danmark A/S owns the two operative companies Statoil A/S and Statoil Efterforskning og Produktion A/S.

In addition, Statoil is the owner of Statoil Netherlands B.V., involved in exploration and production; Den norske stats oljeselskap Deutschland GmbH, mainly involved in petrochemical activities; Statoil (U.K.) Ltd., involved in exploration, oil and gas trading and marketing of petrochemical products; Statoil North America Inc., involved in oil and gas trading; as well as the marketing companies for petrochemical products, Statoil France S.A. and Statoil Finland OY.

Through the subsidiary Statoil Forsikring a.s Statoil insures parts of its offshore installations.

Statoil also has a 60 per cent equity interest in Norwegian Underwater Technology Centre a.s - Nutec - which is involved in research, development and testing in connection with underwater technology and diving. Statoil also has equities in several minor supply base companies in Norway.

Highlights

Amounts in millions of NOK

Profit and Loss Account

	The consolidated companies			Statoil		
	1987	1986	1985	1987	1986	1985
Operating income	**60 822**	49 190	51 420	**42 422**	32 015	41 221
Operating profit	**7 995**	6 601	15 354	**7 825**	5 657	15 000
Net financial items	**(1 537)**	(2 391)	(132)	**(1 419)**	(2 162)	113
Profit before adjustments	**3 458**	4 210	15 222	**3 406**	3 495	15 113
(Loss)/profit for the year	**(1 534)**	1 145	2 184	**(1 460)**	1 348	2 298

Balance Sheet

	The consolidated companies			Statoil		
	1987	1986	1985	1987	1986	1985
Fixed assets	**46 300**	42 142	37 308	**43 918**	40 363	35 970
Current assets	**9 942**	8 269	8 795	**5 538**	4 254	6 467
Current liabilities	**11 269**	9 413	16 527	**7 424**	6 561	15 191
Long-term liabilities	**31 235**	27 379	18 165	**29 320**	25 490	16 354
Conditional untaxed reserves	**9 708**	8 227	6 243	**8 410**	6 804	5 607
Shareholder's equity	**3 954**	5 217	4 996	**4 302**	5 762	5 285

Other Highlights

	The consolidated companies			Statoil		
	1987	**1986**	**1985**	**1987**	**1986**	**1985**
Investments & acquisitions	**11 685**	8 427	7 650	**10 475**	7 473	7 553
Ordinary depreciation	**(4 527)**	(3 593)	(2 251)	**(3 920)**	(3 080)	(1 916)
Share capital	**2 944**	2 944	2 944	**2 944**	2 944	2 944
Total rate of return*	**12.2%**	14.6%	38%			
Rate of return on shareholder's equity (after taxes)*	**1.9%**	44.6%	72%			

Personnel

	The consolidated companies			Statoil		
	1987	**1986**	**1985**	**1987**	**1986**	**1985**
Number of omployees at 31 Dec.	**10 627**	8 471	7 055	**6 794**	4 863	4 329
Sales and social costs	**3 619**	2 584	1 940	**2 469**	1 601	1 254

* Definition page 21.

Report of the Board of Directors for 1987

The Statoil Group's operating income in 1987 was NOK 60,822 million, an increase of 23.6 per cent from 1986. Consolidated profit before extraordinary adjustments amounted to NOK 6,458 million. An extraordinary write-down of the new Mongstad refinery by NOK 3,000 million was implemented. After this write-down, taxes and year-end adjustments, the Group suffers a loss of NOK 1,534 million.

Cost overruns during the construction at the Mongstad refinery and crude oil terminal led to the replacement of Statoil's Board of Directors. The president, after deliberation with the new Board, resigned on 15 January 1988. The new president took over on 29 January 1988.

Other important events involving the Statoil Group were:
- Take-over of the Statfjord operatorship
- Start-up of the Gullfaks B platform
- Decision to develop Veslefrikk and Gyda
- Decision to make Statoil operator for the production phase of the Heidrun field on Haltenbanken
- Agreements to acquire Norsk Hydro's interests in Rafinor and Norpolefin
- Purchase of the Government's shares in Norol
- Swap agreements with Total and Elf

Market Developments

A predominant feature of the crude oil market in 1987 was frequent price fluctuations. The fixed price of 18 dollars per barrel which Opec adopted in December 1986 was the official price throughout the year. Within Opec some members produced considerably more than their quotas. No member was willing to act as a swing producer and cut its production. As a result, prices varied from 14 dollars to about 20 dollars per barrel. Statoil attained an average price of nearly 18.50 dollars per barrel during 1987. The Opec countries wish to make oil more competitive in the energy market. The official price of 18 dollars per barrel was therefore maintained in spite of the significant fall in the dollar exchange rate. Opec members also use discounts and other sales promotion measures to maintain their market share. This means that the market price for crude oil can fall significantly under official prices before the Opec countries decide to reduce their production.

Lower crude oil prices in 1987 did not result in any appreciable increase in demand for refined products. Ordinary refineries still have considerable overcapacity and low profitability. Upgraded refineries have fared somewhat better.

Western European natural gas prices are mainly linked to oil prices and was therefore generally low in 1987. Gas prices are fixed every quarter and therefore fluctuate less than oil prices.

The market for plastics raw materials, as well as profitable in this sector, has been improved considerably in recent years. Increased demand and the closure of production capacity have stabilized the market. Falling oil product prices have led to a reduction in petrochemical feedstock costs and improved profitability. Production capacity for polypropylene has been fully utilized. A restructuring of the West European petrochemical industry is in progress. Business enterprises try to strengthen their position through joint ventures and/or cooperation in selected areas.

Developments in the Norwegian Sector

As a contribution to stabilizing the oil prices, the Norwegian Government instructed the licensees to reduce the oil production in the Norwegian sector by 7.5 per cent. This production constraint was in force during most of the year and is maintained in the first half of 1988. Total oil and gas production in the Norwegian sector increased by about 10 million tonnes oil equivalent to 77.7 m.t.o.e. in 1987.

Changes in petroleum taxation during 1986, together with the companies' efforts to find more cost-effective development concepts, resulted in plans being put forward for development of several new fields in the Norwegian sector. Total investments could reach the sum of NOK 35-40 billion by 1990-1991 if all development projects are approved as planned. This is an increase over the yearly investments in recent years. Statoil acceded to the plans for the development and operation of Snorre, Brage, Heidrun and Draugen as well as the revised field development plan for Oseberg, calling for early development of the northern part of the field.

Norwegian oil production could almost be doubled between 1987 and the mid-1990s if all new field development plans are approved. Based on proven oil reserves in the Norwegian sector, this could mean that nearly 75 per cent of the known Norwegian oil reserves would be depleted by the turn of the century. Unless significant new oil deposits are discovered, the Norwegian petroleum activity after the year 2000 would be mainly concentrated on gas.

The Government has recommended to the Storting that the Snorre field be developed in accordance with the operator's plans. Other fields are recommended to be phased in at a later stage.

The Norwegian Minister of Petroleum and Energy, Arne Øien, at the official opening of the Gullfaks field on 19 June 1987.

Exploration and Production

The Statoil Group attaches great emphasis to discovering new oil deposits. In 1987 the first key blocks were awarded in the Barents Sea. Mapping of the Barents Sea is the focus of considerable interest. The wildcats completed showed only traces of hydrocarbons, but they gave information that will be valuable in the future exploration of this area. Statoil was allotted two operatorships on key blocks in the Barents Sea. The first wildcat well was spudded near the end of the year.

In 1987, new discoveries on the Norwegian Continental Shelf failed to fully compensate for annual production.

Production from Statfjord was stable, while at Gullfaks it increased as new wells were commissioned. The Gullfaks B platform came on stream on 29 February 1988, nine months before the original time schedule. It has been possible to achieve considerable cost reductions in the Gullfaks projects.

Statoil has signed agreements with the French oil companies Elf and Total to swap assets in the Norwegian sector. Statoil has relinquished interests in the Troll and Sleipner fields in return for shares in Ekofisk, the Emden and Teesside terminals and the Norwegian Frigg pipeline system.

Statoil was allotted new licences in the Netherlands, the UK and West Germany.

Transportation

The performance of the Statpipe gas transportation system has been satisfactory. Gullfaks was tied into the

Signing Statoil's equity swap agreement with Elf and Total, from left: Rolf Erik Rolfsen, Managing Director of Total Marine Norway; Martin Bekkeheien, Executive Vice President of Statoil; and Charles Prevot, Managing Director of Elf Aquitaine Norge. Behind them is Counsel Lars Bakka, Statoil.

system. Work on a new pipeline system, Zeepipe, to transport gas from Sleipner and Troll to Zeebrugge in Belgium, has continued. The Ministry of Petroleum and Energy wants an approximate balance between the ownership of the system and the amount of gas which each company will move through it. On this basis, the total state share in the system will be 70 per cent. The Board recommends that Statoil's direct financial interest should be 15 per cent. The Zeepipe system is scheduled to come on stream in 1993 when the gas deliveries from Sleipner begin.

Operators on Haltenbanken have jointly carried out comprehensive studies on bringing ashore oil and gas from fields in the area.

Refining and Marketing

During 1987, Statoil's total access to crude oil was nearly 23 million tonnes, an increase of some 18 per cent on the year before. The crude oil is mainly sold under long-term contracts to customers in Scandinavia, the Netherlands, West Germany, the United Kingdom and the USA. It is also used as feedstock in Statoil's own refineries. In the next few years, Statoil will have increasing access to crude oil. In March 1988 the new crude oil terminal at Mongstad was commissioned. It will be an important factor in the marketing of crude oil.

Statoil has increased its shares of the three Scandinavian markets for refined products. Norol had satisfactory results in 1987 and consolidated its position as the leading oil distributor in Norway. Statoil took over the Government's shares in Norol which makes the company a wholly owned subsidiary. In Denmark, Statoil has become the market leader after its acquisition of a small oil company, Calpam. Conversion of retail outlets in Sweden and Denmark to the Statoil name and logo got a favourable market reaction. Both subsidiaries increased their market share. Financial results in Sweden and Denmark were below budget expectations, mainly because of poor profit margins for refined products.

The expansion and upgrading of the refinery at Mongstad will be considerably more expensive than originally anticipated. The Board considers it most important closely to follow up the project. Critical phases remaining are the commissioning of the new process area and hooking up the new refinery to the old one. An agreement was reached with Norsk Hydro on the purchase of Hydro's share in Rafinor. This will make financial and management control of the new refinery more effective.

The Board has reviewed the investments made in the new Mongstad refinery. As a result the Board has made an extraordinary write-down of NOK 3,000 million.

After the Troll and Sleipner gas sales agreements were concluded with continental buyers in 1986, an agreement for delivery of Norwegian gas to Spain has now been reached.

Statoil has also looked into the feasibility of selling Norwegian gas to the UK, the USA and Scandinavia. There have been negotiations with Ruhrgas in connection with sales of Norwegian gas to Austria.

Petrochemicals

Production at Statoil's petrochemical plants was maintained near maximum capacity, and the Board is satisfied with the economic results for 1987. The facilities at Bamble had their best annual results since they started production 10 years ago. Statoil has signed an agreement with Norsk Hydro to purchase Hydro's interest in I/S Norpolefin at Bamble.

The official opening of Statoil's New York office. From left: Rolf Straume, Chairman of Statoil North America Inc.; a customer, R.J. Freure, Manager of Petro-Canada Productions; and General Manager Kristoffer M. Marø.

The Board attaches importance to the task of further development of Statoil's petrochemical activities.

Finances

The Statoil Group's turnover in 1987 was NOK 56,216 million. This is an increase of 23 per cent from 1986. Of this amount, NOK 44,413 million originated from foreign sales. The Group had an operating profit of NOK 7,995 million while profit before extraordinary items was NOK 6,458 million.

An extraordinary write-down of NOK 3,000 million was made on the Mongstad refinery. This will lessen the charge on the financial results in the years ahead. The impact of the write-down is a loss after adjustments of NOK 1,534 million for the Group, but it has no tax effect. Taxes for 1987 are estimated at NOK 3,318 million. The loss for Statoil is NOK 1,460 million, which the Board recommends be carried forward.

The company's president received a salary of NOK 912,060 in 1987. Remuneration to the Board of Directors and the Corporate Assembly was NOK 416,000 and NOK 117,000 respectively.

Total investments in 1987 amounted to NOK 11,685 million, compared to NOK 8,427 million in 1986.

The US dollar continued to weaken in 1987. The dollar exchange rate against the Norwegian krone fell during the year from NOK 7.42 to NOK 6.23. The average rate for 1987 was NOK 6.7448. The fall of the dollar against major international currencies was even more pronounced.

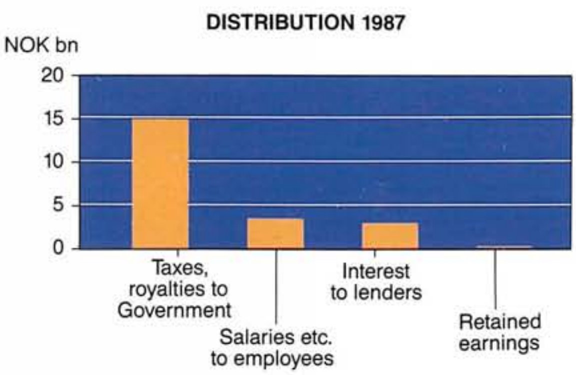
Statoil's total interest costs on long-term liabilities amounted to NOK 2,137 million in 1987. The average rate of interest was about 9 per cent.

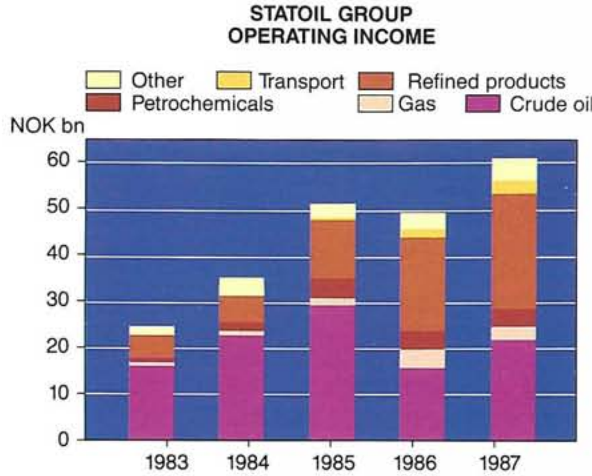
Provision for currency fluctuation reserve was reduced by NOK 935 million in 1987, and amounted to NOK 798 million at the year-end.

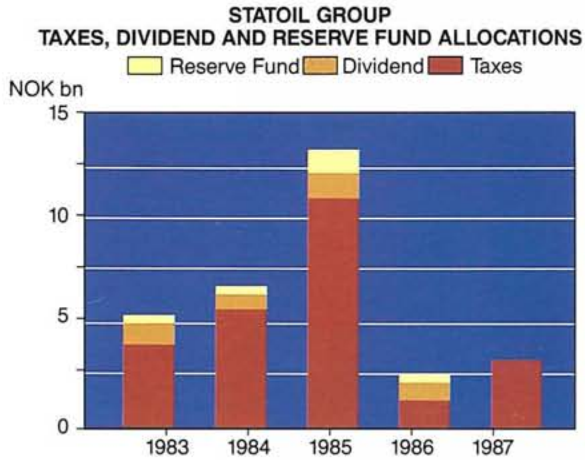
In 1987 Statoil signed long-term foreign loan agreements for a total of NOK 8,830 million. Of this amount, NOK 3,000 million represented refinancing of domestic loans in Norwegian currency which were paid

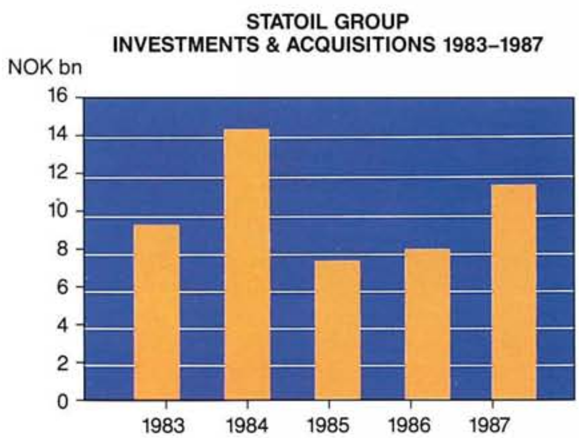
VALUE ADDED STATEMENT OF THE STATOIL GROUP

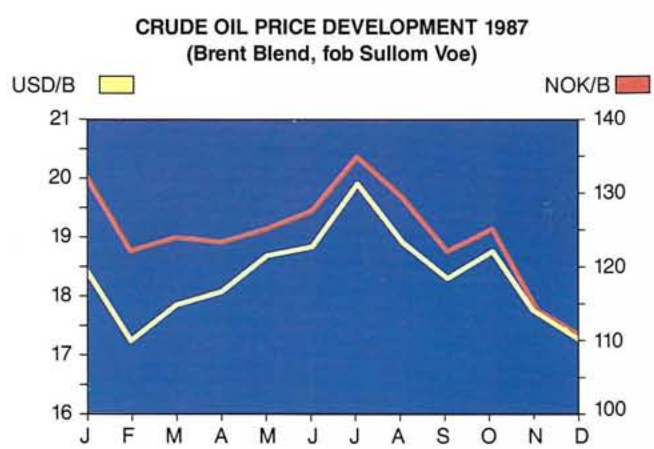
Billions of NOK	1987	1986
Operating income	60.8	49.2
- Purchased goods and services	(33.1)	(27.8)
- Ordinary depreciation	(4.5)	(3.6)
- Extraordinary write-down	(3.0)	—
+ Financial income	1.5	0.4
Total value added for distribution	21.7	18.2











off before expiry during the year. This improved the currency composition of the long-term liability portfolio, and considerably reduced interest costs.

Organization

At the end of 1987 the Group employed 10,627 people, of whom 6,794 were employed by the parent company. The acquisition of the Statfjord operatorship increased the number of employees by about 1800 people. Other manpower growth was mainly linked to the operation of new offshore installations.

The ordinary General Meeting on 30 March 1987 amended the Articles of Association so that the number of employee-elected Board members was increased from two to three.

Statoil's Board was changed in December 1987. Three of the former directors resigned because of the Mongstad issue, while the remaining three Government-appointed directors offered their resignations. The Minister of Petroleum and Energy decided to appoint new directors. The employee-elected directors will continue until the scheduled elections in 1988.

In consultation with the new Board, president Arve Johnsen relinquished his position 15 January 1988. Harald Norvik joined the company as new president.

The Board would like to express its gratitude to Arve Johnsen for his great work in building up the Statoil Group throughout its 15 years of existence.

The Company Committee and the Group's various working environment committees have dealt with a number of issues. On the Gullfaks field, field working environment committees have been established.

In 1987 Statoil strengthened its safety efforts through out the Group. An immediate objective is to halve the number of industrial injuries in two years.

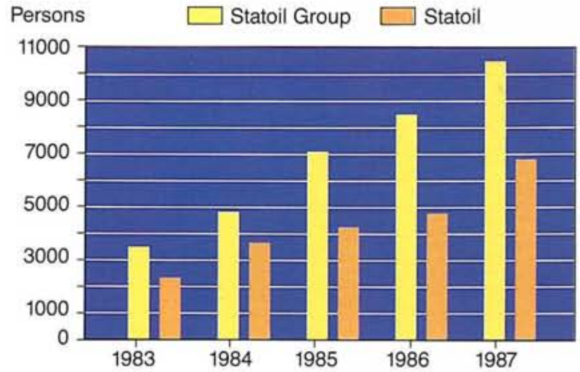
Outlook

Trends in oil prices and the dollar exchange rate are most uncertain. The last few years have seen a slight increase in the demand for crude oil. Reduced economic growth could lead to stagnation in demand in the years ahead. In the Board's opinion the oil price could remain under sustained pressure in the next few years.

The Board believes that in 1988 the company's results before extraordinary items may decline considerably because of exchange rates and falling oil prices in addition to the capital costs of the new Mongstad refinery. Statoil will meet this challenge by continuously striving to cut costs. In addition it will improve flexibility in the marketing of crude oil and refined products through use of the new Mongstad crude oil terminal and sales offices in the major markets, and by offering the market competitive terms. The Board will in 1988 review Statoil's capital structure.

The Board will closely watch the completion of the Mongstad refinery to ensure the lowest possible costs and the most efficient schedule. The Board is concerned about the future profitability of the refinery, and will continually consider steps to improve the return on investments.

The marketing of Norwegian gas, exploration for new oil reserves and improving the technology of enhanced oil recovery will have a high priority in the years ahead. The blocks in the 12th Licence Round on the Norwegian Continental Shelf have a potential for some small, but interesting discoveries, especially because new deposits may be proven close to existing infrastructure. New key blocks will be awarded in the Barents Sea later in 1988. In the Board's opinion, key blocks should still be awarded



Harald Norvik's first official act as President of Statoil was to mark the occasion of the Gullfaks B production start-up on 23 March 1988.

to clarify the prospects of making new major discoveries.

The Board has made a thorough review of the Statoil Group's organization, and will organize the Group in three distinct and independent business areas with complete profit and loss accounts and balance sheets for each one. In this way, information such as cash flow for each business area will be available. The Board considers it important to maintain the inter-relationship between the various activities of the Statoil Group. The three business areas will be:

- Exploration and Production
- Refining and Marketing
- Petrochemicals

The Board is of the opinion that the best way of organizing the business areas is within an integrated oil and gas company. In the Board's view this will offer maximum cost effectiveness and the best possible exploitation of the Group's total resources. It will also give the Board better opportunities to actively control and follow up the activities of the Group. In addition, an integrated company will provide a better financial basis for meeting the challenges of the years ahead, which may be difficult because of low oil prices and the capital costs of the Mongstad refinery.

Opec visit to the Statfjord C platform. Left, Executive Vice President Jakob Bleie of Statoil with Opec President Rilwanu Lukman. Right, Erik Himle, Permanent Secretary at the Ministry of Petroleum and Energy.

Oslo, 21 March 1988
The Board of Den norske stats oljeselskap a.s

Jan Erik Langangen
Chairman

Arnfinn Hofstad
Vice-Chairman

Else Bugge Fougner

Marit Reutz

Ole Knapp

Bjarne Gravdahl

Lars Bakka

Tor Ragnar Pedersen

Erling Haug

Profit and Loss Account

For the year ended 31 December 1987

Amounts in millions of NOK

	The consolidated companies		Statoil	
Operating income	**1987**	**1986**	**1987**	**1986**
Turnover (1)	**56 216**	45 702	**38 861**	29 409
Other income (2)	**4 606**	3 488	**3 561**	2 606
Total operating income	**60 822**	49 190	**42 422**	32 015
Operating costs				
Direct costs	**22 493**	17 821	**17 849**	11 861
Salaries and social costs	**3 619**	2 584	**2 469**	1 601
Other purchase, production, selling and administrative costs (3)	**20 552**	16 580	**8 910**	7 874
Exploration costs	**1 549**	2 025	**1 425**	1 997
Depreciation	**4 527**	3 593	**3 920**	3 080
Provision for bad debt (4)	**143**	(67)	**83**	(87)
Changes in stocks	**(56)**	53	**(59)**	32
Total operating costs	**52 827**	42 589	**34 597**	26 358
Operating profit	**7 995**	6 601	**7 825**	5 657
Financial income and financing costs				
Dividends received	**175**	123	**174**	123
Dividends from subsidiaries			**41**	11
Interest from consolidated companies			**162**	145
Interest receivable and other financial income (16)	**1 359**	320	**1 086**	152
Interest payable and other financing costs	**3 071**	2 834	**2 882**	2 593
Net financial items	**1 537**	2 391	**1 419**	2 162
Extraordinary costs (5)	**3 000**		**3 000**	
Profit before year-end adjustments	**3 458**	4 210	**3 406**	3 495
Year-end adjustments				
Year-end adjustments (6)	**1 657**	1 792	**1 756**	1 196
Taxes	**3 318**	1 255	**3 110**	951
Total	**4 975**	3 047	**4 866**	2 147
(Loss)/profit for the financial year	**(1 517)**	1 163	**(1 460)**	1 348
Minority interest share (7)	**17**	18		
Consolidated companies' share (8)	**(1 534)**	1 145		
Allocation of (loss)/profit for the financial year				
Brought forward from previous year	**495**	291	**(1)**	(2)
Legal reserve fund		478		478
Dividends		871		871
Carried forward to new account	**(2 029)**	(495)	**(1 459)**	1
	(1 534)	1 145	**(1 460)**	1 348

Balance Sheet

at 31 December 1987

Assets

FIXED ASSETS

Amounts in millions of NOK

Capital assets (14)	The consolidated companies 1987	1986	Statoil 1987	1986
Plant and offshore installations	**30 428**	32 296	**25 534**	28 194
Construction in progress	**11 453**	5 806	**11 256**	5 650
Ships	**60**	77		
Technical installations	**732**	794	**661**	754
Land and buildings	**1 419**	1 268	**1 259**	1 108
Long-term receivables and investments				
Investments in subsidiaries (11)(12)			**3 054**	2 579
Other long-term investments (13)	**595**	561	**523**	495
Long-term receivables	**1 256**	990	**111**	85
Long-term inter-company receivables			**1 520**	1 498
Unallocated excess value (12)	**357**	350		
Total fixed assets	**46 300**	42 142	**43 918**	40 363
CURRENT ASSETS				
Stocks				
Raw materials	**421**	259	**149**	37
Finished products	**1 374**	1 418	**289**	335
Short-term receivables				
Accounts receivable	**4 863**	3 626	**2 332**	1 736
Inter-company receivables			**695**	391
Other short-term receivables (10)	**2 302**	1 887	1 827	1 485
Cash and short-term deposits				
Cash , postal giro, bank deposits (9)	**982**	1 079	**246**	270
Total current assets	**9 942**	8 269	**5 538**	4 254
Total assets	**56 242**	50 411	**49 456**	44 617

Balance Sheet

at 31 December 1987

Liabilities and shareholder's equity

	Amounts in millions of NOK The consolidated companies		Statoil	
Current liabilites	**1987**	**1986**	**1987**	**1986**
Short-term bank loans and overdrafts	**347**	300	**78**	3
Withholding taxes and social security	**1 352**	1 244	**259**	239
Accrued interest	**659**	505	**638**	474
Provision for dividend		886		871
Accounts payable	**2 320**	2 086	**1 493**	1 274
Inter-company payables			**102**	38
Taxes payable		34		31
Accrued taxes	**1 727**	575	**1 513**	279
Other current liabilities	**4 864**	3 783	**3 341**	3 352
Total current liabilities	**11 269**	9 413	**7 424**	6 561
Long-term liabilities (15)				
Export credits	**1 374**	1 786	**1 374**	1 786
Bank loans	**12 119**	11 501	**11 565**	10 761
Bonds and notes outstanding	**12 342**	8 246	**12 299**	8 192
Loans from the Norwegian Government	**2 329**	2 329	**2 329**	2 329
Currency fluctuation reserve (16)	**813**	1 774	**798**	1 733
Other long-term liabilities (17)	**1 785**	1 284	**955**	689
Deferred taxes (18)	**473**	459		
Total long-term liabilities	**31 235**	27 379	**29 320**	25 490
Conditional untaxed reserves (19)				
Accelerated tax depreciation on fixed assets	**8 712**	7 099	**8 300**	6 777
Other reserves	**996**	1 128	**110**	27
Total untaxed reserves	**9 708**	8 227	**8 410**	6 804
Minority interests (20)	**76**	**175**		
Shareholder's equity				
Restricted shareholder's equity				
Share capital 29,435,000 shares at NOK 100 each	**2 944**	2 944	**2 944**	2 944
Legal reserve fund	**2 817**	2 817	**2 817**	2 817
Unrestricted shareholder's equity				
Brought forward from profit and loss account	**(2 029)**	(495)	**(1 459)**	1
Currency gain/loss shareholder's equity	**222**	(49)		
Total shareholder's equity	**3 954**	5 217	**4 302**	5 762
Total liabilities and shareholder's equity	**56 242**	50 411	**49 456**	44 617
Guarantees (21)	**194**	285	**149**	240
Secured liabilities (15)	**419**	286		

Statement of Accounting Policies

The consolidated financial statements are based on the same accounting policies as those applied to the parent company. Companies included in the consolidated statements and Statoil's percentage interests therein are listed in note 11 to the financial statements.

During 1987, Statoil agreed with Elf and Total to swap participating interests in the Troll, Sleipner and Ekofisk fields, as well as the Frigg Transport gas transportation system. The agreements have retrospective effect from 1 January 1987, subject to governmental approval by 31 March 1988. The figures in the 1987 accounts reflect the effects of these swap agreements.

In connection with the unitization of the Troll field, Statoil has applied to the Ministry of Finance for exemption from the requirement to capitalize for tax purposes previously incurred exploration costs included in the unitization settlement. The application was made with reference to Section 10 of the Petroleum Tax Act. The accounts for 1987 assume the Ministry's approval of the application (see Note 6).

Since the reorganization in 1985 of the Norwegian Government's financial participation in the petroleum industry, only Statoil's financial interest in the various fields is included in the company's profit and loss account and balance sheet.

Accounting Policies

Expensed items
- Expenditure related to licences in the exploration phase.
- Expenditure on research, special studies and development projects.
- Interest and other financing expenditure.
- Capitalized value of unpaid pension liabilities.

Capitalized items
- Expenditure incurred by the project organizations of fields under development.
- Field expenditure incurred after approval of Development and Production Plan.

Depreciation
Ordinary depreciation on oil and gas production installations is accounted for under each individual field or transportation system in accordance with the unit of production method. Remaining reserves are reduced by a safety margin of 15 per cent.

Ordinary depreciation on other installations is calculated on the basis of their economic life expectancy.

The difference between ordinary depreciation and maximum tax depreciation is shown as accelerated tax depreciation.

Foreign Currency
Items in foreign currency are translated into Norwegian kroner (NOK) as follows:

- Income, expenditure and fixed assets are recorded at the rate of exchange prevailing at the date of transaction/acquisition.
- Current assets and current liabilities are translated at the rate of exchange prevailing on 31 December.
- Long-term liabilities and long-term receivables are translated at the exchange rates prevailing when the loans were drawn and the claims arose. If the debt calculated by reference to rates of exchange as at 31 December is greater than the respective book debt for each currency, provision is made for unrealized currency loss. Currency gains are recognized as income only when such gains are realized in connection with the repayment of debt, or to the extent that unrealized gains represent a reversal of previously provided unrealized losses.
- Unrealized currency losses in connection with forward buying are included in the balance sheet as short-term liabilities.
- In cases where the company has entered into currency swap agreements, the calculations of average exchange rate at drawdown and allocation to the currency fluctuation reserve have been based on open foreign exchange positions.

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

Accrued Taxes
Stocks of crude oil are recorded at production cost but, under the Petroleum Tax Act, are valued for tax purposes at a "norm" price. Future taxes which will arise as a result of this timing difference are accrued to obtain agreement between realized income and net estimated taxes as shown in the profit and loss account.

Royalty Oil
Statoil buys at a "norm price" from the Norwegian Petroleum Directorate all oil received by the Government as royalty in kind from fields in the Norwegian sector of the Continental shelf. Statoil includes the costs of purchase and proceeds of sale of this royalty oil in its operating costs and operating income.

Partnerships and Limited Partnerships
Statoil's share of the income, expenditure, assets and liabilities of partnerships and limited partnerships in which it has an interest are included in the company's profit and loss account and balance sheet under the appropriate headings. The consolidated financial statements include limited partnerships which are directly or indirectly owned more than 50% by Statoil.

Consolidation
- Share capital (and pre-acquisition reserves) of subsidiaries are eliminated against the cost of investment in Statoil's books. Any excess of purchase price over book value is assigned to the relevant assets and depreciated accordingly. Calculation of excess value takes account of deferred taxes.
- As from 1987, foreign subsidiaries are consolidated in accordance with the rate of exchange prevailing on 31 December. Currency gain/loss on shareholder's equity is shown under shareholder's equity as a separate item in the balance sheet, and is not reflected in the profit and loss account.
- Inter-company current accounts, sales, gains and other inter-company transfers are eliminated in the consolidated balance sheet and the consolidated profit and loss account.

Notes to the Financial Statements for 1987

1. Turnover is analysed as follows :

Amounts in millions of NOK	The consolidated companies 1987	1986	Statoil 1987	1986
Crude oil	**22 697**	16 931	**25 287**	18 419
Transport income	**2 773**	1 590	**2 773**	1 590
Gas	**2 635**	2 983	**3 167**	3 186
Refined products	**24 686**	20 699	**6 063**	4 782
Petrochemical products	**3 425**	3 499	**1 571**	1 432
Total turnover	**56 216**	45 702	**38 861**	29 409
Abroad				
Crude oil	**20 070**	14 214	**21 556**	14 758
Gas	**2 585**	2 983	**3 117**	3 186
Refined products	**18 864**	15 552	**4 881**	3 720
Petrochemical products	**2 894**	2 861	**1 040**	794
Total sales abroad	**44 413**	35 610	**30 594**	22 458

2. Other income includes personnel services at NOK 2,695 million, other services at NOK 1,524 million, rental income at NOK 378 million, and sale of seismic data at NOK 9 million.

3. This item includes royalties amounting to NOK 2,283 million, and NOK 9,019 million in petrol tax.

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

5. Capital investments in the Mongstad project have been subject to an extraordinary write-down by NOK 3,000 million in accordance with Section 11-10, subsection 3 of the Norwegian Companies Act.

6. Year-end adjustments comprise (in millions of NOK):

	The consolidated companies	Statoil
Accelerated tax depreciation (19) *	1 613	1 523
Change in stock reserve	(290)	18
Pension premium fund	150	150
Consolidation fund	101	65
Investment fund	93	
Deferred taxes	16	-
Other funds	(26)	
	1 657	1 756

* Including NOK 451 million accelerated tax depreciation related to the unitization of the Troll field. This depreciation has been effected in accordance with an application to the Ministry of Finance with reference to Section 10 of the Petroleum Tax Act.

7. Minority interest shares:

26.38% of the profit of NOK 83.8 million in Norsk Olje a.s	22.1 million
36.84% of the profit of NOK 1.7 millon in Andenes Helikopterbase a.s	0.6 million
36.67% of the loss of NOK 2.5 million in Sørøysund Eiendomsselskap a.s	(0.9) million
40% of the loss of NOK 11.8 million in Nutec a.s	(4.7) million
	17.1 million

8. The consolidated profit and (loss) for 1987 (in millons of NOK):

	1987	1986
Statoil	**(1 460)**	1 348
Statoil Sweden	**104**	(273)
Statoil Denmark	**(151)**	3
Norsk Olje a.s	**84**	98
Statoil Netherlands B.V.	**9**	(15)
Other subsidiaries	**(21)**	(19)
	(1 435)	1 142
Inter-company dividends	**(41)**	(11)
Consolidated companies' eliminations	**(41)**	32
	(1 517)	1 163
- Minority interest share	**(17)**	(18)
Consolidated companies' share	**(1 534)**	1 145

9. Short-term deposits include a total of NOK 53 million of employee income tax withheld. The corresponding amount for the consolidated companies is NOK 70 million.

10. This item includes NOK 60 million in receivables from employees.

11. Investments in subsidiaries:

Amounts in thousands	Book value		Par value	Ownership interest		Total company share capital
Norsk Olje a.s	691 500		290 000	100%		290 000
Rafinor A/S	3 000		3 000	30%		10 000
Sørøysund Eiendomsselskap a.s	9 500		9 500	63.33%		15 000
Andenes Helikopterbase a.s	3 000		3 000	63.16%		4 750
Statoil Forsikring a.s	100 000		100 000	100%		100 000
Nutec	18 000		18 000	60%		30 000
Statoil Netherlands B.V.	107 825	NLG	33 000	100%	NLG	33 000
Statoil Danmark A/S	1 081 864	DKK	1 174 944	100%	DKK	391 848
Den norske stats oljeselskap, Sverige AB	1 015 482	SEK	800 050	100%	SEK	800 050
Statoil Finland OY	64	FIM	50	100%	FIM	50
Statoil France S.A.	227	FRF	250	100%	FRF	250
Statoil (U.K.) Ltd	98	GBP	10	100%	GBP	10
Den norske stats oljeselskap Deutschland GmbH	23 233	DEM	6 900	100%	DEM	6 900
Statoil North America Inc.	96	USD	15	100%	USD	15
	3 053 889					

As Norsk Olje a.s owns 40 per cent of the shares in the partnership of Rafinor A/S, the consolidated share is 70 per cent. The consolidated companies have an ownership share of 164/230 in Rafinor A/S, which is also included in the consolidated profit and loss account.

12. Excess book value relating to the purchase of subsidiaries, as at 31.12.87:

	Excess value as at 31.12.87
Shares in Norsk Olje a.s	322
Shares in Statoil Invest AB	1 192
Shares in Statoil A/S (Denmark)	679
Total	2 193

Of the excess value recorded in Statoil A/S (Denmark) as at 31.12.87, NOK 357 million has been included under fixed assets as unallocated excess value.

13. The investments are:

Amounts in thousands NOK, unless otherwise stated	Book value		Par value	Ownership interest		Total company share capital
Norpipe a.s	390 000		390 000	50%		780 000
Coast Center Base A/S	53		53	50%		105
Statfjord Transport a.s	420		420	42.04%		1 000
Vestbase a.s	400		400	40%		1 000
Norbase a.s	160		160	40%		400
Botnaneset Industriselskap A/S	3 000		3 000	18.5%		16 200
Norpipe Petroleum UK Limited	95 751	GBP	6 250	50%	GBP	12 500
Helgelandsbase a.s	5 000		5 000	50%		10 000
Basetec A/S	15 000		15 000	33.3%		45 000
Norsea Gas A/S	567		567	2%		25 000
Norsea Pipeline Ltd.	12 085	GBP	404	2%	GBP	20 189
Norland GmbH	151	DEM	38	2%	DEM	1 900
Norsea Gas GmbH	492	DEM	100	2%	DEM	5 000
	523 079					

The shares are recorded at cost. The subsidiaries own a number of small blocks of shares in other companies amounting to a total book value of NOK 72 million. The consolidated companies' total book value of shares thus amounts to NOK 595 million

Statoil also has the following shares in partnerships and limited partnerships:

Statpipe	60%
I/S Norpolefin	66 2/3%
I/S Noretyl	49%
I/S Gullfaks Transport	* 12%
K/S Statfjord Transport a.s & Co.	42.04661%
K/S Coast Center Base A/S & Co.	49.75%
Kårstø Metering & Technology Laboratory	66 2/3%

* Statoil's financial interest

14. Capital assets:

Amounts in millions of NOK	Cost as at 1 Jan. 87	Addition during the year	Disposed of during the year	Accumulated deprec. as at 31 Dec.87	Extraordinary write-down	Net book value 31 Dec.87
Statoil:						
Plants and offshore installations	37 254	995		(12 715)		25 534
Construction in progress	5 600	8 882	(226)		(3 000)	11 256
Technical innstallations	1 331	205	(84)	(791)		661
Land and buildings	1 309	112	(19)	(143)		1 259
	45 494	10 194	(329)	(13 649)	(3 000)	38 710
The consolidated companies:						
Plants and offshore installations	44 931	2 118	(153)	(16 468)		30 428
Construction in progress	5 765	8 914	(226)		(3 000)	11 453
Ships	179			(119)		60
Technical installations	1 460	262	(89)	(901)		732
Land and buildings	1 467	128	(22)	(154)		1 419
	53 802	11 422	(490)	(17 642)	(3 000)	44 092

See note 19 for accelerated tax depreciation.

Expenditure on additions and proceeds of sale of fixed assets during the last five years:

	Plants & offshore install.	Constr. in progress	Ships	Techn. install-ations	Land & buildings	Total
Statoil:						
1983	996	8 222		156	128	9 502
1984	1 219	12 252		154	356	13 981
1985						
Additions	2 340	2 488		326	252	5 406
Sale		(9 082)				(9 082)
1986						
Additions	1 737	3 788		368	118	6 011
Sale	(107)			(11)	(43)	(161)
1987						
Additions	995	8 882		205	112	10 194
Sale		(226)		(84)	(19)	(329)
The consolidated companies						
1983	1 232	8 222	1	162	129	9 746
1984	1 456	12 205		160	377	14 198
1985						
Additions	2 737	2 502	1	344	271	5 855
Sale		(9 082)				(9 082)
1986						
Additions	2 402	3 843	4	393	143	6 785
Sale	(178)			(17)	(45)	(240)
1987						
Additions	2 118	8 914		262	128	11 422
Sale	(153)	(226)		(89)	(22)	(490)

Net book value of above consolidated fixed assets analysed by area of activity:

Amounts in millions of NOK	Net book value as at 1 Jan.87	Additions in 1987	Disposed of in 1987	Ordinary depre-ciation in 1987	Extra-ordinary write-down	Net book value as at 31 Dec.1987
Exploration & prod.	22 075	4 183	(266)	(2 577)		23 415
Transportation	10 645	537	(2)	(1 144)		10 036
Refining & marketing	6 328	6 617	(92)	(507)	(3 000)	9 346
Petrochemical	1 459	85	(1)	(248)		1 295
	40 507	11 422	(361)	(4 476)	(3 000)	44 092

In addition to ordinary depreciation on fixed assets, depreciation in the profit and loss account also contains depreciation on unallocated excess value of NOK 51 million.

15. Long-term debt of the consolidated companies analysed by currency:

Amounts in millions	Long term debt	Currency swap agreem.	Currency position	Average rate of exchange	Book value NOK
Norwegian kroner (NOK)	7 828	(336)	7 492		7 492
U.S.Dollar (USD)	2 071	299	2 370	6.70	15 890
Deutsche Mark (DEM)	541	222	763	358.02	2 731
Japanese Yen (JPY)	52 620	(23 640)	28 980	3.92	1 136
French Franc (FRF)	1 181	(740)	441	104.77	463
Swiss Franc (CHF)	250	(100)	150	442.42	664
Pound Sterling (GBP)	60		60	10.96	658
Danish kroner (DKK)	485	(200)	285	91.23	260
European Currency Unit (ECU)	50		50	7.90	395
Swedish kronor (SEK)	242		242	107.52	260
Deferred taxes					473
Currency fluctuation reserve					813
					31 235

Of the subsidiaries' domestic long-term debt, NOK 26 million is secured on vessels with a book value of NOK 25 million, and NOK 320 million is secured on installations, land, and buildings with a book value of NOK 642 million. A further amount of NOK 2 million is secured by Statoil's Swedish operations.

The unused portion of long-term loan agreements translates to approximately NOK 540 million.

16. In 1987 the Statoil currency fluctuation reserve was reduced by NOK 935 million. The amount has been included in the profit and loss account as financial income. The corresponding figure for the consolidated companies is NOK 961 million.

17. Other long-term debt includes capitalized value of uncovered pension commitments of NOK 53 million. A discount rate of 4% is applied.

18. In connection with the consolidation of Den norske stats oljeselskap, Sweden and Statoil Denmark, untaxed reserves, at the time of acquisition have been split between shareholder's equity and deferred taxes. Estimated deferred taxes are NOK 473 million, of which NOK 341 million refer to Statoil's Swedish operations and NOK 132 million to Statoil A/S in Denmark.

19. Accelerated tax depreciation on fixed assets (refer also to note 14):

Amounts in millions of NOK	**Accumulated at 1.1.87**	**Changes 1987**	**Accumulated at 31.12.87**
Plants and offshore installations	6 277	699	6 976
Construction in progress	256	911	1 167
Land and buildings	27	(12)	15
Technical installations	217	(75)	142
Statoil total	6 777	1 523	8 300
Statoil, Sweden	65	40	105
Norol	205	17	222
Statoil, Denmark	14	30	44
Other subsidiaries	38	3	41
The consolidated companies	7 099	1 613	8 712

Other reserves comprise:

Amounts in millions of NOK	The consolidated companies		Statoil	
	1987	1986	1987	1986
Investment fund	**345**	252		
Stock reserves	**320**	600	**45**	27
Consolidation fund	**209**	108	**65**	
Other funds	**122**	168		
Total other reserves	**996**	1 128	**110**	27

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

	1987	**1986**
Minority interests 1 Jan.	**176**	172
Reduced minority interests Norol	**(117)**	
Share in annual net income	**17**	18
Share in dividends accrued		(15)
Minority interests 31 Dec.	**76**	175

21. Together with the other partners in I/S Noretyl and I/S Norpolefin, Statoil is jointly liable for the debt incurred in the names of the partnerships. This comprises mainly accounts payable of approximately NOK 137 million in addition to Statoil's previous book share.

Statoil has guaranteed Statoil Netherlands B.V.'s long-term liability to a maximum of USD 18 million. At the year-end an amount equal to NOK 12 million had been drawn.

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

Site restoration and removal costs
Under the licence terms the authorities may order the licencees to remove the offshore facilities after production has permanently ceased. The General Meeting has decided that Statoil will make no annual provision in the financial statements for the company's share of estimated site restoration and removal costs. The amount of such costs will depend upon the requirements to be imposed by the public authorities with respect to removal of fixed installations, pipeline systems etc.

Based on the unit of production method and the current level of prices, Statoil has estimated the company's share of potential removal costs to be of the order of NOK 350 million. This estimate is based on full removal of all fixed installations, apart from pipeline systems.

Liability and insurance
In connection with the company's offshore operations, including transportation, Statoil has, like all other licence owners in the Norwegian sector, unlimited liability for possible claims for damages. The company has taken out insurance for this liability up to a total of approximately NOK 1,300 million for each incident. Liability for claims arising from pollution damage is limited to a total maximum of around NOK 850 million. Statoil's assets are insured at their estimated replacement value.

Charter parties
Statoil had at 31 December 1987 signed charter parties for four drilling rigs. The remaining periods of hire vary from one to seven years. In addition, Statoil has chartered eight supply vessels and standby vessels to service these rigs.

Partnerships and Limited Partnerships
As a party to various partnerships, Statoil is jointly responsible together with the other partners for agreements signed by the partnerships.

Under the accounting agreements of the partnerships in which Statoil has an interest the partners are entitled to audit the operators' accounts within two years after the end of the financial year. Any corrections resulting from such audits will, in Statoil's books, be made in future years.

Consolidated operating profit by area of activity

Amounts in millions of NOK	Operating income		Operating costs		Operating profit	
	1987	1986	1987	1986	1987	1986
Exploration and production	**20 268**	17 152	**(15 111)**	(13 033)	**5 157**	4 119
Transportation	**4 387**	3 084	**(2 172)**	(1 746)	**2 215**	1 338
Refining and marketing	**49 001**	39 750	**(48 952)**	(38 729)	**49**	1 021
Petrochemical activities	**3 718**	3 687	**(3 144)**	(3 564)	**574**	123
Inter-company transfer	**(16 552)**	(14 483)	**16 552**	14 483		
Total	**60 822**	49 190	**(52 827)**	(42 589)	**7 995**	6 601

Consolidated operating profit/(loss) by area of activity - foreign operations

Amounts in millions of NOK	Operating income		Operating costs		Operating profit/(loss)	
	1987	1986	1987	1986	1987	1986
Exploration and production	**172**	122	**(419)**	(275)	**(247)**	(153)
Transportation			**(9)**		**(9)**	
Refining and marketing	**15 684**	13 484	**(15 863)**	(13 196)	**(179)**	288
Petrochemical activities	**2 169**	2 121	**(1 849)**	1 864	**320**	257
Inter company transfers	**(50)**	(55)	**50**	55		
Total	**17 975**	15 672	**(18 090)**	(15 280)	**(115)**	392

Consolidated result before adjustments by area of activity

Amounts in millions of NOK	Operating Result		Allocated net financial items[1]		Extra-ordinary costs	Result before adjustments	
	1987	1986	1987	1986	1987	1987	1986
Exploration and production	**5 157**	4 119	**(863)**	(1 336)		**4 294**	2 783
Transportation	**2 215**	1 338	**(233)**	(593)		**1 982**	745
Refining and marketing	**49**	1 021	**(388)**	(370)	**(3 000)**	**(3 339)**	651
Petrochemical activities	**574**	123	**(53)**	(92)		**521**	31
Total	**7 995**	6 601	**(1 537)**	(2 391)	**(3 000)**	**3 458**	4 210

Consolidated result before adjustments by area of activity - foreign operations

Amounts in millions of NOK	Operating result		Allocated net financial items¹)		Result before adjustments	
	1987	1986	1987	1986	1987	1986
Exploration and production	**(247)**	(153)	**(7)**	(11)	**(254)**	(164)
Transportation	**(9)**				**(9)**	
Refining and marketing	**(179)**	288	**(58)**	(128)	**(237)**	160
Petrochemical activities	**320**	257	**(14)**	(34)	**306**	223
Total	**(115)**	392	**(79)**	(173)	**(194)**	219

1) Net financial items are allocated on areas of activity in accordance with the following policy:
- Dividends received are credited directly to the individual area of activity.
- Other net financial items are allocated on the basis of the Group's average capital employed in fixed assets within the individual area of activity.

Financial ratio analysis of the consolidated companies

	1987	1986	Definition
Net operating margin	**13.1%**	13.4%	Operating profit / Operating income
Gross profit margin	**5.7%**	8.6%	Profit before year-end adjustments / Operating income
Rate of return (before taxes)	**12.2%**	14.6%	Profit before year-end adjustments + financial costs / Average total capital
Rate of return on Shareholder's equity (after taxes)	**1.9%**	44.6%	Profit before year-end adjustments less taxes / Average shareholder's equity

Profit and loss accounts of the major subsidiaries

Amounts in millions of NOK	Norsk Olje a.s	Svenska Statoil AB	Statoil Petrokemi AB	Statoil A/S (Denmark)
Operating income	6 289	6 816	1 774	8 950
Operating costs	(5 906)	(6 595)	(1 399)	(8 819)
Depreciation	(176)	(53)	(42)	(93)
Total operating costs	(6 082)	(6 648)	(1 441)	(8 912)
Operating profit	207	168	333	38
Net financial items etc.	(55)	(104)	11	11
Profit before year-end adjustments	152	64	344	49

The three retail marketing companies Norsk Olje a.s, Svenska Statoil AB and Statoil A/S (Denmark) are included in the Refining and Marketing area of activity. In the same area of activity also crude oil distribution, refining and depreciation of excess book values are included (Note 12). The financial results of the above subsidiaries are therefore not comparable with that of the Refining and Marketing area of activity.

Value added statement

Amounts in millions of NOK	The consolidated companies 1987		1986	
Operating income	**60 822**		49 190	
- purchased goods and services used	**(33 086)**		(27 764)	
= gross value added from own activities	**27 736**		21 426	
- ordinary depreciation	**(4 527)**		(3 593)	
- extraordinary depreciation	**(3 000)**			
= net value added from own activities	**20 209**		17 833	
+ financial income	**1 537**		443	
= value added from own activities	**21 746**		18 276	
= total value added	**21 746**		18 276	
Which was utilized as follows:				
EMPLOYEES				
Gross salaries and social benefits	**3 619***	**16.6%**	2 584*	14.1%
CAPITAL INVESTORS				
Interest to lenders	**3 071**	**14.1%**	2 834	15.5%
Dividend to Government			871	4.8%
CENTRAL & LOCAL GOVERNMENT				
Royalties, taxes, petrol tax, etc.	**14 967**	**68.9%**	9 903	54.2%
THE COMPANY				
Retained earnings	**89**	**0.4%**	2 084	11.4%
Total value added	**21 746**	**100.0%**	18 276	100.0%
* Including income tax withheld	**913**		614	

Source and application of funds

Amounts in millions of NOK	The consolidated companies 1987	1986	Statoil 1987	1986
Source of funds:				
Profit before year-end adjustments	**3 458**	4 210	**3 406**	3 495
Ordinary depreciation	**4 527**	3 593	**3 920**	3 080
Extraordinary write-down plant under construction	**3 000**		**3 000**	
Reduced minority interest	**117**			
Currency fluctuation reserve	**(961)**	112	**(935)**	133
Taxes payable	**(3 318)**	(1 255)	**(3 110)**	(951)
Deferred tax	**16**	205		
Dividend		(886)		(871)
Pension Premium fund	**(150)**		**(150)**	
Total own financing	**6 689**	5 979	**6 131**	4 886
New long-term loans	**6 020**	10 148	**5 480**	9 768
TOTAL SOURCE OF FUNDS	**12 709**	16 127	**11 611**	14 654
Application of funds:				
Investments in fixed assets	**11 685**	8 427	**10 475**	7 473
Repayment of long-term loans	**1 207**	1 112	**715**	764
Change in working capital	**(183)**	6 588	**421**	6 417
TOTAL APPLICATION OF FUNDS	**12 709**	16 127	**11 611**	14 654
Components of change in working capital				
Cash and short-term deposits	**(97)**	(205)	**(24)**	(698)
Short-term receivables	**1 652**	(495)	**1 242**	(1 353)
Stocks	**118**	174	**66**	(162)
Current liabilities	**(1 856)**	7 114	**(863)**	8 630
Change in working capital	**(183)**	6 588	**421**	6 417

Auditors' Report for 1987

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

We have audited the accounts for 1987 in accordance with generally accepted auditing standards. We have also audited the consolidated accounts for 1987.
As explained in note 21 to the financial statements, no provision has been made for Statoil's estimated share of offshore site restoration and removal costs. Statoil has estimated the company's maximum share of possible site restoration and removal costs accrued at 31 December 1987 to be of the order of NOK 350 million.
Except for the effect of this matter, the annual accounts for Statoil and its subsidiaries are in compliance with the Norwegian Companies Act, and in our opinion they give a true and fair view of the annual result of Statoil and its subsidiaries in agreement with generally accepted accounting principles.
The Board's proposed application of the net loss complies with the requirements of the Norwegian Companies Act.
The profit and loss statement and the balance sheet submitted for Statoil and its subsidiaries may be adopted as the accounts of Statoil and the Statoil Group for 1987.

Stavanger, 18 March 1988
KPMG Norsk Revisjon a.s

Karl-Johan Endresen

Karl-Johan Endresen
State Authorized Public
Accountant (Norway)

Ole M. Klette

Ole M. Klette
State Authorized Public
Accountant (Norway)

Recommendation from the Corporate Assembly

to the General Meeting regarding the annual report and accounts for 1987.

At its meeting on 18 March 1988 Statoil's Corporate Assembly discussed the annual report of the Board of Directors and the annual accounts of Den norske stats oljeselskap a.s and the Statoil Group.
The Corporate Assembly recommends that the General Meeting approve the annual report submitted, and fix the annual accounts in accordance with the draft presented by the Board of Directors.

The subject matter to be presented to the General Meeting.

Oslo, 18 March 1988
Per Magnar Arnstad
Chairman, Corporate Assembly

Reserves and production - Statoil's shares

Producing fields	Statoil's financial share %	Statoil's financial share of: Total reserves in place	Accu. prod. as at 1.1.87	Total production 1987	Total remaining reserves 31.12.87
STATFJORD	42.04661				
Oil, mill. Sm^3		203.0	63.8	17.8	121.4
Dry gas, bn. Sm^3		24.7	1.7	1.6	21.4
NGL, mill. tonnes		7.7	0.6	0.6	6.5
MURCHISON	11.1				
Oil, mill. Sm^3		6.0	4.2	0.2	1.6
Dry gas, bn. Sm^3		0.1	0.1	0.0	0.0
NGL, mill. tonnes		0.2	0.1	0.0	0.1
FRIGG	3.041				
Dry gas, bn. Sm^3		5.0	4.1	0.4	0.5
NORTH-EAST FRIGG	2.1				
Dry gas, bn. Sm^3		0.2	0.1	<0.1	<0.1
GULLFAKS	12.0				
Oil, mill. Sm^3		25.2	<0.1	0.5	24.7
Dry gas, bn. Sm^3		1.7	0.0	<0.1	1.7
NGL, mill. tonnes		0.3	0.0	<0.1	0.3
HEIMDAL	20.0				
Condensate, mill. Sm^3		0.9	<0.1	0.1	0.8
Dry gas, bn. Sm^3		6.6	0.4	0.7	5.5
ULA	12.5				
Oil, mill. Sm^3		5.0	0.1	0.6	4.3
Dry gas, bn. Sm^3		0.3	-	<0.1	0.3
NGL, mill. tonnes		0.2	-	<0.1	0.2
EKOFISK	1.0				
Oil, mill. Sm^3		1.2	-	<0.1	1.2
Dry gas, bn. Sm^3		1.1	-	<0.1	1.1
NGL, mill. tonnes		0.1	-	<0.1	0.1
THE NETHERLANDS					
Oil, mill. Sm^3		0.8	0.2	0.1	0.5
CHINA					
Oil, mill. Sm^3		0.1	<0.1	<0.1	<0.1
TOTAL					
Oil/condensate, mill. Sm^3		242.2	68.5	19.1	154.6
Dry gas, bn. Sm^3		38.7	6.4	2.9	29.4
NGL, mill. tonnes		8.5	0.7	0.7	7.1

Fields under development	Statoil's financial share %	Statoil's financial share of: Total reserves in place	Accu. prod. as at 1.1.87	Total production 1987	Total remaining reserves 31.12.87
OSEBERG	14.0				
Oil, mill. Sm^3		27.6			
Condensate, mill. Sm^3		0.8			
[1]) Dry gas, bn. Sm^3		12.9			
TOMMELITEN	28.26				
Dry gas, bn. Sm^3		5.1			
Condensate, mill. Sm^3		2.3			
VESLEFRIKK	18.0				
Oil, mill. Sm^3		6.5			
Dry gas, bn. Sm^3		0.5			
GYDA	20.0				
Oil, mill. Sm^3		6.4			
Dry gas, bn. Sm^3		0.6			
NGL, mill. tonnes		0.6			
SLEIPNER EAST	20.0				
Dry gas, bn. Sm^3		10.2			
Condensate, mill Sm^3		4.6			
[2]) TROLL	11.88				
Dry gas, bn. Sm^3		143 - 154			
Oil, mill. Sm^3		3.6			
NGL, mill. tonnes		4.2			
EAST-FRIGG	5.731				
Dry gas, bn. Sm^3		0.7			
TOTAL					
Oil/condensate, mill. Sm^3		51.8			
Dry gas, bn. Sm^3		173.0 - 184.0			
NGL, mill. tonnes		4.8			

[1]) Including reclaimed gas from Togi and Oseberg Gamma North.
[2]) Approximately 1/3 of the reserves assumed to be located in Phase 1.

Sm^3 = Standard cubic metre, i.e. approximately 6.29 barrels of oil or 35.31 cubic feet of dry gas.

Reserves and production
Government's direct financial involvement

Producing fields	Govt's financial involvement %	Govt's direct fin. inv. of Total reserves in place	Accu. prod. as at 1.1.87	Total production 1987	Total remaining reserves 31.12.87
GULLFAKS	73.0				
Oil, mill. Sm^3		153.5	<0.1	2.9	150.6
Dry gas, bn. Sm^3		10.1	0	<0.1	10.1
NGL, mill. tonnes		1.6	0	<0.1	1.6
HEIMDAL	20.0				
Condensate, mill. Sm^3		0.9	<0.1	0.1	0.8
Dry gas, bn. Sm^3		6.6	0.4	0.7	5.5
TOTAL					
Oil/condens.mill. Sm^3		154.4	0.1	3.0	151.4
Dry gas, bn. Sm^3		16.7	0.4	0.8	15.6
NGL, mill. tonnes		1.6	0	<0.1	1.6

Fields under development	Govt's financial involvement %	Govt's direct fin. inv. of Total reserves in place	Accu. prod. as at 1.1.87	Total production 1987	Total remaining reserves 31.12.87
OSEBERG	49.24				
Oil, mill. Sm^3		97.0			
Condensate, mill. Sm^3		3.0			
[1]) Dry gas, bn. Sm^3		45.3			
TOMMELITEN	42.38				
Dry gas, bn. Sm^3		7.6			
Condensate, mill. Sm^3		3.4			
VESLEFRIKK	37.0				
Oil, mill. Sm^3		13.3			
Dry gas, bn. Sm^3		1.1			
GYDA	30.0				
Oil, mill. Sm^3		9.6			
Dry gas, bn. Sm^3		0.9			
NGL, mill. tonnes		1.0			
SLEIPNER EAST	29.6				
Dry gas, bn. Sm^3		15.1			
Condensate, mill Sm^3		11.2			
[2]) TROLL	62.696				
Dry gas, bn. Sm^3		752 - 815			
Oil, mill. Sm^3		18.8			
NGL, mill. tonnes		21.9			
EAST-FRIGG	1.461				
Dry gas, bn. Sm^3		0.2			
TOTAL					
Oil/condensate, mill. Sm^3		156.3			
Dry gas, bn. Sm^3		822.2 - 885.2			
NGL, mill. tonnes		22.9			

[1]) Including reclaimed gas from Togi and Oseberg Gamma North.
[2]) Approximately 1/3 of the reserves assumed to be located in Phase 1.

Sm^3 = Standard cubic metre, i.e. approximately 6.29 barrels of oil or 35.31 cubic feet of dry gas.

West Vision testing on Veslefrikk, block 30/3.

Exploration and production
Operating income: NOK 20,268 million
Operating profit: NOK 5,157 million
Profit before year-end adjustments:
NOK 4,294 million
Investments in 1987: NOK 4,183 million
Total number of employees: 4,500
Remaining discovered reserves: 810 million Sm^3 (standard cubic metres) oil equivalent (Statoil's financial share)
Production: 24 million Sm^3 oil equivalent.

Survey of exploration and production wells in the Norwegian sector of the North Sea in 1987

	Exploration	Delineation	Total
Statoil	7	4	11
Other companies	18	7	25
			36

Production wells

Statoil	20
Other companies	27
Total	47

Abroad:
Denmark: 1 exploration well
The Netherlands: 1 exploration well
Malaysia: 2 exploration wells

Exploration Norwegian Sector

A total of 36 exploration and delineation wells were spudded in 1987, compared to 37 in 1986. In 1987 Statoil operated up to five drilling rigs and was operator of 11 wells.

Statoil discovered oil in a new structure in the North Sea, in block 9/2. Reserves were confirmed in Statfjord East and North and Gullfaks South. Further discoveries were made in block 25/5, operated by Elf, and in block 35/11, operated by Mobil.

Statoil drilled its first exploration well in the Møre South area offshore Mid-Norway. A small oil reservoir was found. Exploration on Haltenbanken confirmed the estimated reserves in that area.

The Norwegian government allocated the first key blocks in the Barents Sea in 1987. Statoil was awarded operatorships for two of the seven licences. At the beginning of 1988, three wells had been drilled in this area. Two found minor petroleum reserves. Statoil spudded its first well in the Barents Sea area towards the end of 1987.

Statfjord
Operator: Statoil
Statoil's share: 42.04661%
Remaining recoverable reserves (100%):
Oil - 1,816 million barrels
Gas - 50.8 billion Sm^3
NGL - 15.5 million tonnes

Production in 1987 (100%):
Oil - 263 million barrels
Rich gas - 4.7 billion Sm^3

Average daily oil production was 720,000 barrels, compared to 703,000 barrels in 1986. The increase is partly a result of the first full year of production from Statfjord C. By the end of 1987, approximately 40% of the total recoverable petroleum reserves of this field had been produced.

The 7.5% reduction in oil production from Norwegian fields, imposed by the Norwegian government, does not apply to the British section of the Statfjord field. The Norwegian owners of the Statfjord field and the Gullfaks group have agreed that in the 4th quarter of 1987, the combined reductions for Statfjord and Gullfaks should be implemented on Gullfaks only.

The operatorship of the Statfjord field was transferred from Mobil to Statoil according to schedule with effect from 1 January 1987.

A comprehensive cooperation scheme was agreed with Gullfaks partners to coordinate logistics. The scheme brought about great savings.

Murchison
Operator: Conoco UK
Statoil's share: 11.1%
Remaining recoverable reserves (100%):
Oil - 101 million barrels

Production in 1987 (100%):
Oil - 24 million barrels

Average daily oil production was 67,000 barrels. A reappraisal of the field increased the recoverable reserves from 51.2 to 54 million cubic metres.

By the end of 1987, some 70% of the field's recoverable reserves had been produced.

The Frigg Area
Operator: Elf Aquitaine
Statoil's share in Frigg: 3.041%, North-East Frigg: 2.1%
Statoil's financial share in East Frigg: 5.731%
Government DFI in East Frigg: 1.461% [1])
Remaining recoverable reserves: (100%)
Gas - 34 billion Sm^3

Production in 1987 (100%):
Gas - 14.2 billion Sm^3

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

Gas

Oil/condensate

Future gas pipeline

Estimated recoverable gas reserves in the Frigg field were reduced from 190 to 165 billion cubic metres. Observations of the water level within the reservoir during the second half of 1987 may indicate that the revised estimate is somewhat pessimistic. Production from the Frigg field is expected to end in the early 1990s.

Development of East Frigg is on schedule and production is due to start on 1 October 1988.

A unitization agreement for East Frigg was signed in November 1987. Based on up-dated reservoir estimates, the distribution of reserves was redetermined. Statoil now has a 5.731% share, as against 6.05% previously.

Gullfaks
Operator: Statoil
Statoil's financial share: 12%
Government DFI: 73%
Remaining recoverable reserves (100%):
Oil - 1,297 million barrels
Gas - 13.7 billion Sm^3
NGL - 2.2 million tonnes

Production in 1987 (100%):
Oil - 25 million barrels
Gas - 0.1 billion Sm^3
NGL - minor quantities

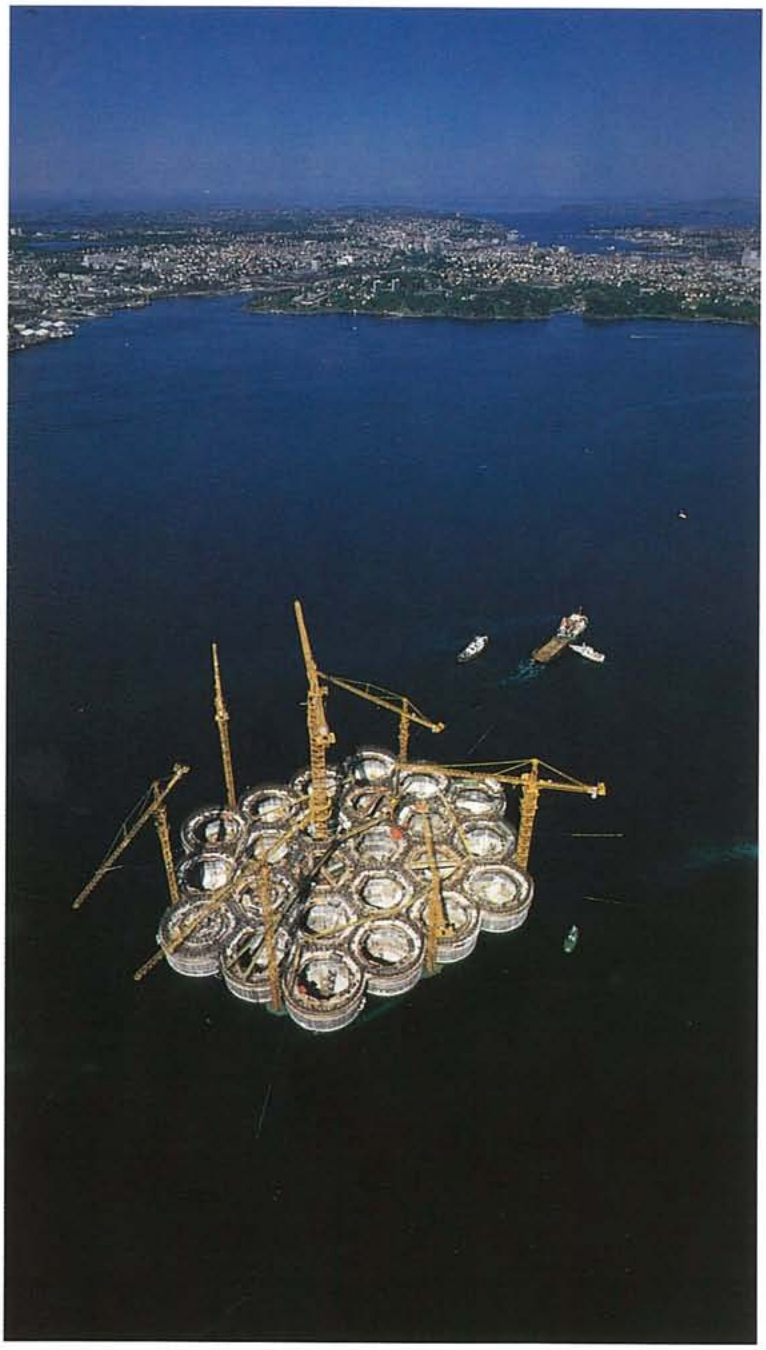
Production from the Gullfaks A platform averaged 70,000 barrels a day throughout 1987. Production restrictions imposed by the Government were implemented on Gullfaks. In addition, the production exchange agreement with Statfjord reduced annual production by some 10,000 barrels per day. The subsea wells connected to Gullfaks A performed very well. Gas deliveries started in summer 1987 through the Statpipe system.

Gullfaks B was towed out in summer 1987. Production drilling started autumn 1987. The platform came on stream in February 1988, around nine months ahead of the original schedule.

The Gullfaks C platform is under construction and will be towed to the field in summer 1989. Production start-up is scheduled for 1990.

Investments in the Gullfaks development were reduced by about NOK 8 billion to around NOK 60 billion.

Heimdal
Operator: Elf Aquitaine
Statoil's share: 20%
Government DFI: 20%
Remaining recoverable reserves (100%):
Gas - 27.3 billion Sm^3



Gullfaks B during tow-out to the field.

Condensate - 24 million barrels

Production in 1987 (100%):
Gas - 3.7 billion Sm^3
Condensate - 3.5 million barrels

The operation of Heimdal is proceeding according to schedule, but low gas prices meant lower profits than anticipated.

Ula
Operator: BP
Statoil's share: 12.5%
Remaining recoverable reserves (100%):
Oil - 218 million barrels
Gas - 2.2 billion Sm^3
NGL - 1.2 million tonnes

Production in 1987 (100%):
Oil - 29 million barrels

The Gullfaks C gravity base structure en route from its construction site at Stavanger to a deep fjord further north for slip forming.

Gas - 0.3 billion Sm^3
NGL - 0.2 million tonnes

Estimates of recoverable oil reserves were increased by nearly 60% in 1987. Operation of the Ula field is proceeding according to schedule.

The Ekofisk Area
Operator: Phillips
Statoil's financial share: 1.0%
Remaining recoverable reserves (100%):
Oil - 798 million barrels
Gas - 109.6 billion Sm^3
NGL - 9.7 million tonnes

Production in 1987 (100%):
Oil - 51.9 million barrels
Gas - 7.9 billion Sm^3
NGL - 0.7 million tonnes

In 1987, Elf, Total and Statoil agreed to exchange equities in some Norwegian field and transportation systems. When the agreement has been finally approved by the Norwegian authorities, it will be retroactive from 1 January 1987.

Under the terms of the agreement, Statoil will give Elf and Total shares in the Troll and Sleipner fields. In addition, Elf will get shares in the Etzel gas storage facility. In exchange Statoil will get a 1% share in offshore licence PL018, (which contains Ekofisk), shares in the Frigg system and in companies owning facilities in the Emden gas terminal (Norsea Gas A/S, Norsea Gas GmbH and Nordland GmbH). In addition, Statoil gets shares in Norsea Pipeline Ltd., which owns the fractionation facilities at the Teesside oil terminal.

Oseberg
Operator: Norsk Hydro
Statoil's share: 14%
Government DFI: 49.24% (51.04% after 1 April 1988)
Total recoverable reserves (100%):
Oil - 1,240 million barrels
Condensate - 38 million barrels
Gas - 92 billion Sm^3 (includes recycled gas from Oseberg Gamma North and Troll - Oseberg gas injection project.

Oseberg will be developed with three platforms and subsea production wells. Production start-up is scheduled for April 1989. A revised field development plan was approved by the Norwegian Government in January 1988.

In connection with the approval of the revised development plan for Oseberg, the Ministry of Petroleum and Energy has asked Statoil to implement an additional phase of the sliding scale in PL053. The sliding scale will be applied to non-Norwegian licensees only and made effective as from 1 April 1988.

Oil from Oseberg will be piped to a terminal at Sture, north of Bergen.

Test production from the production vessel *Petrojarl 1* is still in progress. It had yielded over 6 million barrels of oil by the end of 1987.

Oseberg-Gamma North
Operator: Norsk Hydro
Statoil's financial share: 14%
Government DFI: 42.4% (45.4% after 1 April 1988)
Total recoverable reserves (100%):
Oil - 3 million barrels
Gas - 3.0 billion Sm^3

Gamma North was declared commercial in December 1987, and in January 1988 the operator submitted its field development and production plan to the Government.

Gamma North is a satellite of Oseberg. The field will be developed with a subsea production well connected to the Oseberg North platform. Gas produced at Gamma North will be delivered for injection into Oseberg North.

Production will start in 1990, concurrently with production start-up of Oseberg North.

Tommeliten
Operator: Statoil
Statoil's financial share: 28.26%
Government DFI: 42.38%
Total recoverable reserves (100%):
Gas - 18 billion Sm^3
Condensate - 50 million barrels

Tommeliten will be developed with a subsea production system. Production is scheduled to start in summer 1988.

The gas from the first phase (1 October 1988 - 1 October 1991) has been sold to the Ekofisk Group. Later, the gas is planned to be used at Kårstø for electric power generation.

The Tommeliten template lowered to its seabed site.

Veslefrikk
Operator: Statoil
Statoil's financial share: 18%
Government DFI: 37%
Total recoverable reserves (100%):
Oil - 226 million barrels
Gas - 3.0 billion Sm^3

A steel wellhead platform and a floating production platform will be used to develop the field. Construction contracts for the Veslefrikk platforms were awarded in autumn 1987, and work has already started.

Production well drilling began in summer 1987. Production start-up is scheduled for the autumn 1989.

Gas will be transported via Statpipe and oil through the Oseberg pipeline system to Sture, north of Bergen.

Gyda
Operator: BP
Statoil's financial share: 20%
Government DFI: 30%
Total recoverable reserves (100%):
Oil - 200 million barrels
Gas - 3.0 billion Sm^3
NGL - 3.2 million tonnes

The development will consist of a steel platform. All major contracts for this development have been awarded. Production is scheduled to start in autumn 1990.

Oil from Gyda will be piped through the Norpipe system to Teesside via the Ula pipeline. Gas will be sent through a separate pipeline to Ekofisk.

Sleipner
Operator: Statoil
Statoil's financial share: 20% (after equity exchange agreements with Elf and Total)
Government DFI: 29.6% (after application of sliding scale from 1 January 1987)

Total recoverable reserves (100%):

	Sleipner East	Sleipner West
Gass (billion Sm^3)	51	126
Condensate (mill. Sm^3)	38	48

Sleipner East will be developed with an integrated drilling, production and accommodation platform. There will also be a pipeline for condensate transportation.

Engineering will start in April 1988 and construction in mid-1989. Sleipner A is due to come on stream in 1993.

Troll
Operator: Shell for development of Gas Phase I, Statoil for the production phase.
Statoil's financial share: 11.88% (after equity exchange agreements with Elf and Total)
Government DFI: 62.696% (after application of sliding scale in PL 054 from 1 January 1987)
Total recoverable reserves (100%):
Gas - 1,200-1,300 billion Sm^3
Oil - 190 million barrels
NGL - 35 million tonnes

The development consists of an integrated drilling, production and accommodation platform. Detailed engineering will start in the middle of 1989 , and construction in the middle of 1991. The platform will be positioned in the eastern part of the field in summer 1995. Gas from Troll will be piped to Emden via the Zeepipe/Statpipe/Norpipe systems and to Zeebrugge via Zeepipe. Several options for condensate transportation are being considered, including via Oseberg to Sture, north of Bergen. The first gas deliveries are scheduled for October 1996.

Troll - Oseberg gas injection (Togi)
Operator: Norsk Hydro
Statoil's financial share: 9% (after equity exchange agreement with Elf and Total)
Government DFI: 73%
Total recoverable reserves (100%):
Gas - 25.5 billion Sm^3

The drill floor of the *West Vision* has been winterized for year-round drilling operations under arctic conditions. The rig is now being converted to a Veslefrikk production platform.

The development consists of a subsea production system. It includes five wells and a pipeline system which ties Togi into the Oseberg field centre. Togi will be remote-controlled from the field centre. Production will start in September 1991. An estimated total of 25.5 billion Sm^3 will be produced from the eastern part of Troll for injection into the Oseberg reservoir.

Snorre
Operator: Saga
Statoil's financial share: 20%
Government DFI: 30%
(before application of sliding scale)
Total recoverable reserves (100%):
Oil - 770 million barrels
Gas - 7.1 billion Sm^3
NGL - 3.4 million tonnes

The field development and production plan for the field were presented to the Ministry of Petroleum and Energy in September 1987. The Ministry submitted its recommendations on the plan to the Storting late January 1988. Production start-up is scheduled for 1992.

The Snorre development will feature a steel tension leg platform. Partly stabilized oil will be transported to Statfjord for further processing and offshore loading. The gas has been sold to the Statfjord group for fuel.

Heidrun
Operator: Conoco
Statoil's financial share: 20%
Government DFI: 30.78%
(before application of sliding scale)
Total recoverable reserves (100%):
Oil - 755 million barrels
Gas - 29 billion Sm^3

The field development and production plan was presented to the Norwegian Government in November 1987.

The development plan includes early production from a floating platform and main production from a concrete tension leg platform. Early production may start in 1989/90 at the earliest, and main production from 1992.

The licensees are currently negotiating a joint production scheme for blocks 6507/7 and 6507/8. Statoil is operator of block 6507/8.

The Storting decided in June 1987 that Statoil shall be operator for the production phase of Heidrun.

Draugen
Operator: Shell
Statoil's financial share: 20%
Government DFI: 30%
Total recoverable reserves (100%):
Oil - 420 million barrels
Gas - 3 billion Sm^3

The field development and production plan for Draugen was presented to the Government in September 1987.

The plan recommends developing this field with a fixed concrete platform. The earliest possible date for production start-up will be late 1992.

Brage
Operator: Norsk Hydro
Statoil's financial share: 20%
Government DFI: 30%
Total recoverable reserves (100%):
Oil - 240 million barrels
Gas - 1.4 billion Sm^3

The Brage field was declared commercial in August 1987, and the development and production plan was submitted to the Government in December 1987.
The field may come on stream in 1992, at the earliest.
The proposed production unit comprises a fixed concrete or steel integrated platform.

Statfjord Satellites

Statfjord East
Operator: Statoil
Statoil's financial share: 20%
Government DFI: 30%
Total recoverable reserves (100%):
Oil - 98 million barrels
Gas - 2.2 billion Sm^3

Statfjord North
Operator: Statoil
Statoil's financial share: 20%
Government DFI: 30%
Total recoverable reserves (100%):
Oil - 123 million barrels
Gas - 1.2 billion Sm^3

Statoil has declared the satellites commercial.

Exploration and Production Abroad
Statoil's exploration activities outside Norway accounted for around 10% of the company's total exploration expenditure in 1987. This figure is slightly higher than in 1986.

The Netherlands
Statoil Netherlands B.V.
Ownership: 100%
Operating income: NOK 111 million
Operating loss: NOK 30 million
Loss before year-end adjustments: NOK 9 million
Investments in 1987: NOK 2 million
Total number of employees: 18

Kotter field
Operator: Conoco
Statoil's share: 6.375%
Remaining recoverable reserves (100%):
Oil - 26 million barrels
Produced volumes 1987 (100%):
Oil - 7.2 million barrels

Logger field
Operator: Conoco
Statoil's share: 7.5%
Remaining recoverable reserves (100%):
Oil - 14 million barrels
Produced volumes 1987 (100%):
Oil - 4.5 million barrels

A minor oil discovery was made with a second well in block F14a, where Statoil is operator.
Following its application in the 6th licencing round, Statoil Netherlands B.V. was awarded the operatorship of three licences, with a 60% participation.

Denmark
Statoil Efterforskning og Produktion A/S.
Ownership: Statoil Danmark A/S: 100%
Operating income: NOK 16 million
Operating loss: NOK 65 million
Loss before year-end adjustments: NOK 82 million

Statoil Efterforskning og Produktion A/S owns shares in and operates two licences in the Danish sector. It also owns a share in an onshore licence.
In 1987, the company drilled its first well in Skagerrak. No hydrocarbons were found.

China
Statoil owns a 9.8% share in a licence operated by Total in the Gulf of Beibu. Test production continued in 1987 with an average daily production of approximately 10,000 barrels of oil.
Statoil owns a 55% share in a licence operated by Cluff Oil in the Yellow Sea.
In January 1988, Statoil and China National Offshore Oil Corporation signed an exploration agreement for the South China Sea with Statoil as operator.

Other Countries
In 1987, Statoil (U.K.) Ltd. was allocated shares in two licences in the British sector.
Den norske stats oljeselskap Deutschland GmbH was awarded two concessions in the German sector in 1987. Seismic surveys were carried out in 1987.
Statoil has a 20% share in an Elf-operated block offshore Malaysia. Two wells were drilled in 1987, resulting in a minor gas and condensate discovery.

TRANSPORT
Operating income: NOK 4,387 million
Operating profit: NOK 2,215 million
Profit before year-end adjustments: NOK 1,982 million
Investments in 1987: NOK 537 million
Total number of employees: 470

Stig Bergseth, Senior Vice President of Statoil, and Zhong Yie-Ming, President of the Chinese national oil company CNOOC, sign the operatorship agreement between the two companies. Behind them are the Prime Minister of Norway, Gro Harlem Brundtland, and on her left, the Chinese Prime Minister, Li Peng.

Statpipe
Operator: Statoil
Statoil's share: 60%
Volumes transported in 1987 (100%):
Rich gas - 4.2 billion Sm^3 to Kårstø
Natural gas - 7.2 billion Sm^3 to Emden
NGL - 1.1 million tonnes shipped from Kårstø

This gas transportation system with associated facilities performed well during 1987. Deliveries from Gullfaks A started in July. Deliveries from Statfjord accounted for around 51% of throughput in 1987, with Heimdal and Gullfaks accounting for around 47% and 2%, respectively.

Operation, maintenance and inspection of the facilities have progressed according to schedules. As in the previous year, the system was shut down in late summer for the annual turnaround. Several modifications were carried out. The work took place during the Ekofisk jack-up operation.

The 880 km pipeline was also inspected. No major problems or defects were detected.

A comprehensive cost-effectiveness programme produced savings and lower transportation costs for Statpipe's customers.

The Norpipe Group
Operator for the pipelines: Phillips
Statoil's share: 50%
Volumes transported in 1987:
Oil - 18 million Sm^3
Gas - 14 billion Sm^3
Number of employees: 32

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

Operation of the pipelines and terminal progressed as planned but with slightly smaller volumes than anticipated, due to the production restrictions imposed by the Government in the Norwegian sector.

Statoil received some NOK 170 million in total dividend from these two companies in 1987.

Ula Pipeline
Operator: Statoil
Statoil's share: 100%
Volumes transported in 1987:
Oil - 4.3 million Sm^3
NGL - 0.3 million Sm^3

The pipeline system has functioned satisfactorily. The Gyda field will be connected to the system. The project is in the development phase, and the system will come on stream in 1991.

Statfjord Transport
Operator: Statoil
Statoil's share: 42.04661%
Volumes transported in 1987:
Oil - 35 million Sm^3

Statfjord Transport handles shipping of all crude oil from the Statfjord field. In 1987, 306 cargoes of crude oil were transported from the field to various refineries in Northwestern Europe.

In 1987, Statfjord Transport took delivery of a new tanker, the *Anna Knutsen*, and the *Gerina* was returned to the owners.

Gullfaks Transport
Operator: Statoil
Statoil's financial share: 12%
Government DFI: 73%
Volumes transported in 1987:
Oil - 3.5 million tonnes

Gullfaks Transport handles shipping of all crude oil from the Gullfaks Field. In 1987, 30 cargoes of crude oil were transported from the field to various refineries in Northwestern Europe.

In March 1987, Gullfaks Transport took delivery of a second tanker, the *Ragnhild Knutsen*.

Transport of Equity Crude Oil and Products
In order to meet transport requirements for crude oil and refined products, Statoil has chartered two crude oil tankers of about 100,000 tonnes each and one product tanker of about 12,000 tonnes. They are currently under construction and are due to start their charters in 1989/90.

The *Ragnhild Knutsen* loading on Gullfaks A. In the background, Gullfaks B.

Zeepipe
Operator: Statoil

It has been decided that Statoil shall build a new gas transportation system to Zeebrugge in Belgium. The first phase of the system will include a pipeline from Sleipner to Zeebrugge, a terminal at Zeebrugge and a link-up with the Statpipe/Norpipe systems. Start-up is scheduled for 1993.

Engineering work will start in 1988. The second phase includes a pipeline to the Troll field.

Etzel Gas Storage
Operator: Statoil

In connection with the sale of gas to the European continent, the sellers have undertaken to maintain supplies for up to 14 days in the event of shut-down of production equipment or transportation systems.

On behalf of a proposed group of owners, Statoil has presented plans for gas storage at Etzel, near the Emden terminal. An agreement has been reached with Etzel Industrieverwaltungsgesellschaft AG (IVG) to hire existing underground caverns for storing gas. New caverns may be added.

The plans include, in the first phase, a gas storage facility with a working capacity of approximately 500 million Sm^3.

REFINING AND MARKETING
Operating income: NOK 49,001 million
Operating profit: NOK 49 million
Loss before year-end adjustments: NOK 3,339 million
Investments in 1987: NOK 6,617 million
Total number of employees: 3,700

Crude Oil Marketing

During 1987 Statoil's total access to crude oil was 22.7 million tonnes, an increase of 18.4% on the previous year. Offshore loaded crude represents 89%. The crude oil terminal currently under construction at Mongstad will be an important part of the company's strategy for improving its marketing opera tions. The terminal was commissioned in March 1988.

In 1987 Statoil established a subsidiary in New York, Statoil North America Inc. This company will handle marketing and trading of crude oil, refined products, gas liquids and natural gas.

Refining and Sale of Petroleum Products
Sale of Refined Products

In 1987, the Statoil Group produced approximately 2.9 million tonnes of refined products at the Mongstad refinery. 2.1 million tonnes were sold in Norway by Norol. Main export markets were Scandinavia, West Germany and the Netherlands.

Mongstad

The Mongstad refinery achieved high throughput levels in 1987, with emphasis on maximum upgrading from heavy to light products. Statfjord, Gullfaks, Oseberg and Brent were the main suppliers of crude to the refinery in 1987.

The upgrading and expansion of the Mongstad refinery is scheduled to be completed in 1988. The annual refining capacity will be increased from 4 to 6.5 million tonnes and the refinery will produce mainly light petroleum products. The cost of this work is considerably higher than originally estimated.

Norsk Olje a.s (Norol)
Ownership share: 73.62% (100% from 1 January 1988)
Operating income: NOK 6,289 million
Operating profit: NOK 207 million


The construction site at Mongstad.

Profit before year-end adjustments: NOK 152 million
Investments in 1987: NOK 352 million
Total number of employees: 838

Total sales of petroleum products in Norway during 1987 were approximately 8.5 million cubic metres, about the same as in the previous year.

Norol has increased its market share to 29.3%, from 27.1% in 1986. This is mainly due to increased sales of petrol, diesel oil and other fuels, and of light fuel oil.

Norol thus consolidated its position as Norway's leading oil marketing company. The company's 1987 profits were satisfactory.

As from 31 December 1987 Statoil took over the Norwegian Government's share in Norol, making it a wholly-owned Statoil subsidiary from this date. In 1987, the company invested in modernizing and expanding its petrol station network and constructing transport systems and storage facilities. In addition, construction work has started on a new administration building in Oslo.

Svenska Statoil AB
Ownership share: 100%
Operating income: NOK 6,816 million
Operating profit: NOK 168 million
Profit before year-end adjustments: NOK 64 million
Investments in 1987: NOK 152 million
Total number of employees: 997

The total market for oil products in Sweden in 1987 was 17.5 million cubic metres, representing a 9% drop from 1986.

The company achieved a total market share of 13.9%, up from 12.4% the previous year, maintaining its position as Sweden's third largest oil marketing company. The improved sales figures are due to increased sales of petrol and distillates.

The company's 1987 profits were reduced compared to 1986, due to failing margins for distillates and heavy oil. Profits were lower than anticipated.

The company invested in expanding and modernizing its petrol station network and in upgrading and expansion of transport systems and product storage facilities.

The change-over from Esso to Statoil was completed by the end of the year, in accordance with approved plans.

One of the six crude oil storage caverns at Mongstad. Total storage capacity is some 1.3 billion cubic metres.

Statoil A/S (Danmark)
Ownership share: 100%
Operating income: NOK 8,950 million
Operating profit: NOK 38 million
Profit before year-end adjustments: NOK 49 million
Investments in 1987: NOK 551 million
Total number of employees: 950

The total market for oil products in Denmark in 1987 was 11.7 million cubic metres, a 4% drop on 1986.

Profits in 1987 were lower than in 1986, due mainly to reduced refining margins. Profit targets for 1987 were not met.

The company's total market share was 25%, up from 22% in 1986. This improvement is due to an increased share of the petrol and fuel oil market and to the pur chase of Calpam A/S on 10 July 1987.

Calpam A/S markets light and heavy fuel oils and lubricants in Denmark. The company had a total market share of 2.3% in 1987.

The acquisition of Calpam A/S made Statoil A/S Denmark's leading oil marketing company.

The change-over from Esso to Statoil had been com pleted by the end of the year, in accordance with approved plans.

Technical Service Centre

The Technical Service Centre at Mongstad became fully operational in January 1987 and has a staff of 20. The centre handles product development and provides technical support for the Group's refining activities and marketing and sale of crude oil and refined products.

Gas Marketing

Natural Gas

Statoil's total deliveries of natural gas in 1987 were 3.1 billion cubic metres. Statoil's share of production from the Statfjord, Heimdal and Gullfaks fields was 1,893, 710 and 17 million cubic metres, respectively.

Sales agreements for gas from Troll/Sleipner were made in 1986 with West Germany, France, the Netherlands, Belgium and Austria. In 1987, Statoil headed negotiations to transport Norwegian gas to France via Belgium and to Austria via West Germany. In connection with the timing of start-up of Zeepipe, the pipeline to Zeebrugge, Statoil has also invited tenders for temporary transportation of gas from Emden to France via the Netherlands and Belgium.

In 1987 Statoil started negotiations with the Spanish gas company Enagas for delivery of Norwegian gas starting in 1996. Agreement on gas deliveries to Spain through France was reached in January/February 1988. The agreement is still to be ratified by the governments of the countries concerned.

An agreement has been made with Statkraft, to supply gas to a gas power station at Kårstø. Negotiations are currently in progress with Statkraft regarding a similar gas-fired power station, supplied from Haltenbanken.

Gas Liquids

Statoil's sales of gas liquids increased considerably during 1987 compared to the previous year. Total sales were approximately 1.3 million tonnes, worth some NOK 1.3 billion.

Total sales consisted of 570,000 tonnes from the company's own sources, mainly the Statpipe terminal at Kårstø, and 756,000 tonnes was purchased from outside.

The gas liquids market was subject to strong, seasonal fluctuations during 1987, resulting in high prices during parts of the 1st quarter, followed by a low during the summer, and a price recovery in the 4th quarter.

In recent years the price of propane has weakened compared to naphtha, from 96% of the naphtha price in 1984 to 85% in 1987. This has increased the demand for gas liquids for the petrochemical industry. The squeeze on prices is mainly due to excess supplies of gas liquids, especially from Opec countries.

PETROCHEMICALS

Operating income: NOK 3,718 million
Operating profit: NOK 574 million
Profit before year-end adjustments: NOK 521 million
Investments in 1987: NOK 85 million
Total number of employees: 1,050

In 1987, sales of petrochemical products totalled NOK 3,700 million. Increased activity has enabled Statoil to exploit the company's own supply of petrochemical feed-stock. Efficient use of this feedstock, a high and regular production and favourable market trends have combined to produce record volumes. Profits for 1987 are satisfactory.

Statoil is currently anticipating considerably increased access to petrochemical feedstock. Combined with existing activities, this will enable the company to develop the petrochemical side even further.

Statoil has entered into an agreement to take over Norsk Hydro's shares in I/S Norpolefin and will also upgrade its polypropylene facility.

Statoil Bamble

I/S Norpolefin	*I/S Noretyl*
Operator: Statoil	Operator: Norsk Hydro
Ownership share: 66 2/3%	Ownership share: 49%
Production in 1987:	Production in 1987:
Plastic raw materials:	Ethylene and propylene:
290,000 tonnes	480,000 tonnes
290,000 tonnes	480,000 tonnes
Number of employees: 630	

I/S Noretyl performed satisfactorily in 1987. I/S Norpolefin's feedstock demand was covered mainly by supplies from I/S Noretyl.

In 1987, the high level of production and sales of plastics raw materials, together with high product prices, resulted in the best financial results ever achieved by I/S Norpolefin.

In order to strengthen Norpolefin's competitiveness and profitability even further, and to advance research and product development, the company is considering further increases in output capacity.

Technological development has made it necessary to upgrade the polypropylene plant.

The agreement to take over Norsk Hydro's share of I/S Norpolefin will simplify the operation and strengthen the case for further development of the facilities.

Statoil Petrokemi AB, Sweden
Ownership share: 100%
Operating income: NOK 1,774 million
Operating profit: NOK 333 million
Profit before year-end adjustments: NOK 344 million
Investments in 1987: NOK 50 million
Production in 1987: 530,000 tonnes of ethylene and propylene
Number of employees: 340

The company handles production and marketing of ethylene, propylene and chemicals.

Production of ethylene and propylene was high in Stenungsund, Sweden during 1987. The bulk of the feedstock for the ethylene facility was supplied from the terminal at Kårstø and through Statoil's trading activities in London.

Ethylene and propylene production was sold mainly to local buyers in Stenungsund.

Financial results for 1987 were satisfactory. Increased production capacity is being considered in connection with the future development scheme for the Stenungsund facility.

Den norske stats oljeselskap Deutschland GmbH
Ownership share: 100%
Operating income: NOK 284 million
Operating profit: NOK 6 million
Loss before year-end adjustments: NOK 6 million
Investments in 1987: NOK 5 million
Production in 1987: 6,000 tonnes of compound products
Total number of employees: 55

The operation at this Statoil owned facility for compound products in Hamburg has shown a positive development in 1987.

It will be modernized in accordance with the plans approved in 1986, when Statoil bought the facility.

OTHER ACTIVITIES

Research and Development

Research and development work (R&D) is undertaken within the company's operating divisions and by the R&D division, headquartered in Trondheim. This division is also responsible for coordinating all R&D activities within the company.

In 1987, the company gave higher priority to R&D into oil and gas refining. As part of this, a major research project was started into crude oil refining. Research into alternative uses for natural gas is producing interesting results.

High priority continues to be given to R&D into enhanced oil recovery. Biotechnology is a new factor within this area.

High priority is still given to developing simpler, low cost schemes for production and transport of oil and gas. Considerable efforts were made in 1987 in the areas of subsea production systems, LNG production, multiphase transportation and research into simplified and improved platform concepts. Emphasis was placed on developing new pipeline materials, like the company's research programmes into composite materials.

Norwegian Underwater Technology Centre a.s
Ownership share: 60%
Number of employees: 92
Operating income: NOK 73 million
Operating profit: NOK 1.4 million
Loss before year-end adjustments: NOK 11.6 million
Investments in 1987: NOK 21 million

Norwegian Underwater Technology Centre a.s (Nutec) runs research and testing in connection with diving and subsea technology, and offers training in helicopter evacuation and the use of free-fall life boats.

Kårstø Metering and Technology Laboratory
Operator: Statoil
Statoil's share: 2/3
Number of employees: 10

This gas metering and technology laboratory was completed and commissioned in autumn 1987. Work at the laboratory will include development of metering technology for large gas flows, testing of equipment and components, and other R&D assignments associated with gas technology.

Supply Base Activities

Sørøysund Eiendomsselskap a.s, in which Statoil owns a 63.33% share, has made the necessary arrangements for a helicopter base to be located at Hammerfest.

Statoil Forsikring a.s
Statoil ownership: 100%
Operating income: NOK 180 million
Profit before year-end adjustments: NOK 0.7 million

Statoil Forsikring a.s took part in the insurance of Statoil's installations in the Dutch and the Norwegian sectors of the North Sea. No damages were paid by Statoil Forsikring a.s in 1987, but NOK 17 million has been reserved for an as yet unsettled claim.

SAFETY AND QUALITY ASSURANCE

Statoil has made systematic use of quality assurance systems to streamline company procedures and to strengthen the organizational structure.

The independent control team, coordinated through the Corporate Safety and Quality Assurance Staff, carried out several comprehensive audits throughout the company.

Statoil's standards for safety and quality assurance have been updated and improved, with special emphasis on reducing and simplifying documents. Quality assurance programmes for individual units is an important part of this work.

Comprehensive joint safety and quality assurance schemes have been established between the parent company and subsidiaries, with a view to transferring expertise between the various parts of the Group.

The following measures have been implemented to achieve an injury free working environment:
- Establishment of a uniform accident reporting and analysis system;
- Establishment of safety committees to process accident reports and other safety matters.

Statoil's state of emergency preparedness was maintained through a number of exercises, organized centrally as well as locally.

Statoil's head office at Forus, near Stavanger.

The *Ross Rig* drilling on Statoil's key block 7226/11-1 in the Barents Sea. The picture was taken one mid-afternoon in February. During winter 1987/88, the company carried out its first year-round drilling operation in Arctic waters.

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. In addition, the company may own sheres in Basetec A/S.

Art. 2

The Company shall be situate in Stavanger.

Art. 3

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

Art. 4

The Board of Directors of the company shall be composed of a maximum of nine directors. A maximum of six of the directors including chairman and vice-chairman, shall be elected by the General Meeting. A maximum og three of the directors shall be elected by and among the employees in accordance with regulations made under provisions of the Norwegian Companies Act concerning the right of employees to be represented on the Board of Directors and in the Corporate Assembly of companies limited by shares. Five alternate directors shall be elected in respect of the directors elected by and among the employees, and these alternates shall be summoned in the order in which they are elected. Two alternate directors shall be elected in respect of the other directors, one as first alternate and one as second alternate. The normal term of office for the directors is two years.

Art. 5

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

Art. 6

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

Art. 7

The company shall have a Corporate Assembly consisting of 12 members. Members and alternates shall be elected for two years at a time. The General Meeting shall elect eight members and three alternate members for these eight. Four members and alternates for these four shall be elected by and among the employees of the Company in accordance with regulations of the Norwegian Companies Act concerning the rights of employees to be represented on the Board of Directors and in the Corporate Assembly of companies limited by shares. The Corporate Assembly shall elect a chairman and a vice-chairman from among its members. The Corporate Assembly shall hold at least two meetings annually.

Art. 8

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

Art. 9

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

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

Art. 10

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

Such matters shall be deemed to include, inter alia:

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

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

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

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

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

Art. 11

The company is responsible for taking care of the interests of the state related to the direct economic engagement the state retains for itself in joint ventures for exploration, development, production and transportation of petroleum on or in association with the Norwegian continental shelf.

This task is executed through the company's general technical and managerial organization and in accordance with the guidelines applicable to the company's own engagement on the Norwegian continental shelf.

The company prepares accounts for the state's direct economic engagement. These accounts are carried out in accordance with the regulations governing economic administration in the ministries stipulated by Royal Decree and the economic instructions prepared by the Ministry of Petroleum and Energy.

Art. 12

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

Survey of the Statoil Group's activities in 1987

As at 31 Dec. 1987

Field, company	Operator	Location	Share, % Participating	Financial	Comments

Exploration

Field, company	Operator	Location	Participating	Financial	Comments
27 exploration licences	Statoil	Norway	Minimum 50	12-30	Exploration or evaluation
74 exploration licences	Other companies	Norway	Minimum 50	0-50	Exploration or evaluation
4 exploration licences	Statoil	The Netherlands	60	60	Exploration or evaluation
1 exploration licence	Other companies	The Netherlands	6.375 and 7.5	6.375 and 7.5	Exploration or evaluation
2 exploration licences	Statoil	W.Germany	100	100	Initial surveys
2 exploration licences	Other companies	China	9.8 and 55	9.8 and 55	Exploration or evaluation
2 exploration licences	Statoil	Denmark	26.5	26.5	Exploration or evaluation
1 exploration licence	Other companies	Denmark	26.5	26.5	Exploration or evaluation
1 exploration licence	Other companies	Malaysia	20	24.69135	Exploration or evaluation

Development

Field, company	Operator	Location	Participating	Financial	Comments
Oseberg	Norsk Hydro	Block 30/6, 30/9	63.24	14	Oil/gas
East Frigg	Elf	Block 25/1, 25/2	8.15	6.05	Gas
Oseberg Transport	Norsk Hydro	Block 30/6, 30/9	63.24	14	Oil transport
Mongstad Terminal	Statoil	Mongstad	100	100	Crude oil terminal
Mongstad Refinery	Statoil	Mongstad	100	100	Expansion and upgrading
Troll, phase 1	Shell	Block 31/3, 31/6	74.576	11.88	Gas/condensate
Sleipner East	Statoil	Block 15/9	49.6	20	Gas/condensate
Gyda	BP	Block 2/1, 7/12	50	20	Oil/gas/NGL
Tommeliten	Statoil	Block 1/9	70.64	28.26	Gas/NGL
Veslefrikk	Statoil	Block 30/3	55	18	Oil/gas
Gyda Transport	Statoil	Block 2/1	100	100	Oil transport

Production

Field, company	Operator	Location	Participating	Financial	Comments
Statfjord	Statoil	Block 33/9, 33/12[1]	42.04661	42.04661	Oil/gas/NGL
Murchison	Conoco	Block 33/9[1]	11.1	11.1	Oil/gas/NGL
Frigg	Elf	Block 25/1[1]	3.041	3.041	Gas
North East Frigg	Elf	Block 25/1	2.1	2.1	Gas
Gullfaks	Statoil	Block 34/10	85	12	Oil/gas/NGL
Heimdal	Elf	Block 25/4	40	20	Gas/condensate
Ula	BP	Block 7/12	12.5	12.5	Oil/gas/NGL
Ekofisk area	Phillips	Blocks 1/5,2/4,2/7,7/11	1	1	Oil/gas/NGL
Kotter	Conoco	The Netherlands	6.375	6.375	Oil
Logger	Conoco	The Netherlands	7.5	7.5	Oil
Weizhou 10-3	Total	China	9.8	9.8	Oil

Transport

Field, company	Operator	Location	Participating	Financial	Comments
Statpipe	Statoil	Kårstø	60	60	Gas transport
Norpipe a.s	Separate adm.	Stavanger	50	50	Oil and gas transport
Norpipe Petroleum UK Ltd.	Separate adm.	Teesside	50	50	Oil terminal
K/S Statfjord Transport a.s & Co.	Statoil	Stavanger	42	42	Crude oil transport by tankers
Gullfaks Transport	Statoil	Stavanger	85	12	Crude oil transport by tankers
Ula Transport	Statoil	Stavanger	100	100	Condensate transport
Frigg Transport System	Total	St. Fergus	24	24	Gas transport

Refining and marketing

Field, company	Operator	Location	Participating	Financial	Comments
K/S Rafinor A/S[2]	Separate adm.	Mongstad	70	70	Refining
Norsk Olje a.s	Separate adm.	Oslo	100	100	Marketing
I/S Noretyl	Norsk Hydro	Bamble	49	49	Petrochemicals
I/S Norpolefin	Statoil	Bamble	66⅔	66⅔	Petrochemicals
Svenska Statoil AB	Separate adm.	Stockholm	100	100	Marketing
Statoil Petrokemi AB	Separate adm.	Stenungsund	100	100	Petrochemicals
Statoil A/S	Separate adm.	Copenhagen Kalundborg	100	100	Marketing Refining

[1] The field straddles the British/Norwegian median line.
[2] Statoil has signed an agreement with Norsk Hydro to take over Hydro's shares in Rafinor and Norpolefin.

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Photos: Leif Berger, Statoil. Lay-out consultants: Ted Bates Sentrum. Typesetting: Statoil. Printers: Aske Trykkeri A.S.