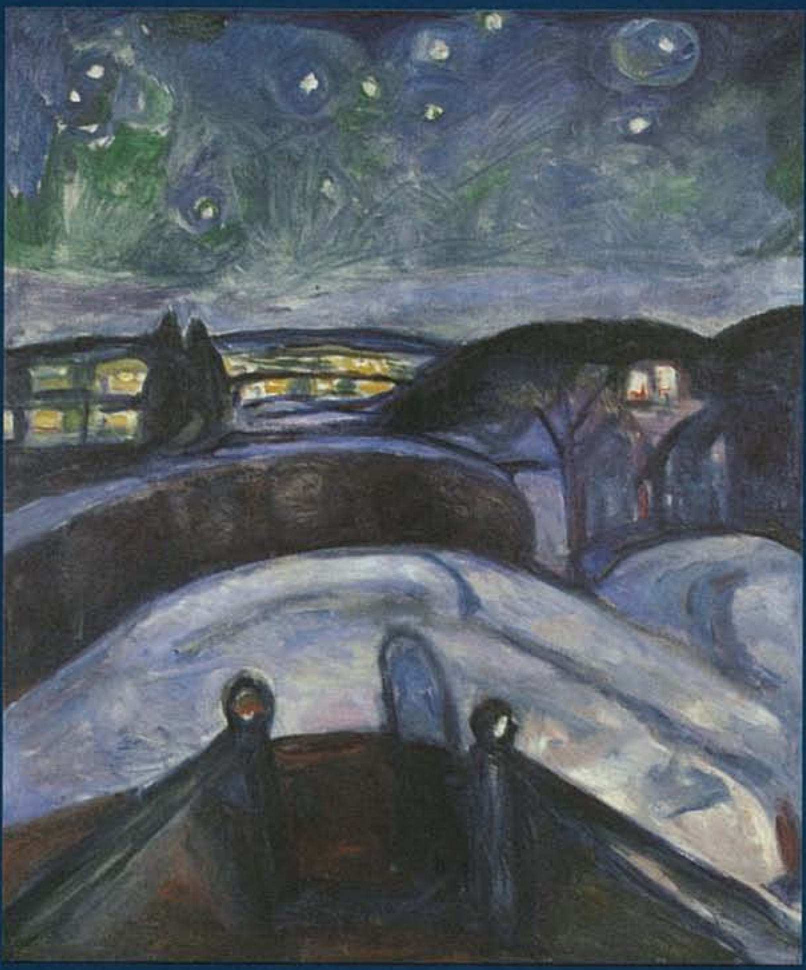
ANNUAL REPORT AND ACCOUNTS 1992



Starry night, Ekely, *painted by Edvard Munch, is included in the Winterland exhibition of Norwegian art which will tour the world in 1993 with support from Statoil.*

STATOIL

Contents

Norway's Queen Sonja opened the Winterland exhibition of Norwegian art in Atlanta, USA, in February 1993. This exhibition will tour the world before ending up in Lillehammer for the 1994 winter Olympics.

The Sleipner A topsides waiting to be mated with the concrete gravity base structure and completed prior to being towed out to the field.

Swimmer Liv Tone Lind displayed an outstanding technique at the Paralympics in Barcelona. The 19-year-old from Harstad in northern Norway won two gold medals.

Statoil acquired its own service station network in Ireland during 1992.

Reserves in Veslefrikk were upgraded by 20 per cent in 1992.

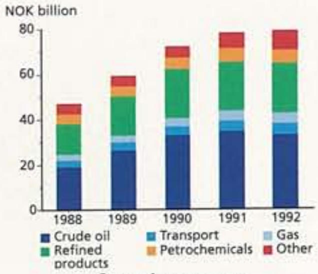
The Statfjord B platform celebrated its 10th anniversary in November 1992. Over these years, it has produced almost 763 million barrels of oil.

Statoil celebrated its 20th anniversary on 18 September 1992. A number of events for employees and their families were staged to mark the occasion.

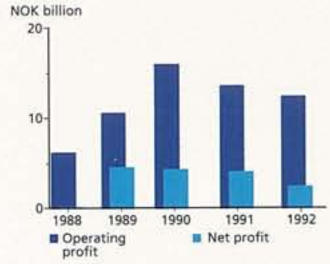
Statoil opened its Nigeria office in Lagos during June.

FINANCIAL HIGHLIGHTS

Amounts in NOK million

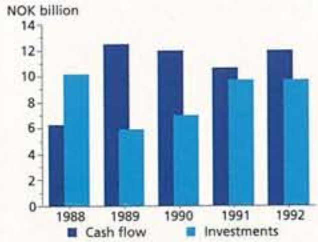


Operating revenues

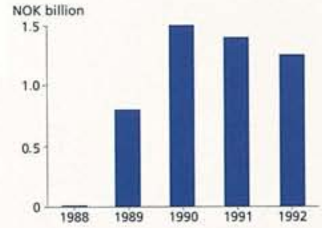


Profits

	1988	*1989*	*1990*	*1991*	*1992*
Operating revenues	47 291	59 594	72 356	78 292	79 430
Operating profit	6 190	10 543	16 027	13 556	12 517
Profit before taxation	1 779	9 505	14 358	12 762	10 956
Net profit	165	4 512	4 339	* 4 115	2 489
Dividend	0	800	1 500	1 400	1 250



Cash flow and investments



Dividend

	1988	*1989*	*1990*	*1991*	*1992*
Interest-bearing debt	34 370	25 923	22 862	21 206	24 321
Non-interest bearing debt	17 125	24 556	34 049	34 145	35 276
Shareholder's equity	8 494	14 141	17 296	21 259	22 430
Investments and acquisitions	10 173	5 946	6 991	9 705	9 684
Cash flow	6 375	12 538	12 021	10 665	11 986

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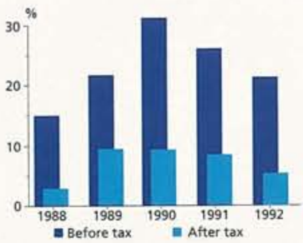
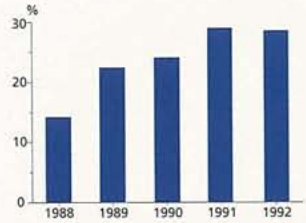


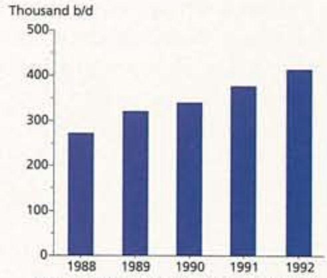
Return on capital employed



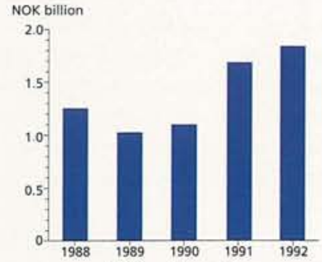
Shareholder's equity

	1988	*1989*	*1990*	*1991*	*1992*
Return on capital employed	15.0%	21.6%	31.2%	25.9%	21.4%
After-tax return on capital employed	3.0%	9.3%	9.2%	8.3%	5.1%
Dividend in per cent of net profit	0%	17.7%	34.6%	34.0%	50.2%
Equity ratio	14.3%	22.5%	24.1%	28.6%	28.4%

* In accordance with recommended accounting standards on the introduction of the deferred tax system, the 1991 net profit (NOK 5 396 million), then reported as inclusive of the non-recurring effect of the Norwegian tax reform, has been restated.

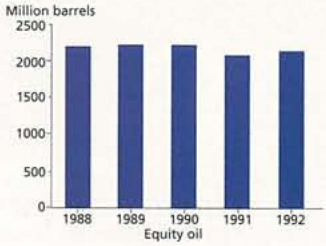


Produced barrels of equity oil per day

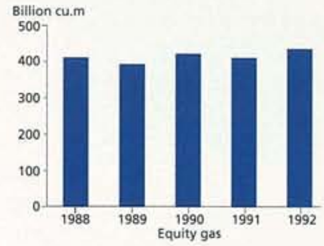


Exploration cost

	1988	*1989*	*1990*	*1991*	*1992*
Produced equity oil, in thousand b/d	275	324	340	379	418
Exploration costs, in NOK million	1 259	1 037	1 092	1 687	1 840



Oil reserves



Gas reserves

	1988	*1989*	*1990*	*1991*	*1992*
Oil reserves, in millions of barrels	2 189	2 214	2 239	2 088	2 138
Gas reserves, in billions of cubic metres	412	392	418	415	437

Definitions

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

Statoil celebrated its 20th anniversary in 1992. After two decades, Statoil has grown into a competitive, integrated oil company with considerable oil and gas resources. Very substantial assets have been created through heavy investment and purposeful commitment. The demanding tasks implemented by the company have created a competent and experienced organisation.

We made good progress in 1992, yet the results cannot be described as satisfactory.

Production went very well, with a high level of plant availability and few accidents. Fields operated by Statoil produced an average of 1.2 million barrels of oil per day. This corresponded to about 55 per cent of total oil production from the Norwegian continental shelf. The group is a leading player in international crude oil trading. We sold some 1.3 million barrels of oil per day through our trading organisation.

Statoil's natural gas business had an important year in 1992. Our investment in production and transport capacity during recent years means that the group's share of Norwegian gas exports will expand from 1993. This gives Statoil an increasingly central role in the development of and changes to European markets for natural gas.

So what about our profitability?

Oil prices measured in Norwegian kroner have been low for the past year. Our oil and gas production operations nevertheless yielded a satisfactory result for 1992. Three principal factors account for this: our ability to maintain a reliable level of production with high plant availability, our control over costs, and our purposeful efforts to recover a higher proportion of oil and gas from the reservoirs. Let me mention some examples. We are drilling long horizontal production wells on the Statfjord field. New production methods have allowed us to achieve a high and stable level of oil recovery from the Gullfaks field. And we have reduced operating costs through better coordination of operations and more effective organisation.

Improvements are also being made in our refining operations and petrochemicals business. But markets are so depressed and margins so weak that the better results achieved in these sectors have been concealed by market developments. We are now pursuing extensive improvement programmes which will enhance value added and reduce costs at our land-based plants.

The group's retail marketing operations are doing well. Statoil ranks as the leading oil company in Scandinavia and is making good progress in terms of profitability. The operation in Ireland is also showing positive progress, and will be rebranded to the Statoil livery during 1993.

We are moving ahead, and we are achieving results thanks to adaptable and committed employees and purposeful management.

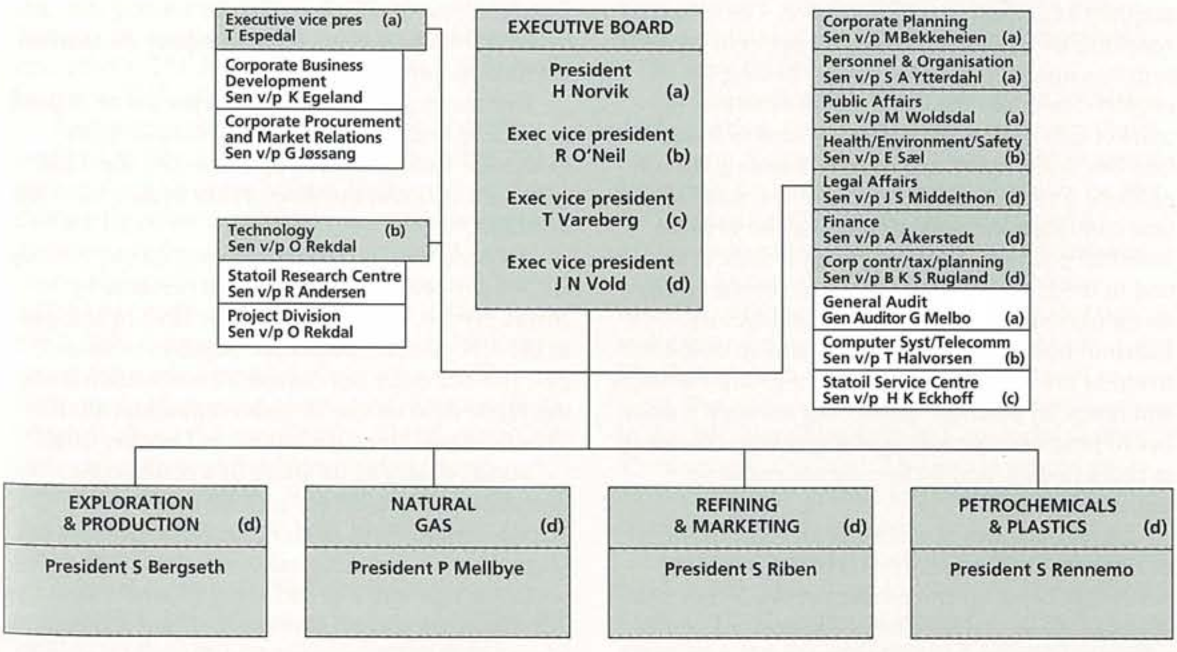
I have focused on profitability and the need for cost-awareness. But safety and the environment undoubtedly come first. There were no major accidents at our plants in 1992. However, we cannot claim to be fully satisfied as long as incidents that could have turned into serious accidents continue to occur.

Competition over resources is growing. We intend to enhance the group's international competitiveness with the aid of a solid raw materials base, a strong position in the market and a smoothly-functioning organisation. Internationalisation will give the organisation a sharper edge and create the basis for improved profitability and increased strength. Becoming better at competing and achieving good results, both at home and abroad, is an important objective for Statoil.

In my view, operations in 1992 have strengthened Statoil's ability to compete in more demanding markets over the years to come.

Harald Norvik
President and CEO

Statoil's executive board.
From left: president and chief executive officer Harald Norvik, group executive vice president Roger O'Neil, group executive vice president Johan Nic Vold and group executive vice president Terje Vareberg.



Member of Statoil's corporate management committee
(a) reports to president H Norvik,
(b) to executive vice president R O'Neil, etc

NOR-WEGIAN GAS FOR EUROPE

EARNINGS TO BE INCREASED

Group objectives

The objective of the Statoil group is to develop its position as a leading international oil company. Its present strength has been built up on the foundation provided by the oil and gas reserves on the Norwegian continental shelf. This makes a sound starting point for enhancing the group's position still further, both in Norway and in international markets.

Expanding the group's oil and gas reserves through effective exploration operations is an important Statoil objective. Maximum utilisation of existing infrastructure and the development of new and cost-effective technical solutions will be needed to bring oil and gas to market in a profitable and safe manner.

In addition to playing a leading role in production, transport and marketing of Norwegian gas, Statoil is prepared to participate in adding value to gas further downstream in Europe. The objective is to increase the profitability of Norwegian gas and strengthen the basis for a long-term position in the European gas market.

Statoil has established high standards for safety and environmental protection. Pressure for environmental improvements, the introduction of "green" taxes, new product and process requirements, and a tougher attitude to the oil business among the general public will increasingly affect the terms of competition in the industry. Development of new and improved technology and products which also yield "green" benefits will be important in meeting environmental challenges.

Enhancing the group's financial strength is another important Statoil objective. The target of reaching an equity ratio of 35-40 per cent by 1995 remains unchanged. This strengthening is required to make the group more resistant to market downturns and setbacks, and to bring it into line with equity capital levels among its competitors. Profitable projects make the most important contribution to strengthening the group's financial position, both in the immediate future and in the long term. The present return on capital employed by the group is unsatisfactory. Efficient operation and further gains in cost-effectiveness are needed to strengthen group earnings and financial position. Statoil has pursued a number of programmes aimed at improving efficiency in recent years, and further measures were initiated in 1992.

Dividend policy is a central element in the group's financial strategy. In recent years, the policy has been for the owner to take 30 per cent of net profit as dividend until the desired equity ratio has been attained. This approach satisfies two interests: the owner receives a good commercial return on invested capital, and the group gets the necessary opportunity to build up its equity capital.

The board thinks it proper to give emphasis to the owner's desire for a high dividend in 1992. The board accordingly proposes that the 1992 dividend be set at NOK 1 250 million.

This means that the dividend to the owner amounts to about 50 per cent of net profit for the year, and is therefore substantially higher than the level specified by the long-term dividend policy. The consequence is that the group's equity ratio failed to increase in 1992, and a stronger build-up of funds will be needed in coming years to achieve the target of a 35-40 per cent equity ratio by 1995. The board anticipates that the owner intends the group to achieve this target.

Markets

The oil market was affected by weak prices in 1992. United Nations restrictions on oil exports from Iraq remained in place. Despite these curbs, the market was characterised by plentiful supplies of crude. This supply position was mainly attributable to weaker demand.

The price of the Brent Blend marker crude fluctuated between USD 17 and USD 21.50 per barrel, with an average barrel price for the year of USD 19.30 as against USD 20 for 1991. The US dollar exchange rate against the Norwegian krone averaged USD 6.21 for 1992, compared with USD 6.48 the year before.

Statoil sold 1.3 million barrels of crude oil per day in 1992, up 18 per cent from the year before. This increase reinforces Statoil's leading role as a seller of North Sea oil. Sales of equity oil totalled 0.4 million barrels per day.

European gas markets are expected to expand in coming years. Gasunie in the Netherlands exercised its 50 per cent option under the Troll gas sales agreements three years before the 1995 deadline.

Alliance Gas, a company owned 50 per cent by BP, 40 per cent by Statoil and 10 per cent by Norsk Hydro, was established in 1992 to sell gas in the UK market. To secure supplies of sales gas, the company purchased all production from the Hyde field on the British continental shelf. This field will come on stream in October 1993.

Statoil enlarged its share of a contracting Scandinavian market for refined products. National markets in this region were affected by stagnating or declining sales volumes. An emphasis on service and a broad array of products at the Scandinavian service stations, and the acquisition of part of Mobil's network of stations in Norway, contributed to the expansion. Margins in this sector were stable.

Fresh growth opportunities are offered by the restructuring and upgrading of the East European oil industry. Statoil initiated a limited retail marketing operation along the Baltic coast. The group has subsidiaries in Germany, Poland, Latvia and Estonia. Statoil also moved into retail marketing in Ireland through its acquisition of BP's stations there during 1992.

Markets for most petrochemical products are unbalanced, and this industry suffered a further fall in prices during 1992 as a result of excess capacity and economic recession. Prices for the group's principal petrochemical products reached an historic nadir during the fourth quarter. The group's market shares remained unchanged.

Results

Prices weakened for most of the group's principal products during 1992. The negative impact of these market changes was balanced to some extent by an increase in group production of oil from the Norwegian continental shelf.

Group operating profit amounted to NOK 12 517 million in 1992, as against NOK 13 556 million the year before. Profit before taxation came to NOK 10 956 million, compared with NOK 12 762 million in 1991.

Net profit for the year was NOK 2 489 million, which is NOK 1 626 million lower than in 1991 after adjusting for the non-recurring accounting effect of changes to Norway's corporate tax system in the latter year. The group's effective tax rate rose from 68 to 77 per cent, primarily because of weaker results from its land-based operations. The following results were achieved by the individual business areas:

Exploration & Production had an operating profit of NOK 8 583 million, down by NOK 709 million from the year before. Higher oil production partly offset a reduction in earnings caused by lower crude oil prices and increased operating costs. Natural Gas made an operating profit of NOK 3 817 million, up by NOK 250 million from 1991. This increase was largely due to higher revenues from gas transport. Operating profit for Refining & Marketing came to NOK 642 million, which is about the same as the 1991 figure. The financial return on the Mongstad refinery remains unsatisfactory. Shipping operations yielded a weak result in 1992 because freight rates were low.

Petrochemicals & Plastics had an operating loss of NOK 438 million, an increase of NOK 408 million on the 1991 loss. This development reflected low prices due to excess capacity and economic recession.

Net financial charges came to NOK 1 568 million, an increase of NOK 567 million from 1991. Financial charges include a recorded loss of NOK 489 million on shares in Saga Petroleum caused by a fall in the share price.

General market trends substantially reduced earnings in the oil sector during 1992 by comparison with the year before. The after-tax return on capital employed by the Statoil group declined from 8.3 per cent in 1991 to 5.1 per cent. Improving this figure has a high priority. The equity ratio at the end of 1992 was 28.4 per cent, compared with 28.6 per cent at the end of the previous year. While the objective of reaching a 35-40 per cent equity ratio by 1995 appears a challenging task with today's market prospects, the target remains unchanged.

Net profit for the year in the parent company, Den norske stats oljeselskap a.s, came to NOK 2 095 million. The board recommends the following allocation, inclusive of group contributions received (in NOK million):

Group contributions received	(477)
Statutory reserve	447
Restricted equity reversing fund	(47)
Dividend	1 250
Allocated to distributable reserve	922
Total allocations	2 095

EXPLORATION UP AT HOME AND ABROAD

Exploration

Statoil spudded nine exploration and appraisal wells as operator on the Norwegian continental shelf during 1992, two more than in the year before. A total of 40 exploration and appraisal wells were drilled.

An interesting discovery was made by Statoil during spring 1992 in block 7/7 in the southern part of the Norwegian North Sea. Further appraisal of this find in 1993 will seek to clarify its size.

Internationally, Statoil participated in 11 exploration and appraisal wells. An oil find was made in Denmark's Lulita structure, which extends onto the Norwegian shelf. Production wells were drilled on the Bongkot field off Thailand, which is due to come on stream in 1993. Statoil secured interests in 10 new licences in the UK, Namibia, Angola, Equatorial Guinea, Vietnam and Thailand. The group wound up its exploration and production operations in the Netherlands and Germany.

IMPROVING COST EFFICIENCY

Total exploration costs for 1992 amounted to NOK 1 840 million, an increase of nine per cent from 1991. The group's proved oil reserves grew by a net 2.5 per cent to 2 138 million barrels. This increase was primarily due to an upgrading of reserves in the Statfjord, Oseberg and Veslefrikk fields. New discoveries contributed 88 million barrels.

CONTINUED PRODUCTION GROWTH

Operations

Low oil prices and weak economic growth are putting fresh pressure on the industry to adapt. Most of the leading companies in the oil business took far-reaching action in 1992 to strengthen their competitiveness and profitability. Extensive new improvement programmes and measures to enhance efficiency were initiated by Statoil during the year. Exploration & Production is pursuing a restructuring programme that aims to make annual savings of up to NOK 2 billion on the operations budget by 1995. An intensive programme to improve profits was launched at the Mongstad refinery. This scheme seeks to strengthen profitability and place Mongstad among Europe's most cost-effective refineries. A number of modifications were introduced by the Petrochemicals & Plastics business area in response to the demanding challenges facing this industry.

Oil and gas production in the North Sea was characterised throughout the year by high plant availability. Statoil's equity oil production totalled 153 million barrels, an increase of 15 million barrels from 1991. Production from the North Sea fields operated by Statoil continued to expand. Combined output from Statfjord, Gullfaks and Veslefrikk was up by 10 per cent from the previous year. Statfjord produced more than expected, achieving its fourth best year since it came on stream in 1979. Declining output from Statfjord will affect Statoil's total oil production in coming years.

MARGINS LOW

Gas transport to the Continent through the Statpipe/Norpipe system was hit by reduced plant availability, principally due to operating conditions at the Ekofisk Centre. The basis for improved availability will be laid by the planned upgrading of Ekofisk and the introduction of the Zeepipe and Europipe trunklines.

Operations at the Mongstad refinery made progress during the year. Plant availability improved significantly, particularly in the second half of 1992. The Kalundborg refinery achieved good plant availability throughout the year.

Around 10 million tonnes of oil products were produced by the refineries during 1992. Refining margins were lower than in 1991.

INVESTMENT HIGH

Production of ethylene and propylene increased, as did the output of polyethylene and polypropylene. Availability at these plants was good, with the exception of the propylene facility at North Sea Petrochemicals in Antwerp. This unit was off line from April to August because of technical problems, and shut down again temporarily from October due to low propylene prices.

Investment and acquisitions

The Statoil group invested NOK 9.7 billion in 1992, with 77 per cent of this spending in Norway, nine per cent elsewhere in Scandinavia and 14 per cent in the rest of the world.

As operator for Sleipner, Zeepipe and other projects, Statoil is responsible for major developments on the Norwegian shelf. The group invested about NOK 6.2 billion in Norwegian production and transport facilities for oil and gas during 1992. Around NOK 1.4 billion was invested in the refining and marketing business, while some NOK 400 million was invested in the group's petrochemical operations.

Increasing costs are a matter of concern in several development projects on the Norwegian continental shelf, and have prompted active countermeasures by suppliers and operators.

Financial position

Investments in 1992 were financed by the group's own cash flow of NOK 11 986 million. A dividend of NOK 1 402 million was paid.

After the US dollar strengthened towards the end of the year, the group booked a currency loss of about NOK 750 million on its long-term debt.

The group's long-term interest-bearing debt rose from NOK 20 361 million at the end of 1991 to NOK 22 007 million at 31 December 1992. This increase was partly due to the effect of currency loss, and partly to taking advantage of market opportunities for financing the group's future capital requirements.

Liquid funds increased during 1992 by NOK 1 983 million to NOK 7 277 million.

New projects

The Sleipner East development is keeping to its revised schedule, and will be ready to come on stream on 1 October 1993. Zeebrugge's terminal for Sleipner East gas will be completed during 1993. The condensate line from Sleipner to Kårstø is finished, and the condensate terminal will be ready during the first half of 1993.

Production from the Statfjord East and Statfjord North satellites will begin in February 1995. The plan for development and operation of Sleipner West has been approved by the authorities. Phase II of the Troll development, to produce the oil in this field, will be on stream in 1996. The partners decided in December to lay a new pipeline to Mongstad to land the oil.

Europipe, Norway's third gas trunkline to the Continent, is expected to come on stream in autumn 1995 despite the problems encountered in finding a landfall solution acceptable to the regional authorities in Germany.

Both the Haltenpipe gas transport system from the Heidrun field to Tjeldbergodden and the methanol plant being served by this facility are due to come on stream in 1996.

Capacity at the Kalundborg refinery is due to be expanded by up to 1.6 million tonnes per annum at the end of 1994.

Organisation and personnel

Group payroll increased from 13 943 at the beginning of the year to 14 338 at 31 December, primarily due to the recruitment of oil production and retail marketing operatives. The acquisition of BP Ireland added 85 people to the payroll.

The board would like to express its appreciation to the employees for their active involvement and support in framing the measures now being taken to enhance the group's efficiency. Cooperation with the employee organisations contributes to a constructive and effective implementation of the necessary restructuring measures. Various training schemes and organisational modifications have been implemented to improve skills both individually and jointly. The resources and creativity of personnel are central elements in the group's improvement efforts.

Environment

High standards of health, environmental protection and safety are crucial to the group's competitiveness. Strict requirements and clear targets have been established throughout the group. Great emphasis is also given to training and motivation.

With very few exceptions, Statoil's businesses met regulatory requirements on polluting emissions from their daily operations. Intensive efforts are being made to achieve further reductions in emissions to air and water. New treatment methods for hazardous waste from the group's own plants have been tested with good results. Halon emissions from offshore installations operated by Statoil were cut by about 70 per cent compared with 1991.

Extensive environmental impact assessments are performed in connection with development projects. Such assessments in 1992 included the Europipe landfall in Germany, the planned methanol plant at Tjeldbergodden and the planned MTBE plant at Kårstø.

Systematic efforts over several years have established a high standard of safety at Statoil. The group's lost-time injury rate has declined considerably over a number of years, and fell again during 1992.

FEW INJURIES HIGH SAFETY GREENER ATTITUDE

Statoil's board of directors.
From left: Tormod Hermansen, Else Bugge Fougner, Helge Kvamme (chairman), Yngve Hågensen, Åse Simonsen, Helge Kjørholt, Jetfred Sellevåg and Arnfinn Hofstad (deputy chairman). Marit Reutz was not present when this picture was taken.

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The board would like to express its appreciation to the employees for their active involvement and support in framing the measures now being taken to enhance the group's efficiency. Cooperation with the employee organisations contributes to a constructive and effective implementation of the necessary restructuring measures. Various training schemes and organisational modifications have been implemented to improve skills both individually and jointly. The resources and creativity of personnel are central elements in the group's improvement efforts.

Environment
High standards of health, environmental protection and safety are crucial to the group's competitiveness. Strict requirements and clear targets have been established throughout the group. Great emphasis is also given to training and motivation.

With very few exceptions, Statoil's businesses met regulatory requirements on polluting emissions from their daily operations. Intensive efforts are being made to achieve further reductions in emissions to air and water. New treatment methods for hazardous waste from the group's own plants have been tested with good results. Halon emissions from offshore installations operated by Statoil were cut by about 70 per cent compared with 1991.

Extensive environmental impact assessments are performed in connection with development projects. Such assessments in 1992 included the Europipe landfall in Germany, the planned methanol plant at Tjeldbergodden and the planned MTBE plant at Kårstø.

Systematic efforts over several years have established a high standard of safety at Statoil. The group's lost-time injury rate has declined considerably over a number of years, and fell again during 1992.

FEW INJURIES HIGH SAFETY GREENER ATTITUDE

Statoil's board of directors.
From left: Tormod Hermansen, Else Bugge Fougner, Helge Kvamme (chairman), Yngve Hågensen, Åse Simonsen, Helge Kjørholt, Jetfred Sellevåg and Arnfinn Hofstad (deputy chairman). Marit Reutz was not present when this picture was taken.

COMPETITION KEENER IN CHANGING MARKET

Prospects

No significant economic recovery is anticipated in the group's principal markets. The oil market is expected to remain affected by plentiful supplies of oil, moderate demand and low prices during 1993. While European demand for natural gas is rising, competition is becoming keener. Prices and margins for petrochemical products are expected to stay low in 1993, and pressure to restructure this industry will persist.

Nor are there signs of any early improvement in refining margins. The US dollar strengthened markedly against the Norwegian krone at the end of 1992. A strong dollar, if it persists, will compensate to some extent for the negative trend in prices.

International competition will become sharper, imposing a strong need for prudent operation and cost-effective solutions. The group will continue its efforts to reduce costs in response to the challenges facing the industry.

Statoil is committed to substantial investment in Norway during 1993, both on land and offshore. The group's international upstream operations will be expanding during coming years. Access to new commercially-recoverable reserves will strengthen the Statoil group's long-term earnings.

Market trends mean Statoil will be unable to generate sufficient cash flow from its own operations to finance all its immediate investment commitments. This places additional pressure on the group's earnings and financial strength.

Board of directors

Helge Kvamme succeeded Jan Erik Langangen as chairman of the board in September 1992. Helge Kjørholt and Jetfred Sellevåg were elected to the board as new employee representatives.

STAVANGER, 18 FEBRUARY 1993
THE BOARD OF DIRECTORS OF DEN NORSKE STATS OLJESELSKAP A.S

HELGE KVAMME
CHAIRMAN

ARNFINN HOFSTAD
DEPUTY CHAIRMAN

ELSE BUGGE FOUGNER

MARIT REUTZ

HELGE KJØRHOLT

JETFRED SELLEVÅG

YNGVE HÅGENSEN

ÅSE SIMONSEN

TORMOD HERMANSEN

Deputies
Odd Angelvik, Bjørn Laastad, Anne Berit Hjorth Viken, Tor Ragnar Pedersen
Thove Marie Johansen

Corporate assembly
Oluf Arntsen, chairman, Brit Jakobsen, deputy chairman, Axel Buch, Unn Aarrestad, Kristin Krohn Devold, Arve Berg, Kjell Bjørndalen, Oddny Bang, Per Hasler, Jon Jakobsen, Bjørn Torkildsen, Leif Dale

Deputies
Knut Engdahl, Ragnhild Setsaas, Jorunn Strand Vestbø, Kjell Grindhagen, Terje Fossmark, Ingvald Frøystein, Tor Vabø, Margaret Sanner, Trygve Olsen, Anne Slind, Bente Arner, Geir T. Christiansen, Marianne Dalsbø

Observers
Per Audun Hole, Svein Kåre Kjennerud, Tor Inge Nomme, Oddvar Haugvaldstad

INCOME STATEMENT 1992

NOK million	Statoil group 1992	Statoil group 1991	Statoil 1992	Statoil 1991
Sales and other operating revenue (1)				
Operating revenue	**91 172**	88 807	**64 097**	63 145
Sales taxes, excise duties	**11 742**	10 515		
Net operating revenue	**79 430**	78 292	**64 097**	63 145
Operating costs				
Cost of sales	**33 974**	33 925	**25 490**	25 514
Payroll costs (2)	**6 522**	5 935	**4 587**	4 072
Other operating costs (1)	**18 499**	17 309	**15 161**	13 949
Exploration costs (3)	**1 840**	1 695	**1 615**	1 544
Depreciation (10)	**6 078**	5 872	**5 148**	5 043
Total operating costs	**66 913**	64 736	**52 001**	50 122
Operating profit	**12 517**	13 556	**12 096**	13 023
Share of profits of associated companies (9)	**7**	207		
Financial items (4, 17)	**(1 568)**	(1 001)	**(1 528)**	(788)
Profit before taxation	**10 956**	12 762	**10 568**	12 235
Taxation (5)	**8 464**	8 642	**8 473**	8 379
Minority shareholders' interest	**3**	5		
Net profit for the year	**2 489**	4 115	**2 095**	3 856
Allocation of profit for the financial year:				
Statutory reserve			**447**	725
Restricted equity reversing fund			**(47)**	215
Distributable reserve			**922**	1 516
Group contribution			**(477)**	
Dividend			**1 250**	1 400
			2 095	3 856

At 31 December

Assets

NOK million	Statoil group 1992	Statoil group 1991	Statoil 1992	Statoil 1991
Fixed assets				
Property, plant and equipment (10)				
Production plants	**36 981**	37 744	**32 029**	33 456
Construction in progress	**12 205**	8 653	**10 317**	7 100
Land and buildings	**4 679**	4 262	**1 790**	1 754
Chartered vessels	**721**	809	**721**	809
Goodwill	**365**	304		
Long-term receivables and investments				
Investment in subsidiaries (7)			**7 101**	5 958
Investment in other companies (8)	**1 078**	1 539	**1 042**	1 443
Investment in associated companies (9)	**338**	352	**135**	154
Long-term investment (13)	**1 162**	1 030	**659**	302
Long-term inter-group receivables			**925**	750
Total fixed assets	**57 529**	54 693	**54 719**	51 726
Current assets				
Stocks				
Raw materials	**1 257**	807	**677**	477
Finished products	**1 863**	1 851	**587**	552
Short-term receivables				
Accounts receivable	**11 011**	10 338	**7 381**	7 027
Inter-group receivables			**1 443**	1 304
Other short-term receivables (6)	**3 090**	3 627	**2 298**	2 757
Cash and cash equivalents				
Cash, bank deposits (6)	**7 277**	5 294	**4 167**	2 403
Total current assets	24 498	21 917	16 553	14 520
Total assets	**82 027**	76 610	**71 272**	66 246

Stavanger, 18 February 1993

Helge Kvamme	Arnfinn Hofstad	Else Bugge Fougner
Tormod Hermansen	Yngve Hågensen	Marit Reutz
Helge Kjørholt	Jetfred Sellevåg	Åse Simonsen

Harald Norvik
President
Statoil group

BALANCE SHEET

At 31 December

Liabilities and shareholder's equity

NOK million	*Statoil group*		*Statoil*	
	1992	*1991*	*1992*	*1991*
Current liabilities (11)				
Bank loans and overdrafts	**584**	269	**378**	71
Accounts payable	**7 856**	7 149	**6 665**	6 207
Taxes payable	**3 802**	3 384	**3 712**	3 213
Dividend payable	**1 252**	1 402	**1 250**	1 400
Inter-group payables			**827**	563
Other current liabilities	**7 362**	7 534	**4 179**	4 591
Total current liabilities	**20 856**	19 738	**17 011**	16 045
Long-term liabilities				
Long-term loans (12)	**22 007**	20 361	**19 604**	18 386
Inter-group loans			**946**	710
Other long-term liabilities (13, 14)	**3 045**	2 535	**499**	274
Deferred taxation (5)	**13 650**	12 681	**12 522**	11 463
Total long-term liabilities	**38 702**	35 577	**33 571**	30 833
Minority shareholders' interest	**39**	36		
Shareholder's equity (18, 19)				
Share capital (49 397 140 shares at NOK 100 each)	**4 940**	4 940	**4 940**	4 940
Statutory reserve and restricted equity reversing fund	**5 829**	5 429	**5 829**	5 429
Distributable reserve	**11 514**	10 677	**9 921**	8 999
Foreign currency translation adjustment	**147**	213		
Total shareholder's equity	**22 430**	21 259	**20 690**	19 368
Total liabilities and shareholder's equity	**82 027**	76 610	**71 272**	66 246
Guarantees, secured liabilities, etc (15, 16)				

NOK million	Statoil group 1992	Statoil group 1991	Statoil 1992	Statoil 1991
Cash flow from/(to) operating activities				
Cash receipts from operations	**78 757**	79 443	**63 743**	63 861
Disbursements to operations	**(59 562)**	(59 627)	**(45 282)**	(46 105)
Net financial disbursements	**(164)**	(924)	**(89)**	(924)
Taxes paid	**(7 045)**	(8 227)	**(6 915)**	(7 855)
Net cash flow from operating activities	**11 986**	10 665	**11 457**	8 977
Cash flow from/(to) investment activities:				
Acquisitions and additions to fixed assets	**(9 684)**	(9 705)	**(9 043)**	(8 167)
Sales of property, plant and equipment	**311**	518	**291**	323
Net cash flow to investment activities	**(9 373)**	(9 187)	**(8 752)**	(7 844)
Cash flow from/(to) financing activities:				
Short-term financing				
Change in short-term debt	**212**	199	**91**	692
Long-term financing:				
New long-term loans	**3 331**	1 473	**3 052**	710
Reduction in long-term debt	**(2 771)**	(2 583)	**(2 684)**	(2 555)
Shareholder's equity:				
Dividend paid	**(1 402)**	(1 500)	**(1 400)**	(1 500)
Net cash flow to financing activities	**(630)**	(2 411)	**(941)**	(2 653)
Total net change in cash and cash equivalents	**1 983**	(933)	**1 764**	(1 520)
Cash and cash equivalents at 1 Jan	**5 294**	6 227	**2 403**	3 923
Cash and cash equivalents at 31 Dec	**7 277**	5 294	**4 167**	2 403

The group (consolidated) accounts are based on the same accounting policies as those applied by the parent company. They include the parent company - Den norske stats oljeselskap a.s (Statoil) - as well as the subsidiaries and associated companies listed in notes 7 and 9 to the accounts.

CONSOLIDATION POLICIES

* Subsidiaries are defined as companies in which Statoil, directly or indirectly, has a majority voting interest. Shares in subsidiaries are eliminated against the cost of investment. Any assignable excess of purchase price over book value is assigned to the relevant assets and depreciated accordingly. Other excess value is classified as goodwill.
* Associated companies are defined as companies on which the group has a significant influence - normally between 20 and 50 per cent - and where the ownership position is of a lasting and strategic nature. Shares in such companies are consolidated in accordance with the equity method.
* Inter-group transactions and unsettled balances are eliminated.

ACCOUNTING POLICIES

Research and development
Costs of research, studies and development are charged to expense as incurred.

Maintenance, replacements and site removal costs:
Replacements and renewals which significantly increase the capacity or life of the asset are capitalised.
Purchases of spares are charged to expense.
Periodic maintenance programmes are charged to expense during the period until the implementation of the programme. Normal maintenance and repairs are charged to expense when performed.
Annual provisions are made in the financial statements for future site restoration and removal costs. The likelihood that the authorities will demand such removal is considered annually for each individual installation, and any provision is calculated in accordance with the unit of production method, based on the current price level and an anticipated removal concept.

Norm price and royalty
The authorities stipulate monthly norm prices for the production of crude oil on the Norwegian shelf. This norm price provides the fiscal basis and is also the price Statoil pays for the government's equity oil and royalty oil.
The government's royalty oil consists of royalty taken in kind from fields producing oil. The quantities delivered by Statoil as royalty for its participation in the various production licences are booked at the norm price and shown as income and operating costs respectively in the income statement.

Trading
Trading of crude oil and products is included in operating revenue and operating costs to the extent that such transactions involve physical deliveries. The net proceeds of transactions not involving physical deliveries are included in operating revenue.
As manager of the government's direct financial interest in the petroleum industry, Statoil markets and sells the government's share of production. The title to such oil when sold directly from a field to an external customer is not assigned to Statoil. The net result of this trading activity is included in operating revenue. The value of equity crude bought by Statoil for future sale to external customers or for refining is included in operating revenue and operating costs respectively.
Statoil buys all oil received by the government as royalty in kind from fields on the Norwegian shelf. Statoil includes the costs of purchase and proceeds from the sale of this royalty oil in its operating costs and operating revenue respectively.
Unrealised loss on forward sales is charged to expense as incurred. Gains are taken to income when realised.

Depreciation
Ordinary depreciation of oil and gas production facilities and transport systems is calculated for each individual field or transport system, using the unit of production method.
Ordinary depreciation of other assets is calculated on the basis of their economic life expectancy, using the straight line method.

Financial charges
Interest and other financial charges are expended as incurred.

Financial instruments
The group employs various financial instruments in the management of its foreign exchange and interest exposure. The following accounting policies are applied for the principal instruments:

Currency swap agreements
For long-term debt exchanged from the original foreign currency to another (open) currency at an agreed rate of exchange, the open currency position is applied when calculating average exchange rate of drawdowns and for allocation to the currency fluctuation reserve.

Hedging contracts
Unrealised gain or loss on hedging contracts is offset against loss or gain on the items hedged.

NOK million	Statoil group 1992	Statoil group 1991	Statoil 1992	Statoil 1991
Cash flow from/(to) operating activities				
Cash receipts from operations	**78 757**	79 443	**63 743**	63 861
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Purchases of spares are charged to expense.

Periodic maintenance programmes are charged to expense during the period until the implementation of the programme. Normal maintenance and repairs are charged to expense when performed.

Annual provisions are made in the financial statements for future site restoration and removal costs. The likelihood that the authorities will demand such removal is considered annually for each individual installation, and any provision is calculated in accordance with the unit of production method, based on the current price level and an anticipated removal concept.

Norm price and royalty

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

Unrealised loss on forward sales is charged to expense as incurred. Gains are taken to income when realised.

Depreciation

Ordinary depreciation of oil and gas production facilities and transport systems is calculated for each individual field or transport system, using the unit of production method.

Ordinary depreciation of other assets is calculated on the basis of their economic life expectancy, using the straight line method.

Financial charges

Interest and other financial charges are expended as incurred.

Financial instruments

The group employs various financial instruments in the management of its foreign exchange and interest exposure. The following accounting policies are applied for the principal instruments:

Currency swap agreements

For long-term debt exchanged from the original foreign currency to another (open) currency at an agreed rate of exchange, the open currency position is applied when calculating average exchange rate of drawdowns and for allocation to the currency fluctuation reserve.

Hedging contracts

Unrealised gain or loss on hedging contracts is offset against loss or gain on the items hedged.

The interest element is allocated over the contract period.

Interest swap agreements
The net effect of income and costs related to interest swap agreements is allocated over the contract period.

Unrealised loss related to financial instruments used for trading purposes is charged to expense. Gains are recorded as income when realised.

Translation of foreign currency
Items in foreign currency are translated to NOK as follows:

* Income, expenses and fixed assets are recorded at a monthly rate of exchange set for accounting purposes.
* Current assets and current liabilities are translated at the rate of exchange prevailing at 31 December.
* Long-term liabilities are translated at the exchange rates prevailing at drawdown. Any exchange loss resulting from re-translating the debt at year-end rate of exchange is charged to expense. Similar exchange gains are recognised as income only when realised, or to the extent that unrealised gains represent a reversal of previously provided unrealised losses. For long-term receivables, this policy is applied analogously.
* Consolidated income statements in foreign currency are translated at average rates of exchange for the year, while the corresponding balance sheets are translated at the rate prevailing at 31 December. Currency translation adjustments are entered against shareholder's equity in the balance sheet.

Stocks
Stocks are valued at the lower of acquisition costs as defined by the first-in-first-out principle and anticipated net sales price.
Acquisition costs consist of direct materials and direct wages together with allocated indirect production costs for produced goods and the cost price for purchased goods. Transport costs to storage facilities are also included.
Hedged stocks are valued at the lower of acquisition cost and hedged price.

Gas swapping
Gas swapping/loan agreements are accounted for based on the sales method, where the borrower enters the sale as income on delivery to the buyer. A simultaneous provision is made for the anticipated future costs of production and possible transport of the gas to be redelivered. When lending gas, the lower of the production cost and the estimated present value of future sales price is capitalised as prepaid cost.

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

Exploration and development of offshore fields
All costs related to exploration and pre-production are charged to expense as incurred. When the field is declared commercial, costs incurred by the project organisation are capitalised. Once the plan for development and operation has been approved by the government, all field costs incurred until the field is brought on stream are capitalised.

Joint ventures
Statoil's share of the income, expenses, assets and liabilities of joint ventures is included under the appropriate headings of the company's income statement and balance sheet.

CHANGES IN ACCOUNTING POLICIES

The income statement for 1991 and the balance sheet at 31 December 1991 have been restated in accordance with new policies. The key figures for 1990 and previous years have not been altered.

Leasing
Substantial lease agreements which are de facto finance leases are treated accordingly, and the leased assets are thus capitalised and depreciated over the lease term. The instalment element of the lease obligation is included as interest-bearing debt.

Pensions
In the past, the annual pension cost was based on historical data, while contributions to the premium fund were included in the balance sheet as long-term investment.
The amended policy is based on the present value of anticipated future benefits, calculated in accordance with standard actuarial practices. The difference between estimated incurred liability and the value of the pension funds is shown as long-term debt or investment as appropriate.

Deferred taxation
Because of changes in Norwegian accounting legislation, the tax expense in the income statement is calculated as the total of taxes payable on the proceeds of the year and the year's change in deferred taxation. The deferred taxation concept comprises both future taxes payable and tax calculated on assigned values added or reduced when consolidating subsidiaries in accordance with the acquisition method.
Full provision is made using closing date tax rates and undiscounted amounts.

1. Operating revenues are analysed as follows:

NOK million	Statoil group 1992	Statoil group 1991	Statoil 1992	Statoil 1991
Crude oil	33 294	34 677	34 641	35 336
Transport tariff revenue	5 180	4 641	5 180	4 641
Gas	4 056	4 188	3 934	4 356
Refined products	22 635	22 074	10 537	10 797
Petrochemical products	5 464	5 902	2 574	2 761
Other revenue	8 801	6 810	7 231	5 254
Total net operating revenue	79 430	78 292	64 097	63 145
Foreign sales, included above:				
Crude oil	28 999	31 101	30 337	31 756
Gas	3 556	3 665	3 419	4 003
Refined products	18 016	17 380	7 902	8 368
Petrochemical products	4 522	5 469	827	2 245
Other revenue	2 092	2 587	1 250	886
Total foreign sales	57 185	60 202	43 735	47 258

Total crude oil availability includes purchased crude at NOK 19 556 million.

Group operating revenue includes royalties of NOK 2 930 million. A similar amount is included in other operating costs. Other group revenues include NOK 4 884 million from the sale of personnel services.

2. Total remuneration to the members of the corporate assembly amounts to NOK 295 000, to the board of directors NOK 980 000 and to the group president NOK 1 350 000. The parent company's auditing fee amounts to NOK 3 225 000 in 1992, including consultancy fees of NOK 275 000.

3. Exploration costs consist of direct costs related to exploration for commercially recoverable petroleum resources. NOK 516 million of the 1992 costs relates to exploration abroad.

4. Financial items
The net amount is analysed as follows:

NOK million	Statoil group 1992	Statoil group 1991	Statoil 1992	Statoil 1991
Dividend received	25	11	231	347
Interest received from subsidiaries			89	105
Interest and other financial income	1 381	1 146	933	677
Interest paid to subsidiaries			153	58
Interest and other financial charges	2 974	2 158	2 628	1 859
Net financial items	1 568	1 001	1 528	788

Other financial charges include a recorded loss of NOK 489 million on a holding in Saga Petroleum A/S, due to a drop in the share price.

5. Taxes
The current year's taxable base is analysed as follows:

NOK million	*Statoil group*	*Statoil*
Profit before taxation	10 956	10 568
Accelerated tax depreciation	(1 839)	(1 703)
Other temporary differences	832	319
Group contribution		477
Other permanent differences	65	159
Taxable base	10 014	9 820
The current year's taxes are analysed as follows:		
Ordinary corporation tax	2 852	2 749
Special tax	4 588	4 588
Adjustments of previous year	23	77
Total taxes payable	7 463	7 414
Deferred tax provision	1 001	1 059
Taxation for the year	8 464	8 473
Uplift for the year		1 402

Deferred taxes are calculated on the basis of temporary differences between financial and tax accounting at 31 December 1992.

NOK million	*Basis*	*Deferred tax*
Accelerated tax depreciation, offshore	15 247	11 893
Accelerated tax depreciation, onshore	2 865	802
Other temporary differences	(959)	(173)
Total Statoil	17 153	12 522
Temporary differences Norwegian subsidiaries	311	80
Temporary differences foreign subsidiaries	3 524	1 048
Total group	20 988	13 650

Temporary differences in subsidiaries are primarily related to fixed assets.
Profit retained/losses carried forward in subsidiaries are not included in the tax calculations.

6. Cash and cash equivalents include bank deposits, certificates and bonds.
Statoil's bank deposits include restricted funds of NOK 150 million covering employee income tax withheld. The corresponding amount for the Statoil group is NOK 165 million.
Liquid assets of NOK 1 790 million in Statoil Forsikring a.s are included. There is a restriction on lending these assets to other companies in the Statoil group.
Short-term shareholdings are included under other short-term receivables, and amount to NOK 323 million for the group and NOK 192 million for the parent company.

7. Statoil's investment in subsidiaries:

Amounts in millions	Book value NOK	Par value		Equity interest	Total company share capital	
Statoil Norge A/S	692	NOK	290	100%	NOK	290
Statoil Forsikring a.s	100	NOK	100	100%	NOK	100
Norsk Undervannsteknologisk Center a.s	18	NOK	18	60%	NOK	30
Statoil Danmark A/S	2 149	DKK	700	100%	DKK	700
Statoil AB	1 550	SEK	800	100%	SEK	800
Statoil (UK) Ltd	1 058	GBP	93	100%	GBP	93
Statoil Deutschland GmbH	964	DEM	22	100%	DEM	22
Statoil North America Inc	42	USD	6	100%	USD	6
Statoil (Thailand) Ltd	239	THB	600	100%	THB	600
Statoil Investments Ireland Ltd	239	IEP	11	100%	IEP	11
Other subsidiaries	50					
Total Statoil	7 101					

Other subsidiaries include Statoil Coordination Centre NV, where Statoil AB has a holding of 98.3 per cent and Statoil owns the remaining 1.7 per cent.

8. Investment in other companies totalling NOK 1 078 million includes ordinary shares in Saga Petroleum A/S valued at NOK 807 million. The holding in this company is 9.3 per cent. The holding of voting stock is 12.4 per cent.
A five per cent shareholding in Verbundnetz Gas AG is included at cost price, NOK 196 million.

9. Investment in associated companies is recorded in Statoil at historical cost and in the Statoil group in accordance with the equity method.

Amounts in millions	Statoil-group	Statoil	Equity-interest	Par value	Share capital
Norpipe a.s	250	129	50%	129	257
Norpipe Petroleum UK Ltd	19		50%	GBP 2	GBP 4
Other companies	69	6			
Total, NOK	338	135			

10. Property, plant and equipment:

NOK million	Cost at 1.1.92	Additions 1992	Deletions 1992	Transfers	Accumulated depreciation at 31 Dec 1992	Net book value at 31 Dec 1992
Statoil						
Production plants	69 720	1 518	7	2 070	41 272	32 029
Construction in progress	7 100	5 312		(2 095)		10 317
Land and buildings	2 091	71	9	25	388	1 790
Chartered vessels	1 169				448	721
Total	80 080	6 901	16	0	42 108	44 857

NOK million	Cost at 1.1.92	Additions 1992	Deletions 1992	Transfers	Accumulated depreciation at 31 Dec 1992	Net book value at 31 Dec 1992
Statoil group						
Production plants	77 561	2 543	374	2 977	45 726	36 981
Construction in progress	8 846	6 434		(3 075)		12 205
Land and buildings	5 557	416	92	98	1 300	4 679
Chartered vessels	1 169				448	721
Goodwill	312	121	35		33	365
Total	93 445	9 514	501	0	47 507	54 951

Additions to and proceeds from sale (sales prices) of fixed assets during the last five years:

NOK million	1988	1989	1990	1991	1992
Statoil					
Additions	9 165	4 751	5 265	5 717	6 901
Sales	464	1 992	173	323	16
Statoil group					
Additions	10 402	6 124	6 196	7 835	9 514
Sales	859	2 031	243	518	276

11. Current liabilities
Of the group's current liabilities, NOK 584 million in bank loans/overdraft facilities and NOK 1 730 million in other short-term debt are interest-bearing.

12. Long-term loans analysed by currency:

Amounts in millions	Long-term loans	Currency swap agreements	Currency position	Average rate of exchange	Book value NOK
Statoil					
Norwegian kroner	144		144		144
US dollars	1 539	704	2 243	6.64	14 888
German marks	680	(307)	373	367.25	1 369
Japanese yen	57 640	(39 640)	18 000	4.44	799
French francs	696	(400)	296	104.74	310
Swiss francs	150		150	442.42	664
Danish kroner	400	(400)	0		0
European currency units	100	(100)	0		0
Currency fluctuation reserve					1 430
Total Statoil					19 604
Subsidiaries					
Belgian francs	10 347		10 347	20.43	2 114
Other currencies					289
Total Statoil group					22 007

The average remaining repayment term for the loan portfolio is 7.6 years.
The interest rate on long-term loans in 1992 was 4.4 per cent, excluding currency loss. Instalments due in 1993 amount to NOK 2 500 million.

The currency swap agreements referred to in the table convert loans in the original currencies to liabilities in USD. In addition to these agreements, the remaining long-term currency positions have been converted to USD using revolving forward contracts (see note 17).
Using long-term and short-term financial instruments, about two-thirds of the loan portfolio ran at a floating rate of interest at 31 December 1992.
Loan reserves at 31 December 1992 amounted to NOK 3 460 million.

13. Pensions
Most of the group's employees are covered by pension plans entitling them to defined future pension benefits. These benefits are mainly dependent on their years of pensionable service, final pensionable salary level and the size of National Insurance benefits. The parent company's employees are insured through Statoil Pensjonskasse (Pension Fund), which is organised as an independent trust. Its funds, which are mainly invested in state, county or municipal bonds, are valued at the lower of cost and market value at 31 December 1992.

The pension commitment at 31 December 1992 is analysed as follows (NOK million):

Vested pension rights earned	1 594
Non-vested early retirement rights	96
Pension funds in Statoil Pensjonskasse	2 240
Prepaid pension costs in Statoil	550

The calculated prepayment is included as a long-term investment under fixed assets. NOK 205 million and NOK 534 million from the subsidiaries' statements are included in the group balance sheet as long-term investment and long-term liabilities respectively.
The calculations assume a long-term return on the pension funds of about nine per cent, and an anticipated nominal growth in salaries of about 4.5 per cent.

14. Other long-term liabilities
This item includes provisions of NOK 1 922 million for various insurance funds in Statoil Forsikring a.s and NOK 435 million in accrued future site removal costs.
The current year's provision for site removal costs amounts to NOK 160 million.

15. Contingent liabilities and insurance
In common with other licensees, Statoil has unrestricted liability for possible claims for damages in connection with the company's offshore operations, including transport systems.
The company has taken out insurance to cover this liability up to about NOK 4 250 million for each incident, including liability for claims arising from pollution damage.
Statoil's assets are insured at their estimated replacement value. Offshore installations are covered through Statoil Forsikring, which reinsures most of the risk in the international insurance market. The self-insurance ratio is about 10-15 per cent.
To finance pipelines and terminals tied back to the Ekofisk development, loan agreements were concluded between the owners of the installations and various banks. Statoil's total guarantee commitment under these agreements is NOK 115 million.

16. Commitments
Lease agreements
At 31 December 1992, Statoil had signed marine drilling contracts for three drilling rigs, with a combined remaining lease period of 4.5 years. The company leases one flotel, three helicopters and four supply/stand-by vessels on short-term charters varying from one to five years. In addition to the capitalised lease cost of chartered vessels, Statoil has chartered 18 tankers with remaining periods of hire ranging from one to 10 years.
Partnerships
As a participant in various partnerships, Statoil is jointly liable together with its partners for agreements incurred.
Under the licence terms, licensees are committed to drill a certain number of wells. At the end of the year, the company was committed to participate in 25 wells on the Norwegian shelf and 30 wells abroad, with an average equity interest of 20 per cent.

17. Forward currency contracts
Short-term forward contracts

Amounts in millions

Currency sold	*Amount*	*Currency bought*	*Amount*	*Average contract rate*	*Due*
DEM	31	USD	20	1.5526	9301
USD	580	DEM	940	1.6211	9301
NOK	69	USD	10	6.8960	9301
BEF	200	USD	6	32.881	9301
USD	11	DKK	68	6.2645	9301
SEK	210	USD	30	6.9765	9301
USD	429	NOK	2862	6.6723	9301-9304
FRF	13	USD	2	5.4571	9301
Unrealised loss excluding forward premium/discount at 31 December 1992					NOK 179 million

Long-term forward contracts

Currency sold	*Amount*	*Currency bought*	*Amount*	*Average contract rate*	*Due*
USD	225	DEM	373	1.6563	9302-9309
USD	311	BEF	10 200	32.796	9302-9303
USD	113	CHF	150	1.3226	9301
USD	54	FRF	296	5.4835	9303
USD	145	JPY	18 000	124.00	9303
USD	21	NOK	145	6.8955	9301-9306
Unrealised loss excluding forward premium/discount at 31 December 1992					NOK 163 million

These unrealised losses have been charged to expense in the current year's income statement.

18. Changes in accounting policies
Following fundamental changes in accounting policies, the group opening balance has been restated as follows:

NOK million	*Shareholder's equity*	*Deferred tax*
According to last year's statements	13 804	312
- Temporary differences between financial statements and tax accounts at 31 December 1991	7 707	12 286
- Effect of change in policy for treatment of finance leases	(121)	(48)
- Effect of change in policy for treatment of pension obligations	(131)	131
Adjusted balance at 31 December 1991	21 259	12 681

19. Changes in group equity during 1992 (NOK million):

Shareholder's equity at 31 December 1991 (see note 18)	21 259
Net profit for the year	2 489
Dividend for the year	(1 252)
Change in foreign currency translation adjustment	(66)
Shareholder's equity at 31 December 1992	22 430

The restricted equity reversing fund of NOK 168 million is included in restricted equity

Group profit/(loss) by business areas and corporate units

NOK million	*Operating revenue*		*Operating profit/(loss)*	
	1992	*1991*	*1992*	*1991*
Exploration & Production	26 820	25 843	8 583	9 292
Natural Gas	8 425	7 631	3 817	3 567
Refining & Marketing	58 126	58 644	642	670
Petrochemicals & Plastics	5 508	6 002	(438)	(30)
Corporate units	2 066	1 407	(87)	57
Inter-group transfers	(21 515)	(21 235)		
Total	79 430	78 292	12 517	13 556

Value added statement

NOK million	*1992*		*1991*	
Operating revenue	91 172		88 807	
Consumption of purchased goods and services	50 912		49 709	
Gross value added from group activities	40 260		39 098	
Depreciation	6 078		5 872	
Net value added from group activities	34 182		33 226	
Net financial items, etc	(308)		1 003	
Value added available from group activities	33 874		34 229	
Which was utilised as follows:				
Employees				
Gross salaries and social benefits	6 522	19.2%	5 935	17.3%
Capital investors				
Interest, etc to lenders	1 253	3.7%	1 797	5.3%
Dividend	1 252	3.7%	1 402	4.1%
Central and local government				
Royalties, taxes, petrol tax, carbon tax	23 608	69.7%	22 377	65.4%
Retained in the group				
Retained value added	1 239	3.7%	2 718	7.9%
Total value added	33 874	100.0%	34 229	100.0%

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Short-term forward contracts

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Total value added	33 874	100.0%	34 229	100.0%

AUDITORS' REPORT FOR 1992

To the shareholder of Den norske stats oljeselskap a.s:

We have audited the annual report and accounts of Den norske stats oljeselskap a.s for 1992. The annual report and accounts, which comprise the Board of Directors' report, the income statement, balance sheet, cash flow statement, notes to the accounts and group accounts, are presented by the company's Board of Directors and its president.

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

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

The board of directors' proposal for the appropriation of net income is in accordance with the requirements of the Norwegian Companies Act.

In our opinion, the annual report and accounts, which show a net profit for the year of NOK 2 095 million for the parent company and a consolidated net profit for the year of NOK 2 489 million, have been prepared in accordance with the requirements of the Norwegian Companies Act and with Norwegian generally accepted accounting principles.

STAVANGER, 18 FEBRUARY 1993
ERNST & YOUNG & CO. AS

ERNST ALSAKER
STATE AUTHORISED PUBLIC ACCOUNTANT (NORWAY)

RECOMMENDATION FROM THE CORPORATE ASSEMBLY

Resolution:
At its meeting on 4 March 1993 , Statoil's corporate assembly discussed the annual report of the board of directors and the annual accounts of Den norske stats oljeselskap a.s and the Statoil group for 1992.

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

The matter is to be submitted to the general meeting.

STAVANGER, 4 MARCH 1993

OLUF ARNTSEN
CHAIRMAN, CORPORATE ASSEMBLY

Article 1

The corporate object of Den norske stats oljeselskap a.s is, either by itself or through participation in or together with other companies, to carry out exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, as well as other business.

Article 2

The Company shall be situated in Stavanger.

Article 3

The share capital of the Company is NOK 4 939 714 000 divided into 49 397 140 shares of NOK 100 each.

Article 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 of 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 may 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.

Article 5

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

Article 6

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

Article 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 pursuant to 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 and among its members.

The Corporate Assembly shall hold at least two meetings annually.

Article 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.

Article 9

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

a) Adoption of the profit and loss account 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 profit and loss account and the consolidated balance sheet.
d) Any other matters which are referred to the General Meeting by law or the Articles of Association.

Article 10

The Board shall submit to the General Meeting, ordinary or extraordinary, all matters which must be presumed to be of political importance or importance in principle and/or which may have essential effects on the nation and its economy.

Such matters shall be deemed to include, but not be limited to:

a) Plans for the subsequent years, as well as perspectives for the intermediate term, including economic surveys. Such submission shall take place every two years.
b) Essential changes in such plans and perspectives as mentioned in a) above.
c) Plans for projects of significant importance in relation to the Company's overall business.
d) Matters which may necessitate State appropriation of shareholder's equity or loan capital.
e) Plans for establishing new types of business of any essential extent.

Matters which the Board submits to the General Meeting pursuant to this Article and to the extent possible such matters as the Ministry may have announced its wish to consider at such a General Meeting, shall, to the extent possible, be presented in writing and delivered to the Ministry in ample 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 item a) above should be submitted to the Corporate Assembly for comments.

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

Article 11

The Company is responsible for managing the interests of the Government related to the direct financial involvment the Government 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 professional and managerial organization and in accordance with the guidelines applicable to the Company's own involvement on the Norwegian continental shelf.

The Company prepares accounts for the Government's direct financial involvement. These accounts are carried out in accordance with the regulations governing economic administration in the ministries stipulated by Royal Decree and the economic instructions stipulated by the Ministry of Petroleum and Energy.

Article 12

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

ACTIVITY MAP

NORWAY:
Exploration and production, refining, petrochemicals, service stations.

SWEDEN:
Service stations, petrochemicals.

DENMARK:
Exploration, refining, service stations.

BELGIUM:
Petrochemicals, gas terminal.

GERMANY:
Petrochemicals, gas storage, development of service station network.

UK:
Sale of crude, products, gas and petrochemicals. Exploration, development and gas production.

IRELAND:
Service stations.

POLAND:
Preparing development of service stations.

ESTONIA:
Development of service station network.

LATVIA:
Preparing development of service stations.

AZERBAIJAN:
Business development.

RUSSIA:
Business development.

THAILAND:
Exploration and development.

SINGAPORE:
Trading office for crude oil and products.

VIETNAM:
Exploration.

ANGOLA:
Exploration.

NAMIBIA:
Exploration.

NIGERIA:
Exploration preparations.

USA:
Trading office for crude oil and products.

The Statfjord A platform came on stream on 24 November 1979, and remains one of Norway's most important sources of revenue.

President Stig Bergseth

The Exploration & Production (E&P) business area is responsible for exploration, project planning, development and operation of offshore installations, and for the government's direct financial interest (GDFI) in petroleum operations on the Norwegian continental shelf. E&P had 5 215 employees at 31 December 1992.

Highlights

- Operating profit came to NOK 8 583 million, down by NOK 709 million from the year before. This reduction is primarily due to lower oil prices.
- Equity crude available to Statoil in 1992 totalled

The new concrete gravity base structure for Sleipner A under construction outside Stavanger.

153 million barrels, as against 138 million in 1991.
- The Statfjord, Gullfaks and Veslefrikk fields, operated by Statoil, have all produced significantly more than planned - 10 per cent higher on average.
- No serious accidents occurred on the North Sea fields operated by Statoil. The lost-time injury rate was reduced by 20 per cent from 1991.
- Statoil's estimates for recoverable oil reserves in Statfjord and Veslefrikk were increased by 214 and 47 million barrels respectively.
- The Sleipner West project was approved by the Norwegian authorities.
- The Sleipner East project is keeping to its revised schedule.
- Statoil drilled nine exploration wells as operator. Three discoveries were made.
- Substantial activities have been pursued in the alliance with BP in Nigeria, Azerbaijan and Vietnam.
- The Bongkot and Hyde developments, off Thailand and the UK respectively, are on schedule and both fields will come on stream in 1993.
- An extensive programme of efficiency improvements has been initiated, with the aim of trimming up to NOK 2 billion from costs in the operations budget for Statoil-operated fields by 1995.

Reserves

The Norwegian continental shelf remains a highly attractive area for exploration. Estimated undiscovered reserves are on a par with those already found.

Exploration in 1992 proved 585 million barrels of oil, of which Statoil's share is 88 million barrels. Fifty-two billion cubic metres of gas were proven, with Statoil's share totalling nine billion cubic metres.

At the end of 1992, Statoil estimated total recoverable reserves on the Norwegian shelf at 62.5 billion barrels of oil equivalents, of which 32.5 billion have been proven by drilling. Statoil's equity share is five billion barrels of oil equivalents. Oil accounts for about 45 per cent of overall resources. Some 20 per cent of total proven reserves have been produced. Statoil's share of commercially recoverable oil reserves corresponds to 10 years of production at the present rate. The picture is significantly different for gas, where Norway has reserves for 50 years of production at today's rate. This also applies to Statoil's equity share.

Exploration

Exploration wells spudded on the Norwegian shelf in 1992 break down as follows:

Operator	Exploration wells	Appraisal wells
Statoil	7	2
Others	25	6

The overall level of exploration on the Norwegian shelf remains high. Forty exploration wells were spudded in 1992, three fewer than the year before. Statoil was operator for nine exploration wells, two more than in 1991.

Twelve discoveries were made on the Norwegian shelf in 1992, eight of them oil and four gas. Statoil made three discoveries as operator, with its find in North Sea block 7/7 as the most interesting.

Exploration activity during 1992 has again been concentrated in the North Sea, where 33 of the wells were drilled. Four wells were drilled off mid Norway and three in the Barents Sea.

International operations

Substantial strides have been made by the BP/Statoil alliance during 1992. A letter of intent from Azerbaijan confers the right to negotiate exploration and field development agreements.

Statoil established a subsidiary in Nigeria, where a third offshore block was provisionally awarded to the group together with BP in 1992. This gives the alliance exclusive rights to complete negotiations for an exploration and production agreement covering the three Nigerian blocks.

In Vietnam, the alliance was awarded interests in a new exploration licence and farmed into an existing licence.

Statoil made a modest discovery in the Lulita field on the Danish continental shelf, and was awarded interests in an exploration licence off Namibia together with Norsk Hydro and Saga Petroleum.

The group is a partner in two development projects outside Norway - Hyde on the UK shelf and Bongkot off Thailand. Both projects are on schedule and within budget.

Statoil wound up its operations on the Dutch continental shelf in 1992 with the sale of its subsidiary.

Operations

High priority is given to safety on Statoil's installations. The lost-time injury rate has declined every year since 1987 and fell to 6.6 per million hours worked in 1992 compared with 8.2 the year before. There were no serious accidents on Statoil's installations in 1992.

Serious incidents such as fires or oil and gas leaks were significantly reduced in 1992. However, a significant oil spill occurred on the Statfjord field in June. The clean-up operation was successful, and it is calculated that a maximum of 250 barrels remained in the sea.

Emissions of halon from Statoil's fixed installations have been cut by some 70 per cent over the past year.

Equity crude available to Statoil in 1992 totalled 153 million barrels, up 15 million barrels from the year before and a group record. Statoil also set a new production record as operator in 1992, with daily average output from the fields it operates reaching 1.2 million barrels.

Daily production from Statfjord averaged just over 700 000 barrels in 1992, making this the field's fourth best year since it came on stream in 1979. Gullfaks set a new production record, with a daily average for the year of more than 430 000 barrels. For the first time, it also periodically exceeded 500 000 barrels per day. Veslefrikk's daily production of 68 000 barrels is a fresh record. Tommeliten produced significantly more than originally planned as a result of higher gas sales to Ekofisk.

Recoverable oil reserves in Statfjord were upgraded by 214 million barrels in 1992. In line with the new production schedule, which includes a number of measures involving the wells and the process facilities, output in 1992 was far higher than earlier expected.

The excellent production results can be attributed to the group's high safety standards and technological capabilities. Statoil is among the front runners in advanced simulation and management of big oil and gas reservoirs. Further technological strides have been made in drilling both extended-reach and horizontal wells.

The world's longest extended-reach well has been drilled by Statoil on Statfjord, with a horizontal offset from the platform of more than 7 200 metres.

Measures to stimulate production from existing wells also contributed to the high Gullfaks output. Trials with alternating water and gas injection to boost recovery yielded good results. Promising trials were conducted with surfactants, detergent-like materials which help to increase production.

Statoil gives high priority to developing its expertise and capacity in the areas described above. Great stress is placed on extending multiphase and exploration technologies. An extensive research partnership was initiated with Norwegian institutions in these areas during 1992.

Chief executive Harald Norvik greets the Nigerian oil minister at the official opening of Statoil's office in Lagos. Also in the picture are BP managing director John Browne and Statoil's Thorvald Mellingen (left).

The Snorre field, operated by Saga Petroleum, came on stream in 1992. Final processing of oil and gas from this field takes place on Statfjord A. The production start-up was successful.

Extensive cost-efficiency gains are being sought through a new programme initiated by Statoil's E&P business.

The principle objective is to be in a position to operate more fields without increasing the present workforce, and to use considerably fewer resources in finding further recoverable reserves.

Project development

Statoil has approved the plan for development and operation (PDO) of Gullfaks West, which will be produced by drilling two extended-reach wells from one of the Gullfaks platforms. Embracing some 20 million barrels of recoverable oil, the profitability of this project is good.

Work on a development solution for Smørbukk South concluded that the profitability of this project was inadequate. Developing the field together with the main Smørbukk reservoir is now under consideration.

A PDO was drawn up for Tommeliten Alpha, but commercial discussions with the Phillips group about a tie-in to Ekofisk remain to be concluded.

Work on a development plan for Snøhvit continued during 1992, but further efforts here depend on securing a sales agreement for the gas

Development

The authorities have approved the PDO for Sleipner West. This field contains 133 billion cubic metres of gas and roughly 50 million tonnes of condensate. It will be developed with a processing platform tied to the Sleipner A installation and an unmanned wellhead unit for the first phase of Sleipner West. With production due to start in spring 1997, phase one of the project is costed at NOK 13.2 billion.

Sleipner East is keeping to its revised schedule, with tow-out of Sleipner A planned for June 1993. Production will begin the following October. An extra well on the Loke field, a subsea production system on Sleipner East and a well drilled from the platform will ensure sufficient gas production to fulfil initial sales commitments under the Troll agreements. After the loss of the original A platform gravity base structure in the Gands Fjord in 1991, it was resolved to build an independent riser platform for Sleipner East to link the Zeepipe and Statpipe gas trunklines. This facility was constructed in less than a year and has now been installed on the field. All the pipelines have been tied back to it.

Studying seismic charts during the preparation of Statoil's application for blocks in the 14th licensing round on the Norwegian continental shelf.

A welder died during pipe welding work on Sleipner A at Rosenberg Verft as a result of injuries sustained when a pipe fell on him.

Development of the Statfjord satellites is on schedule, but a start to production from Statfjord North will be postponed so that both fields come on stream together in February 1995. This change has been prompted by continued high oil production from Statfjord and an increase in modification work on Statfjord C.

Troll Phase I is on schedule. Statoil will be taking over as operator when the field comes on stream, and production preparations are being pursued in close cooperation with development operator Norske Shell. Gas deliveries from Troll are due to start on 1 October 1996.

The Brage project is on schedule and within budget, and is due to come on stream in 1993/94.

Production from the Heidrun field is due to begin in 1995. Conoco is responsible for the development phase, and preparations for transferring the operatorship to Statoil are under way.

Construction of an office building for Statoil's Heidrun operations unit has begun at Stjørdal near Trondheim.

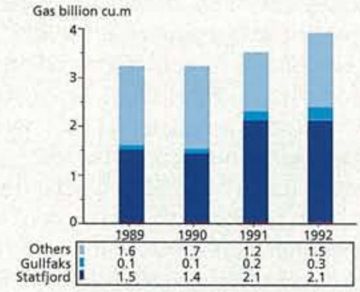
Draugen is due to come on stream in autumn 1993, making it the first Norwegian field to begin production north of the 62nd parallel.

It has been decided to develop Troll Oil with a concrete floater.Oil from this project will be landed at Mongstad, with the condensate piped to Sture. Production is due to begin in 1996.

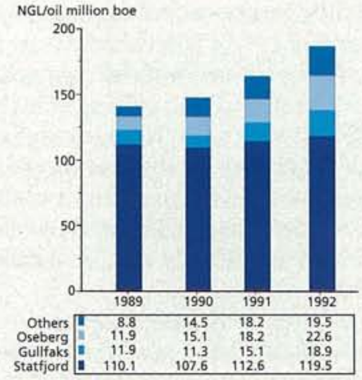
Key figures (NOK million)

Income statement	*1992*	*1991*
Operating revenue	26 820	25 843
Operating costs excluding depreciation	14 892	13 335
Ordinary depreciation	3 345	3 216
Operating profit	8 583	9 292

Balance sheet at 31 December		
Fixed assets	26 966	24 614
Current assets	3 499	3 007
Total assets	30 465	27 621

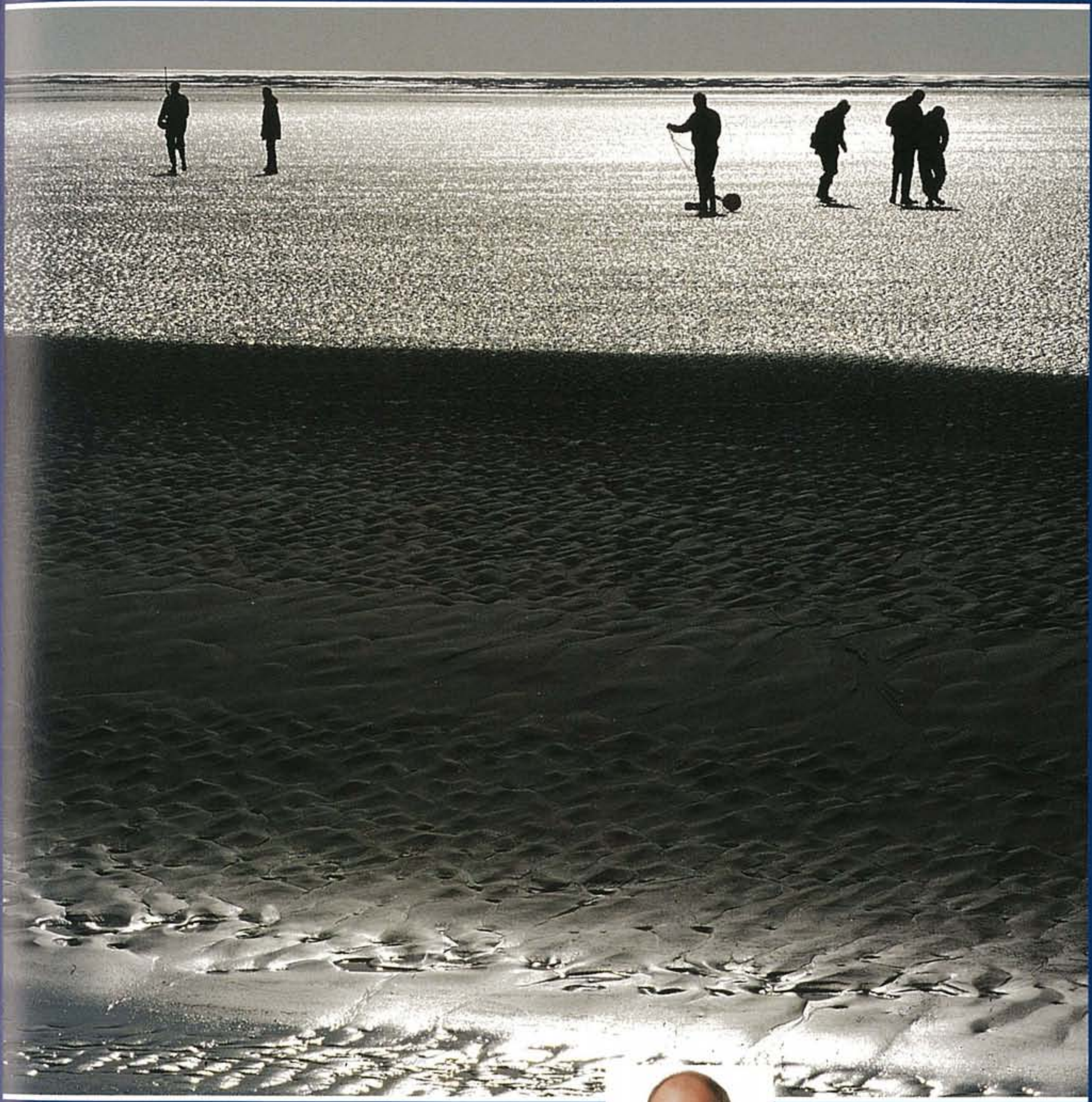


Gas production. Statoil's equity share inclusive of redetermination.



Oil and NGL production. Statoil's equity share inclusive of redetermination.

Conducting soil surveys in the German coastal wetlands for the landfall of the new Europipe gas trunkline.



The Natural Gas (NG) business area is responsible for the Statoil group's activities related to marketing, source planning, development and operation of transport systems for natural gas. NG had 826 employees at 31 December 1992.

President
Peter Mellbye

Highlights

- Operating profit in 1992 came to NOK 3 817 million, an improvement of NOK 250 million on the year before. This increase reflects the larger volumes of gas transported.
- Gasunie in the Netherlands exercised its final option under the Troll gas sales agreements three years before the 1995 deadline, lifting its plateau deliveries to 3.6 billion cubic metres per year.
- The first phase of the Zeepipe gas trunkline, from Sleipner to Zeebrugge and to the 16/11 S riser platform, was completed.
- Construction of the gas storage facility at Etzel in northern Germany was completed.
- As operator for the Europipe project, Statoil received permission from the Lower Saxony authorities to bring this gas trunkline ashore through the Niedersachsisches Wattenmeer national park.
- Laying of the condensate line from the Sleipner field to Kårstø was completed.
- A number of operational disruptions on the Ekofisk Tank have affected gas deliveries to Emden from fields tied to the Statpipe system.
- Continued seabed subsidence in the central Ekofisk area prompted the Norwegian Petroleum Directorate to direct the Phillips group to draw up long-term measures to solve the safety problems of the Ekofisk Tank.
- Statoil joined forces with BP and Norsk Hydro to establish Alliance Gas as a natural gas sales company in the UK market.
- NG has fulfilled all licence requirements restricting emissions to water and air.


The new riser platform (right) has been installed on the Sleipner field.

Transport systems on stream

Statpipe carried the following volumes in 1992:

6.1 billion cubic metres of rich gas to Kårstø.
8.2 billion cubic metres of dry gas to Emden.
1.2 million tonnes of NGLs shipped from Kårstø.

Statfjord accounted for 35 per cent of total dry gas carried by Statpipe, Heimdal for 37 per cent, Gullfaks for 23 per cent, Veslefrikk for four per cent and Snorre for one per cent.

The Ula transport system carried 74.2 million barrels of oil and condensate during the year.

Exports through the Norpipe system came to 200 million barrels of oil and 20.4 billion cubic metres of natural gas.

Frigg Transport carried 5.7 billion cubic metres of dry gas from the Frigg, North-East Frigg, East Frigg and Odin fields.

Gas deliveries through the Statpipe system have been less regular than in 1991 due to a num-


A substantial share of Norway's gas deliveries to the Continent is handled from the control room at Bygnes north of Stavanger.

ber of operational interruptions at the Ekofisk Centre. Due to continued seabed subsidence in the central Ekofisk area and aging installations, the Phillips group has been directed to plan a replacement for the Ekofisk Tank as a process platform and transport hub in the second half of the 1990s.

Both as a partner in the Phillips group and as a substantial transporter of oil and gas, Statoil is studying how future transport needs in the area can best be met.

Gas marketing
Gas consumption in Western Europe rose from 265 billion cubic metres in 1990 to 288 billion cubic metres in 1991. Growth is expected to be minimal in 1992, but the market nevertheless takes an optimistic view of future expansion in demand. Meeting this increase will call for substantial investment in production and transport capacity. Expectations that oil prices will remain low, and rising unit costs for new deliveries, represent substantial challenges for the gas industry.

As head of Norway's Gas Negotiating Committee (GFU), Statoil plays the central and coordinating role in marketing Norwegian gas. The GFU held talks with a number of potential gas buyers in the UK and Continental Europe, but no new contracts were concluded during 1992.

Statoil's equity gas exports came to 2.8 billion cubic metres in 1992, on a par with the year before. Statfjord supplied 62 per cent of this volume. Norway's total exports of natural gas amounted to 26.4 billion cubic metres, compared with 26.5 billion cubic metres in 1991.

The Dutch company Gasunie has exercised its final option under the Troll gas sales agreement three years ahead of the 1995 deadline. This will raise its offtake from 2.6 to 3.6 billion cubic metres when deliveries reach plateau level in 2005.

Renegotiation of prices under the Troll agreements was initiated in 1992, as permitted by contractual provisions.

Statoil linked with BP and Hydro to establish Alliance Gas. This company sells gas in the UK market and is owned 50 per cent by BP, 40 per cent by Statoil and 10 per cent by Hydro. Alliance Gas delivered some 225 million cubic metres of gas to a total of 1600 customer sites in British industry and commerce during 1992.

To secure the availability of sales gas, Alliance Gas purchased the entire output of the Hyde field on the UK continental shelf. Due to come on stream in October 1993, Hyde contains just over four billion cubic metres of gas.

New transport systems
As operator for Zeepipe, Statoil completed laying of the world's longest submarine pipeline to date during 1992. The 810-kilometre Zeepipe Phase I trunkline runs from the Sleipner field to Zeebrugge, where the terminal will be completed during 1993.

After the concrete gravity base structure for the Sleipner A platform sank in August 1991, certain modifications were needed to the Zeepipe project to meet the 1 October 1993 deadline for starting gas deliveries. A new riser platform has been installed on Sleipner, and a number of other measures relating to both supply and transport aspects have been adopted to ensure that deliveries can begin on the contractual date.

As operator for Europipe, the third Norwegian gas trunkline to the Continent, Statoil received permission in November from the Lower Saxony authorities to land the pipeline in Germany. This project has encountered substantial resistance from German environmental and conservationist organisations. The line will come ashore through the Niedersächsisches Wattenmeer national park. At the suggestion of the Lower Saxony authorities, Statoil, the other Europipe partners and Ruhrgas have decided to establish a special fund for future development of the national park. Opposition to the Lower Saxony landfall has delayed the project, but Statoil still sees autumn 1995 as a realistic deadline for completing Europipe.

The Etzel gas storage facility was completed in 1992 and tied to the Norpipe terminal in

Statoil's Einar Hangeland (left), Roar Jensen and John Eldøy on the steps of the Oldenburg City Hall. They are studying the area development plan for Europipe after winning the approval of the regional authorities in Lower Saxony.

Emden. Able to hold 500 million cubic metres, this storage facility will come into use in 1993.

Construction of the 245-kilometre condensate pipeline from Sleipner to Kårstø was completed in 1992. The condensate processing plant at Kårstø will be finished in 1993.

Engineering work for Haltenpipe, a new 252-kilometre gas line from the Heidrun field, began in 1992. Due to come on stream in 1996, this line will be able to carry 2.2 billion cubic metres a year and will initially deliver gas to the methanol plant owned by Statoil and Conoco at Tjeldbergodden.

Gas pipelines from the Norwegian continental shelf.

Key figures (NOK million)

Income statement	*1992*	*1991*
Operating revenue	8 425	7 631
Operating costs excluding depreciation	3 895	3 247
Ordinary depreciation	713	817
Operating profit	3 817	3 567

Balance sheet at 31December		
Fixed assets	9 181	8 372
Current assets	1 682	1 550
Total assets	10 863	9 922

Norwegian gas exports
Contract volumes

Group executive vice president Terje Vareberg (left) with prominent guests from Gazprom, the world's largest gas company - chairman Rem Viakhirev (centre) and Stepan Derezov, in charge of gas exports.

The former BP stations in Ireland are now being rebranded with the Statoil livery following their change of ownership.

President
Staffan Riben

The Refining & Marketing (R&M) business area is responsible for the sale of the total crude oil supplies available to the Statoil group, including oil belonging to the Norwegian state. It also handles NGL sales, refining, marketing of refined products and maritime transport of crude oil, refined products and NGLs. R&M had 4 269 employees at 31 December 1992.

Highlights

- Operating profit for 1992 came to NOK 642 million, about the same as the year before. Low refining margins and weak market rates for tankers were the main reasons why profitability remained weak. National and international marketing operations achieved satisfactory results.
- Statoil sold 1.3 million barrels of crude oil per day in 1992, reinforcing its position as the world's largest trader of North Sea crudes. Few other companies outside the Organisation of Petroleum Exporting Countries (Opec) have larger net crude exports than Statoil.
- Some 11 million tonnes of refined products and two million tonnes of NGL were sold by Statoil in 1992, primarily to European clients.
- Statoil decided in 1992 to expand capacity at its Kalundborg refinery in Denmark by up to 1.6 million tonnes per year.
- Financial results at the Mongstad refinery were weak in 1992. Statoil Mongstad is working to strengthen its competitiveness significantly by the end of 1994.
- Statoil Norge AS acquired Mobil's former network of service stations in northern Norway.
- Both Svenska Statoil and Statoil Norge continued to improve their market shares during 1992. Market share for petrol in Denmark remains stable.
- The bulk of BP's marketing operation in Ireland was acquired by Statoil on 31 March 1992.
- Statoil continued to expand its retail marketing operations in Eastern Europe. New subsidiaries are preparing to establish service stations in Germany, Poland and Latvia, while Statoil's first two East European stations opened in Estonia.
- In cooperation with Norwegian engineering company MCG, Statoil developed the cost-saving submerged turret loading (STL) system for offshore loading of crude oil without the need for a storage facility.
- Further measures to reduce emissions to air and water from refineries, tank farms, service stations and ships were adopted in 1992.

Crude oil sales

The average price of the Brent Blend marker crude in 1992 was about USD 19.30 per barrel, with a range from USD 17 to USD 21.50.

Plentiful supplies of crude oil and weak prices affected the international market in 1992. Expectations of a closer balance between oil demand and supply in the third and fourth quarters helped to raise crude prices during the second quarter, peaking in June. However, increased oil production and lack of confidence in Opec's readiness to observe its agreed production curbs contributed to a fall in prices towards the end of the year. The year-end price of Brent Blend for immediate delivery was USD 17.78 per barrel.

Statoil's crude oil sales rose by 18 per cent, from 395 million barrels in 1991 to about 466 million barrels. High crude availability and consequent greater flexibility in meeting customer requirements helped to enhance the market value of the various crude oil qualities marketed by Statoil. International trading operations yielded a satisfactory result.

About 40 per cent of the crude oil available to Statoil in 1991 was sold on long-term contracts, while a further 15 per cent went to its own refineries and the balance was sold in the international spot market. Northern Europe remains the principal outlet for Statoil's crude oil and refined products, but North America is an expanding market - particularly for Gullfaks and Oseberg crudes.

NGL sales

Statoil's supplies of NGL (propane and butane) and naphtha in 1992 totalled some two million tonnes, about the same as the year before. NGL and naphtha are sold as feedstock to the petrochemicals, industrial, heating and transport mar-

The Mongstad refinery.

kets in north-western Europe, including Statoil's petrochemicals plants in Stenungsund and Antwerp.

Refining

Statoil produced about 10 million tonnes of refined products in 1992.

Output from Statoil Mongstad came to seven million tonnes, as against six million tonnes in 1991.

Low refining margins for most of 1992 produced weak financial results. However, Mongstad refinery operations made progress during the year, and plant availability improved significantly - particularly in the second half of 1992.

Efforts to enhance the competitiveness of the refinery have been intensified, with measures initiated to improve operating revenues and cut costs.

A sharper focus on the environmental aspects of refinery operations at Mongstad has yielded good results. However, the State Pollution Control Authority (SFT) reported three separate leaks to the police. Several new solutions for recovering by-products were developed during 1992, and all emissions were below the ceilings specified by the regulatory authorities.

The Kalundborg refinery maintained a high level of plant availability throughout the year, producing 3.2 million tonnes of oil products. Low refining margins caused unsatisfactory results. It was decided in January 1992 to expand the refinery's capacity by up to 1.6 million tonnes per annum, and the new plant is due to come on stream in late 1994.

This expansion includes facilities for refining condensate, which is very suitable for producing motor fuels that are more compatible with the environment.

Product sales

The international market for oil products was affected by a sharp fall in prices towards the end of 1991, followed by stable and ultimately stronger prices up to November 1992. Prices declined again towards the end of the year.

Most of the output from the Mongstad refinery was sold in the Scandinavian and north European market, with the UK and France among those buying more. Product exports from Mongstad to the USA were low because US prices lay below those in Europe for parts of the year. Statoil's North American customers are increasingly being supplied with the aid of leased refinery capacity and products purchased from US and Canadian refineries.

Statoil extended its markets to the Baltic States, Poland and Germany as well as southern Europe and the Mediterranean area. Statoil's Singapore subsidiary, officially opened in January 1992, trades crude oil and products in one of the world's fastest-growing energy markets.

Maritime transport

Results from Statoil's shipping business were also hit by falling international tanker rates in 1992.

Statoil has contracted to make regular deliveries of oil products to the Thai state oil company PTT. The contract was signed by senior Statoil vice president Sten Åke Forsberg (right) and PTT's Dr Prajya Phinyawat.

Losses were partly offset by good fleet utilisation, however, even though market rates at the end of the year fell below charter charges for Statoil's conventional fleet.

At the end of 1992, Statoil operated about 28 chartered crude, product and gas carriers with a combined deadweight of two million tonnes. About 85 per cent of this tonnage has a full or partial double hull.

Dated Brent Blend crude prices in 1992

The average age of these ships is roughly five years, compared with 14 years for the world fleet. Safety and quality have been strengthened, partly through increased vessel inspections. Statoil chartered six new ships in 1992, while nine charters expired.

In cooperation with MCG of Norway, Statoil developed a new type of storage-free offshore loading system which is significantly cheaper than existing solutions. This attracted great international interest.

Statoil operates the Statfjord Transport, Gullfaks Transport and Draugen Transport companies, which are responsible for shipping oil from the loading buoys on Statfjord on Gullfaks as well as future crude shipments from Draugen. An agreement was concluded with most of the

Heidrun licensees on transporting their offshore-loaded oil when this field comes on stream in 1995.

Retail marketing

The Scandinavian market was affected by sharper competition and stagnant or declining sales volumes. Higher taxes raised prices for a number of oil products in Norway, Sweden and Denmark.

Statoil Norge had a satisfactory year in 1992. The company made progress in the market, particularly with motor fuel and lubricant sales. Financial results were better than the year before.

Overall market share for 1992 was 31 per cent, up by 3.2 percentage points from the year before. Market share for petrol rose from 27.7 per cent in 1991 to 28.2 per cent. Statoil Norge acquired 23 former Mobil-branded service stations in northern Norway from Norsk Hydro during the year. An extensive organisational development programme was launched by Statoil Norge in 1992 to strengthen its competitiveness during the 1990s.

The mayor of Tallinn, Jaak Tam (right), helps to hoist the flag at the opening of Statoil's first Estonian service station in his city. Sverker Liljefelt, Estonia manager for Statoil, is on the left.

Profitability at Svenska Statoil remained good in 1992. Market share for petrol in Sweden rose from 17.3 per cent in 1991 to 17.9 per cent. Total market share was about 17 per cent. A major survey showed that Statoil has the most satisfied customers of any Swedish retailer. Svenska Statoil also strengthened its position as a propane supplier when a new import terminal opened in Piteå during 1992.

In Denmark, Statoil made good progress in the gas oil market. Its share of the petrol market remained stable. Since a large proportion of the heavy fuel oil produced by the Kalundborg refinery was exported, Statoil's overall market share for oil products declined from 23.1 per cent in 1991 to 22.7 per cent in 1992. Statoil's 1992 financial results in Denmark were weakened by low refining margins.

Following the acquisition of some 260 BP stations in Ireland at the end of March 1992, the work of switching to Statoil's trademark and livery has proceeded apace. This rebranding operation will be completed in 1993. Statoil has about 11 per cent of the Irish petrol market.

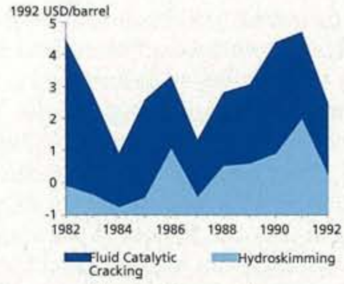
New markets

Statoil has decided to expand marketing of oil products in new markets around the Baltic. North-eastern Germany, Poland and the Baltic States are interesting priority targets. New subsidiaries were established in Germany, Poland and Latvia. The first two Statoil stations in Eastern Europe opened in Estonia during 1992.

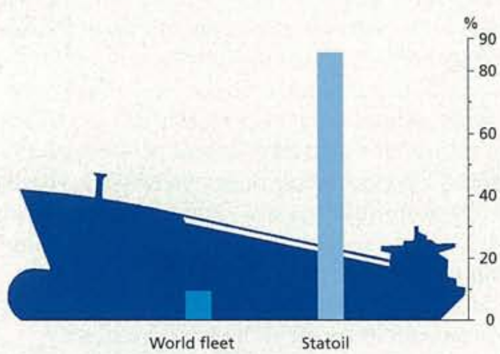
Key figures (NOK million)

Income statment	*1992*	*1991*
Operating revenue	58 126	58 644
Operating cost excluding depreciation	55 987	56 561
Ordinary depreciation	1 497	1 413
Operating profit	642	670

Balance sheet at 31 December		
Fixed assets	14 399	14 518
Current assets	13 099	12 985
Total assets	27 498	27 503



Gross refining margins 1982-1992 north-west Europe



Ships with double hull

From the assembly line at Saab's Trollhättan factory. The instrument panels are produced by Statoil EuroParts AB.

The Petrochemicals & Plastics (P&P) business area is responsible for the development, production and marketing of basic petrochemicals, plastics raw materials, speciality products and finished plastic components. It is also charged with planning the production, sale and marketing of methanol and MTBE. P&P had 2 648 employees at 31 December 1992.

President Svein Rennemo.

Highlights
- The operating loss increased from NOK 30 million in 1991 to NOK 438 million, due to a sharp price drop and extremely depressed prices for the most important products.
- Considerable progress was made in the safety field during the year, with the lost-time injury rate reduced by about 35 per cent.
- The year was marked by a heavy emphasis on restructuring and cost efficiency gains to counteract the petrochemicals recession. The P&P payroll declined from 2 865 people at the end of 1991 to 2 648 by the end of 1992. Statoil EuroParts adopted particularly sweeping measures to strengthen efficiency.
- Polypropylene production at the Antwerp petrochemicals complex (Statoil/Himont) went well, with high plant availability. The propylene plant was shut in for two lengthy periods, partly due to substantial technical problems and partly because of depressed markets.
- In February, Norway's Storting (Parliament) approved plans from Statoil and Conoco for building a methanol plant at Tjeldbergodden. The Statoil Metanol ANS joint venture was established to own and operate this plant.
- Statoil received permission to build an MTBE plant at Kårstø.

Statoil is promoting a new plastic material. PlyTron combines the properties of glassfibre and polypropylene to make a strong product that can replace metals - in tomorrow's cars, for instance. A licence has been secured from Britain's Imperial Chemical Industries, which holds the PlyTron patent. This gives Statoil exclusive European production and sales rights for the new material.

The market
The global petrochemicals market experienced further sharp falls in prices for ethylene, propylene, polyethylene and polypropylene during 1992. In Western Europe, product prices halved from 1991 and reached their lowest level for 10-15 years in the fourth quarter of 1992. This depression reflects the general economic recession and a growing surplus of production capacity. New petrochemical plants have come on stream as a result of decisions taken during the profitable years in the late 1980s. Capacity utilisation by the industry declined at the same time from 95-100 per cent during the boom to 85-90 per cent in 1992.

Results
An operating loss of NOK 438 million is most unsatisfactory. Apart from the market downturn for petrochemical products, it reflects the production problems at the Antwerp propylene plant and the impact of a depression in Swedish car manufacturing on Statoil's plastics components business.

Production and sale of polyolefins produced the sharpest decline in results. This product category showed a slight increase in volume terms, however, concentrated in the Scandinavian market. New product qualities were introduced, not least in high-density polyethylene.

Speciality products - polymers processed into products with a high technology content - continued to make good progress, with increased production and a satisfactory result. Particular progress is being made with sales to the cable and automotive markets. The speciality products business expanded during the year with the acquisition of a licence from ICI to produce glassfibre-reinforced polypropylene (PlyTron).

Operations at Statoil EuroParts, which is a major supplier of plastic components to Volvo, Saab, Scania and caravan manufacturers, were badly affected by the depression in Sweden's automotive sector. The latter experienced its lowest sales since 1958.

Totalling NOK 431 million, investment for the year was concentrated on preliminary engineering for the methanol plant at Tjeldbergodden and the MTBE plants at Kårstø and Stenungsund, and on work at the propylene plant in Antwerp.

An extensive multi-year programme aimed at improving P&P's results was launched in response to the depressed petrochemicals market. The target for 1995 is to improve annual results by NOK 500 million compared with 1991, principally through cost cuts. This programme boosted 1992 operating results by NOK 150 million.

Operations

Efforts to improve safety in the business area reduced its lost-time injury rate (for own employees and contractors) from 11.4 to 7.5 per million hours worked. The operations in Bamble, Stenungsund and Antwerp achieved particularly good safety results. In the environmental field, Statoil EuroParts completely eliminated chlorofluorocarbons (CFCs) from production at its four plants. A waste recycling project at Statoil Bamble cut refuse volumes by 60 per cent and achieved significant cost savings.

Statoil produced 537 000 tonnes of ethylene and 237 000 tonnes of propylene at its wholly (Statoil Petrokemi) and partly (Noretyl and North Sea Petrochemicals) owned facilities. These figures are up from 1991, despite a turnaround at Noretyl and generally weak markets. Plant availability was good at both crackers (Statoil Petrokemi and Noretyl).

The Antwerp propylene plant came on stream in 1991 but was closed from April to August 1992 by technical problems. These were corrected and the plant brought back on line, but it was shut down again in October when propylene prices became particularly poor. The plant will resume operation as soon as the market makes this profitable.

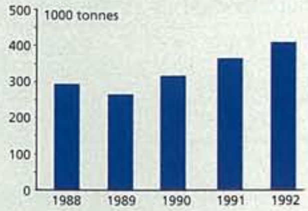
Production of polyethylene (high and low density) and polypropylene also rose from 1991 to reach 237 000 and 165 000 tonnes respectively. These increases were achieved despite a month-long turnaround at Bamble. Operations at the North Sea Petrochemicals polypropylene plant in Antwerp were stable, with high product quality.

Projects

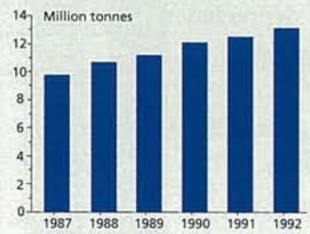
Work on the planned MTBE plant at Kårstø continued in 1992. Impact assessments were circulated for comment during the year, and a permit to build the facility was granted. A licence was secured and the main construction contract awarded. Estimated to cost about NOK 3 billion in 1992 money, the plant will have a production capacity of just over 500 000 tonnes of MTBE per year and is due to be ready in 1995.

Statoil Petrokemi at Stenungsund is building a small MTBE plant in association with its existing ethylene facility. This will have an annual capacity of about 50 000 tonnes and come on stream in spring 1993.

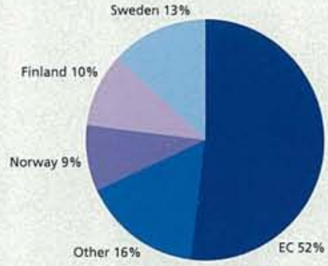
At the beginning of the year, Norway's Storting (Parliament) approved the plans submitted by Statoil and Conoco for building a methanol plant at Tjeldbergodden based on supplies of natural gas from the Heidrun field. The Statoil Metanol ANS joint venture, owned 81.875 per cent by Statoil and 18.125 per cent by Conoco,



Statoil's production of polyethylene and polypropylene



Polyethylene and polypropylene consumption, Western Europe



Sales of plastics raw materials by markets

41

was established to own and operate the planned facility. Statoil is operator for the company. Licences for the methanol plant have been secured. Costed at NOK 2.4 billion in 1991 money, the plant will have an annual production capacity of about 830 000 tonnes of methanol and is due to be completed in 1996.

Key figures (NOK million)

Income statement	1992	1991
Operating revenue	5 508	6 002
Operating costs excluding depreciation	5 587	5 719
Ordinary depreciation	359	313
Operating loss	(438)	(30)

Balance sheet at 31 December		
Fixed assets	3 418	3 403
Current assets	1 996	2 024
Total assets	5 414	5 427

Statoil manages the overall state participation in the Norwegian offshore petroleum industry through its own equity share and the government's direct financial interest (GDFI).

Commercial principles are observed in adding value to and developing the state's overall participation in the petroleum business.

Statoil prepares separate financial statements for revenue, expenditure and investment related to the GDFI, and pro forma consolidated figures for the GDFI and Statoil's upstream operations on the Norwegian shelf.

Production

Crude oil availability for the state's overall involvement came to 372.4 million barrels in 1992, an increase of 19.5 per cent or 60.4 million barrels from 1991.

Overall production is expected to continue expanding over the next few years. The GDFI's relative share is expected to increase substantially.

Reserves

Exploration operations proved 296 million barrels of recoverable oil and 26 billion cubic metres of recoverable gas in 1992.

Together with an upgrading of proven reserves, these discoveries helped to increase total recoverable reserves by four per cent for oil, to 7 007 million barrels, and two per cent for gas, to 1 705 billion cubic metres.

Annual production and recoverable reserves put Statoil among the world's leading oil industry players.

Results

Operating profit for the overall state involvement on the Norwegian shelf came to NOK 25 300 million in 1992, on the same level as the year before.

Substantially increased production was countered by lower prices and higher costs, not least due to an increase in the number of fields in production and under commissioning.

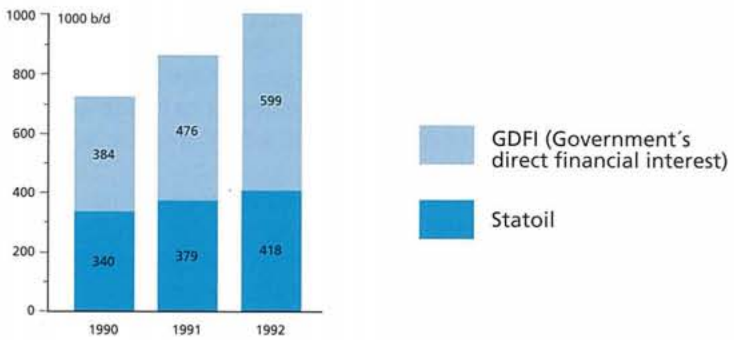
Investment

Overall investment in 1992 totalled NOK 22 800 million, a rise of NOK 5 700 million or 33 per cent from the year before.

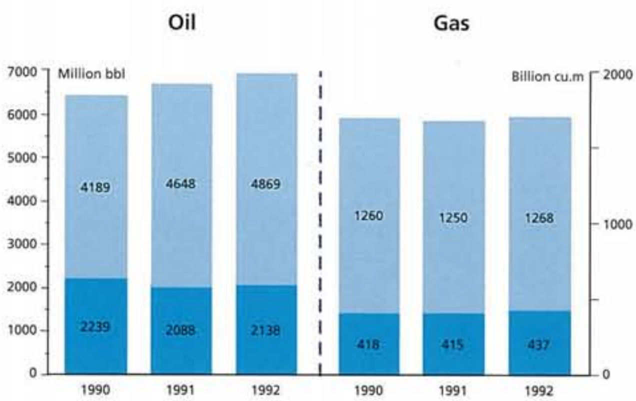
Investment will continue to increase over the next few years.

Key figures (NOK million)

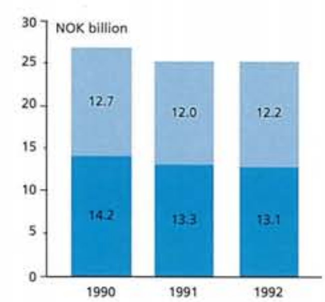
	1992	*1991*
Operating revenue	66 400	59 800
Operating revenue (excl depreciation)	26 400	22 400
Exploration costs	3 600	2 400
Depreciation	11 100	9 700
Operating profit	25 300	25 300
Fixed assets at 1 Jan	94 300	86 900
Investment for the year	22 800	17 100
Depreciation for the year	11 100	9 700
Fixed assets at 31 Dec	106 000	94 300



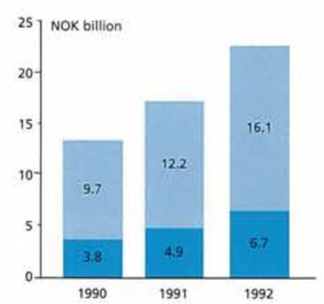
Oil production



Reserves



Operating profit



Investment

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Continuous improvements in health, environment and safety are central values and objects for the Statoil group. Training, motivation and strict standards represent important ways of attaining these objectives. Better work processes, management and supervision are necessary for avoiding accidents.

Statoil has taken the initiative over a joint project with five other companies on exchanging information from accidents, injuries and near-accidents. Offshore, the emphasis has been on cooperating with contractors.

New tools for assessing environmental protection and quality are being tried out. The International Safety Rating System, which stresses such factors, has been adopted by several operating units.

Health and working environment

Absence due to sickness in the parent averaged 2.8 per cent during 1992, which is a low rate compared with other Norwegian industries. Maintaining an effective commitment to health and the working environment will help to reduce sickness-related absences.

Further work was devoted to guidelines and advice in the field of health and the working environment. Working conditions are being surveyed with a view to seeking improvements.

Measurements of organic solvents were made at Statoil Norge's petrol stations and tank farms. Strain-related ailments were investigated and followed up on the platforms in the North Sea, and positive results are already being noted.

The women veterans were the first Statoil team to win their class in Oslo's annual Holmenkollen relay race, which again attracted record participation from Statoil's many company sports clubs. No less than 31 teams took part in 1992 - 17 men's and 14 women's teams totalling 465-470 group employees.

Environment

Continuous improvements in knowledge about and understanding of environmental challenges are important. Technical environmental analyses at Bamble contributed to significant reductions in refuse. The International Environmental Rating System was tested. In addition, Statoil participated nationally and internationally in the development of methods for and standardisation of life-cycle analyses and environmental management.

New treatment technology for hazardous waste was tested at the Mongstad refinery with good results.

Statoil participated in a major environmental programme on Norway's continental shelf, organised by the Norwegian Oil Industry Association in cooperation with the authorities, to obtain an overall picture of emissions to air and water as well as to identify possible measures. Extensive environmental analyses were performed by Statoil in connection with the Europipe landfall through the German coastal wetlands. Potential reductions in the emission of greenhouse gases were studied for the planned methanol plant at Tjeldbergodden.

Emissions of halon on offshore installations operated by Statoil were cut by about 70 per cent in 1992 compared with the year before. New emission ceilings were set by the authorities for several production facilities during 1992. With very few exceptions, all Statoil's production sites met regulatory requirements for emissions from daily operations.

About 5 500 barrels of oil were spilt to the sea from Statfjord B during crude loading in July. The clean-up operation was successful, and it has been calculated that a maximum of 250 barrels of oil remained in the sea. There was no damage to the ecosystem. At the end of the year, Statoil Mongstad was reported to the police by the State Pollution Control Authority for breaches of its emission licences. These relate to leaks of spent caustic, petrol and CFC 22. Measures have been adopted to prevent similar occurrences in future.

Statoil is cooperating with two paint manufacturers to develop more environment-friendly paint types. Better-adapted motor fuels and more energy-efficient processes are important objectives for environmental research. Potential environmental and health effects of polluting emissions are being charted and methods to curb them developed.

The group's first overall environmental report was published in 1992.

Safety
Standards of safety in the Statoil group are high. These good results build on many years of purposeful effort.

The group's lost-time injury rate was reduced slightly from 1991 to 1992.

Accidents, injuries and near-accidents are systematically reported. The number of gas leaks was reduced, but two nevertheless occurred on the Statfjord field which prompted evacuation to a flotel. The gas did not ignite and nobody was hurt. Statoil had no major accidents during the year. Systematic emergency response training is pursued through drills.

Increasing internationalisation poses new demands for security. Great emphasis is placed on achieving acceptable levels of security for all personnel working abroad. The group's commercial and technical operations demand stringent information security, and great attention is accordingly paid to this subject.

Quality
The European market increasingly demands that suppliers have quality assurance systems certified to the international ISO 9000 standard. A number of units in all the group's business areas have already been certified or are in the process of securing such certification. In addition, the K-lab gas metering laboratory at Kårstø has been accredited to the European EN 45001 standard for certifying the calibration of gas metering equipment.

Professor Ivar Holand (left) was presented with Statoil's research prize for 1992 - NOK 150 000 plus a painting - by senior Statoil vice president Ottar Rekdal.

Technology is one of the most important factors determining the competitiveness of all the business areas in Statoil.

The group has employees with a high level of technological expertise and experience. Future success will depend on how well the group can exploit this know-how and extend its body of expertise.

The corporate technology unit has been established to ensure effective technological development and better utilisation of the group's technological resources across the four business areas.

New technological solutions again contributed to improved results in 1992. Less than a year after the Sleipner sinking, a new riser platform was built and installed on the field. A new concrete gravity base structure is also being constructed to replace the unit which sank in the Gands Fjord in 1991.

Highly deviated drilling

New technology has made it possible to drill highly-deviated wells with long measured depths. The earlier world record on Statfjord C has been beaten by a new well from the same platform. This drilling technology makes it possible to develop fields that would have been unprofitable with conventional methods. Improved technology and expertise for drilling in deep water represent a challenge and a significant element in the success of Statoil's international commitment through the alliance with BP.

Satellite fields

Low oil prices and difficult-to-develop fields are forcing the introduction of cheaper and simpler solutions for offshore field development. These involve subsea installations combined with floating production units or land-based facilities.

Statoil is among the front runners in developing subsea production systems. Operational experience has so far been accumulated by Statoil from 12 subsea production wells, located on the Gullfaks and Tommeliten fields in the North Sea. By 1995, the group will have interests in some 30 producing seabed wells on the Norwegian continental shelf, and oil and gas will be flowing from almost 100 wells of this kind by the end of century.

The Statfjord satellites operated by Statoil represent the largest subsea development on the Norwegian shelf. Using the same seabed templates on the Sleipner East and Loke developments takes the transfer of experience even further, their construction time has been significantly reduced. These units were installed offshore in 1992. Significant savings in engineering, construction and operation are being achieved through these projects.

Subsea technology is under consideration for several other fields off Norway and other countries.

Such solutions must be seen in relation to Statoil's achievements with research into multiphase transport. Integrating multiphase and subsea technologies will be a major advance. Such combined solutions will be crucial for the profitability of oil and gas fields in deeper water.

STL - new offshore loading system

In cooperation with Marine Consulting Group, Statoil developed and patented a new offshore loading system for crude oil during 1992. This solution offers a number of advances on existing offshore loading systems, providing such benefits as improved availability, increased safety and continuous production without the need for storage facilities.

Research

Statoil's future competitiveness will be determined partly by its ability to adopt new technology. That will depend in turn on its skill at setting the right priorities and its ability to lie at the forefront of development.

Multiphase technology

Multiphase technology is a collective term for transporting unprocessed wellstreams in a single pipeline from the reservoir to the processing facilities. In Statoil's operations on the Norwegian shelf, this means transport from satellite fields to installations located either offshore or on land.

Statoil has played a central role in Norwegian multiphase research from the start. In addition to developing the two-phase Olga model in the 1980s, the group has been heavily involved in the Poseidon project to create a multiphase pump. This scheme has been pursued in partnership with oil company Total and the Institute française du pétrole (IFP). Statoil's fundamental expertise with multiphase transport means it can now regard this technology as a field development option. The main challenge ahead will be to combine multiphase and subsea technology. This is a key area of technological development, which provides opportunities for gaining competitive advantage.

Multiphase transport has so far been adopted for wellstream transmission from subsea wells on Tommeliten and Gullfaks. It is also being used for the Statfjord Satellites Project and Troll Phase I. The decision by Norske Shell and Statoil to install gas processing facilities for Troll on land in Øygarden was a major breakthrough that has yielded cost savings of around NOK 1 billion.

Statoil again sponsored a range of activities during 1992 as part of its efforts to promote the company and enhance its image.

Arts

Over the past few years, Statoil has cooperated with four promising young Norwegian musicians. These are cellist Truls Mørk, trumpeter Ole Edvard Antonsen, pianist Leif Ove Andsnes and violinist Marianne Thorsen. All four have won wide national and international acclaim. Statoil has extended its agreements with these musicians for a further period.

The group has also been an important contributor for many years to the Bergen International Festival, the Music Festival, Harstad in Northern Norway, the Kristiansund Opera Festival and the chamber music festivals in Oslo and Stavanger. In addition, Statoil has had a sponsorship agreement with the Stavanger Symphony Orchestra for several years.

During 1993, Statoil will be the principal sponsor for a travelling exhibition of Norwegian art being presented in the USA, Japan, Spain and Germany. HM Queen Sonja of Norway is the artistic adviser to this exhibition, and will also play an active part at the opening ceremonies in the various host cities. The Lillehammer Olympic Organising Committee is responsible for the exhibition, which forms part of the cultural programme for the 1994 winter Olympics in Lillehammer.

Sport

Statoil is a principal sponsor of the 1994 winter Olympics. It also belongs to the Birkebeiner Team along with the other principal corporate sponsors of this event. The group is supplying fuel to the Lillehammer Olympic transport fleet, which will total more than 1 000 vehicles. Statoil is also providing the gas for the Olympic torch relay and the Olympic flame which will burn during the games.

The group launched a major employee motivation programme related to the Olympics in autumn 1991. Focusing on safety, the environment and physical fitness, this scheme has won very wide support from the workforce and will run until the start of the Lillehammer games in 1994.

Nature conservation

The group agreed in autumn 1992 to become a principal sponsor of the Norwegian Society for the Conservation of Nature. This one-year agreement covers financial support for an information campaign which will focus on marine areas along the Norwegian coast that are particularly worth conserving.

Lillehammer'94 ©®

Official Sponsor of the XVII Olympic Winter Games

STATOIL

At 31 December 1992 Project	Operator	Location	Statoil's share % Participating	Equity	Comments
Exploration					
37 expl licences	Statoil	Norwegian shelf	49.6-85	9-35	Expl/appraisal
87 expl licences	Non-Statoil	Norwegian shelf	1-75	1-25	Expl/appraisal
2 expl licences	Statoil	Danish shelf	33.5	33.5	Expl/appraisal
1 expl licence	Danop	Danish shelf	40.42	40.2	Expl/appraisal
14 expl licences	Andre selskap	British shelf	5-35	5-35	Expl/appraisal
1 feasibility study	Amoco	Azerbaijan	3.16	3.16	Study phase
1 feasibility study	BP	Azerbaijan	16.7	16.7	Study phase
2 expl licences	BP	China	28.33	28.33	Expl/appraisal
1 seismic study	BP	China	33.33	33.33	Study phase
1 expl licence	Total	Thailand	9.8	9.8	Expl/appraisal
1 expl licence	Ampex	Thailand	50	50	Expl/appraisal
1 expl licence	BP	Congo	10	10	Expl/appraisal
3 expl licences	BP	Vietnam	15 and 33.33	15 and 33.33	Expl/appraisal
1 expl licence	Unic	Equatorial Guinea	25	25	Study phase
1 expl licence	Total	Angola	10	10	Expl/appraisal
1 expl licence	BP	Angola	9	9	Expl/appraisal
1 expl licence	Norsk Hydro	Namibia	30	30	Expl/appraisal
Development					
Draugen	Shell	Block 6407/9	65	19.6	Oil/gas
Troll Phase 1	Shell/Statoil	Block 31/2, 31/3, 31/5, 31/6	74.576	11.88	Gas/condensate
Troll Phase 2	Norsk Hydro	Block 31/2, 31/3, 31/5, 31/6	74.576	11.88	Oil
Lille Frigg	Elf	Block 25/2	5	5	Gas/oil
Tordis	Saga	Block 34/7	54.4	4.4	Oil/gas
Loke	Statoil	Block 15/8,15/9	49.6	20	Gas/condensate
Sleipner East	Statoil	Block 15/8, 15/9	49.6	20	Gas/condensate
Sleipner West*	Statoil	Block 15/8, 15/9	49.6	20	Gas/condensate
Heidrun	Conoco/Statoil	Block 6507/7, 6507/8	75	10	Oil/gas
Brage	Norsk Hydro	Block 31/4, 31/6	56	17.6	Oil
Frøy	Elf	Block 25/5, 25/2	53.96	12.34	Oil/gas
Statfjord N	Statoil	Block 33/9	50	20	Oil/gas
Statfjord E	Statoil	Block 33/9	50	20	Oil/gas
Embla	Phillips	Block 2/7	1	1	Oil/gas
Mime	Norsk Hydro	Block 7/11	51	19.6	Oil
Hyde	BP	British shelf	45	45	Gas
Bongkot	Total	Thailand	10	10	Oil/condensate
Victor satellites	Conoco	British shelf	5	5	Gas

*) Pl 046 only.

At 31 December 1992			*Statoil's share %*		
Project	*Operator*	*Location*	*Participating*	*Equity*	*Comments*
Production					
Murchison	Conoco	Block 33/9*	11.1	11.1	Oil/gas/NGL
Statfjord	Statoil	Block 33/9, 33/12*	42.61935	42.61935	Oil/gas/NGL
Gullfaks	Statoil	Block 34/10	85	12	Oil/gas/NGL
Veslefrikk	Statoil	Block 30/3	55	18	Oil/gas/NGL
Oseberg	Norsk Hydro	Block 30/6, 30/9	65.04	14	Oil/gas
Frigg	Elf	Block 25/1*	3.041	3.041	Gas
North-East Frigg	Elf	Block 25/1, 30/10	2.1	2.1	Gas
East-Frigg	Elf	Block 25/1, 25/2	7.192	2.0539	Gas
Heimdal	Elf	Block 25/4	40	20	Gas/condensate
Ula	BP	Block 7/12	12.5	12.5	Oil/gas/NGL
Gyda	BP	Block 7/12, 2/1	50	20	Oil/gas/NGL
Ekofisk area**	Phillips	Block 7/11, 2/4, 1/5, 2/7	1	1	Oil/gas/NGL
Tommeliten	Statoil	Block 1/9	70.64	28.26	Oil/gas/NGL
Oseberg Gamma North	Norsk Hydro	Block 30/6	59.4	14	Oil/gas
TOGI	Norsk Hydro	Block 31/2,31/3, 31/5, 31/6	74.576	11.88	Gas
Snorre	Saga	Block 34/4, 34/7	41.4	10	Oil/gas/NGL
Victor	Conoco	British shelf	10	10	Gas/NGL

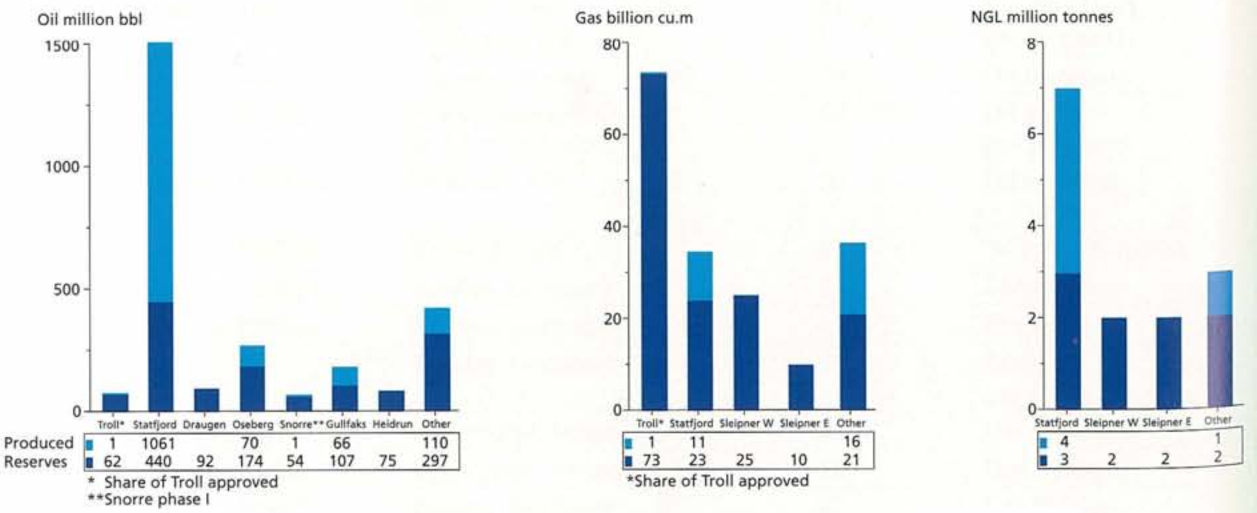
*) The field straddles the British/Norwegian median line.
**) PL 018 only.

Transport					
Statpipe	Statoil	Norwegian shelf - Kårstø	58.25	58.25	Gas transport, NGL-fractionation
Oseberg Transport	Norsk Hydro	Norwegian shelf - Sture	65.04	14	Oil transport, oil terminal
Frigg Transport	Total	British shelf - St Fergus, UK	24	24	Gas transport, gas terminal
Ula Transport	Statoil	Norwegian shelf	100	100	Oil transport
Norpipe a.s	Phillips	Norw, Danish, UK and German shelf	50	50	Oil and gas transport
Norpipe Petroleum UK Ltd	Phillips	Teesside, UK	50	50	Oil terminal
Norsea Pipel Ltd	Phillips	Teesside, UK	2	2	NGL-fractionation
Norsea Gas A/S	Phillips	Emden, Germany	2	2	Gas terminal
Norsea Gas Gmbh	Phillips	Emden, Germany	2	2	Property
Verbundnetz Gas AG		Leipzig, Germany	5	5	Sale and gas transport
Zeepipe terminal	Statoil	Zeebrugge, Belgium	34.30	7.35	Gas terminal
Zeepipe	Statoil	Zeebrugge, Belgium	70	15	Gas transport
Etzel	Statoil	Emden, Germany	67	67	Gas storage

Activity	*Company*	*Location*	*Equity share %*
Refining & Marketing			
Sale of crude and products	Statoil	Stavanger	
	Statoil North America Inc	Connecticut, USA	100
	Statoil (UK) Ltd	London	100
	Statoil Far East Ltd	Singapore	100
Refining	Statoil	Mongstad	
	Statoil A/S	Kalundborg, Denmark	100
Marketing	Statoil Norge A/S	Oslo	100
	Statoil A/S	Copenhagen	100
	Svenska Statoil AB	Stockholm	100
	Statoil Ireland Ltd	Dublin	100
	Eesti Statoil A/S	Tallinn	100
Transport	Statoil	Stavanger	
	KS Statfjord Transport	Stavanger	43
	IS Gullfaks Transport	Stavanger	85
Petrochemicals & Plastics			
Polyolefins	Statoil	Bamble	
	I/S Noretyl	Bamble	49
	Statoil Petrokemi AB	Gothenburg	100
	Statoil Deutschland Gmbh	Hamburg	100
	North Sea Petrochemicals VOF	Antwerp	50
Processing	Statoil EuroParts AB	Gothenburg	100

Statoil's equity share

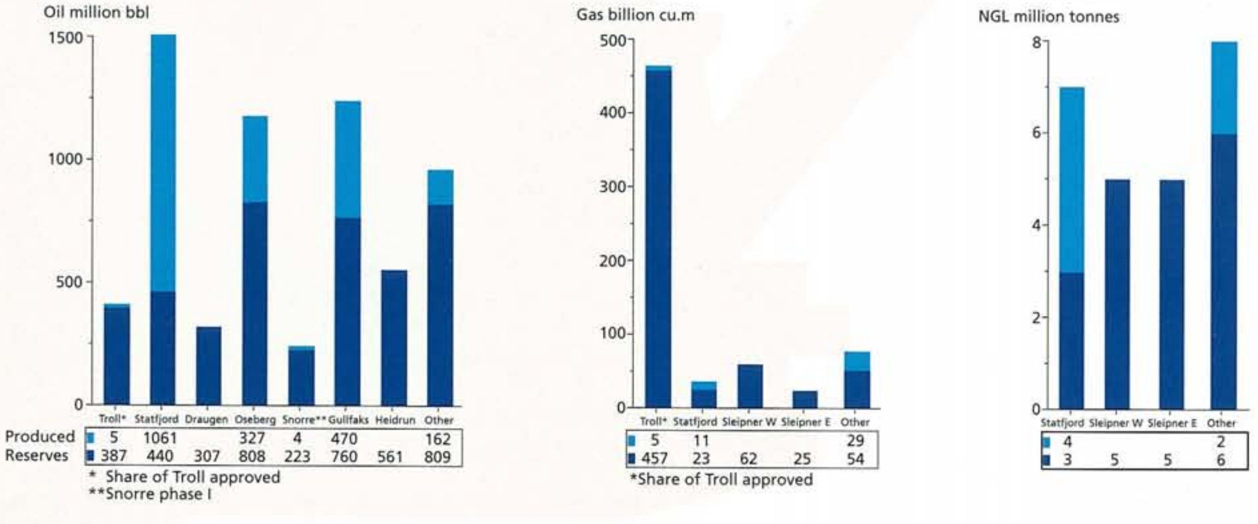
	OIL Million barrels	GAS Billion cu.m	NGL Million tonnes
Discovered reserves at 31 Dec 1990	2 239	418	11
Discovered reserves at 31 Dec 1991	2 088	415	11
Changes in 1992:			
New discoveries	88	9	-
Reserves acquired	-	2	-
Reevaluations and redeterminations	137	15	-
Relinquishment	-	-	-
Adjustment due to exercise of sliding scale	(6)	-	-
Reserves sold	-	-	-
Production	(169)	(4)	(1)
Discovered reserves at 31 Dec 1992	2 138	437	10
Made up by			
- fields on stream	893	36	5
- fields approved for development	408	116	4
- other fields and discoveries	837	285	1
Discovered reserves at 31 Dec 1992	2 138	437	10



Fields on stream and approved for development.

Statoil's participating share (equity share + GDFI):

	OIL *Million barrels*	GAS *Billion cu.m*	NGL *Million tonnes*
Discovered reserves at 31 Dec 1990	6 428	1 678	21
Discovered reserves at 31 Dec 1991	6 736	1 665	21
Changes in 1992:			
New discoveries	295	26	-
Reserves acquired	-	2	-
Reevaluations and redeterminations	353	22	-
Relinquishment	-	-	-
Adjustment due to exercise of sliding scale	13	-	-
Reserves sold	-	-	-
Production	(390)	(10)	(1)
Discovered reserves at 31 Dec 1992	7 007	1 705	20
Made up by			
- fields on stream	2 490	65	8
- fields approved for development	1 805	556	11
- other fields and discoveries	2 712	1 084	1
Discovered reserves at 31 Dec 1992	7 007	1 705	20



Fields on stream and approved for development.

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