

SDFI THIRD QUARTER OF 2013



INVESTMENT UP, PRODUCTION DOWN

Income after financial items for the State's Direct Financial Interest (SDFI) on the Norwegian continental shelf (NCS) totalled NOK 95.7 billion in the first nine months of 2013, down from NOK 110.5 billion for the same period of last year. Net cash flow to the government was NOK 97.8 billion, a decrease of NOK 17.3 billion from the first nine months of 2012. The decline reflects lower oil and gas prices compared with last year, reduced overall production and increased investment.

Operating income for the third quarter came to NOK 30.1 billion, compared with NOK 30 billion in the same period of 2012. Net cash flow was NOK 30 billion, a decline of two per cent from the third quarter of last year.

Total oil and gas production for the third quarter averaged 952 000 barrels of oil equivalent per day (boe/d), compared with 958 000 for the same period of 2012. Both gas and liquid output in the third quarter was on a par with the corresponding period of last year.

FINANCIAL RESULTS FOR THE FIRST NINE MONTHS

Operating revenue totalled NOK 143.3 billion for the first nine months, compared with NOK 155.4 billion in the same period of 2012. Income from oil sales declined by six per cent from the first nine months of last year as a result of reduced prices and production. The average oil price for the first nine months was NOK 638 per barrel, compared with NOK 666 in 2012 – a four per cent decline. Oil prices in the third quarter were up from the corresponding period of last year.

	THIRD QUARTER		FIRST NINE MONTHS		FULL YEAR
(all amounts in NOK mill)	2013	2012	2013	2012	2012
Operating revenue	45 981	45 165	143 335	155 414	213 885
Total operating expenses	15 839	15 182	47 625	43 087	61 167
Operating income	30 142	29 983	95 710	112 327	152 717
Net financial items	(783)	(1 018)	(36)	(1 880)	(2 731)
Income after financial items	29 360	28 965	95 674	110 447	149 986
Total investment	9 459	6 653	25 417	19 779	26 399
Net cash flow transferred to the government	30 049	30 631	97 828	115 127	146 930
Average oil price (USD/bbl)	112.36	109.76	110.06	114.07	113.27
NOK/USD exchange rate	6.02	5.95	5.80	5.84	5.80
Average gas price (NOK/scm)	2.21	2.24	2.26	2.33	2.35
Oil/NGL production (1 000 b/d)	395	398	412	429	430
Gas production (mill scm/d)	89	89	97	106	112
Total production (1 000 boe/d)	952	958	1 022	1 093	1 132



Snorre A (Photo: Rune Johansen, Statoil)

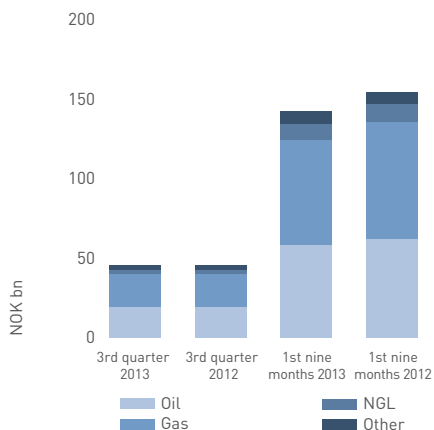
Income from gas sales declined by 15 per cent in the first nine months compared with the same period of 2012 because of lower prices and volumes. Gas revenue for the first nine months totalled NOK 66.4 billion, compared with NOK 74.1 billion in the same period of last year. The volume of equity gas production sold during the first nine months was 26.5 billion standard cubic metres (scm) or 611 000 boe/d, compared with 664 000 boe/d in the corresponding period of 2012. Average gas prices were down by NOK 0.07 per scm from last year.

Operating expenses totalled NOK 47.6 billion, compared with NOK 43.1 billion for the third quarter of 2012. This 10 per cent rise reflected the greater cost of buying gas for onward sale, increased transport costs and higher expenses for operating fields and plants. Higher costs for

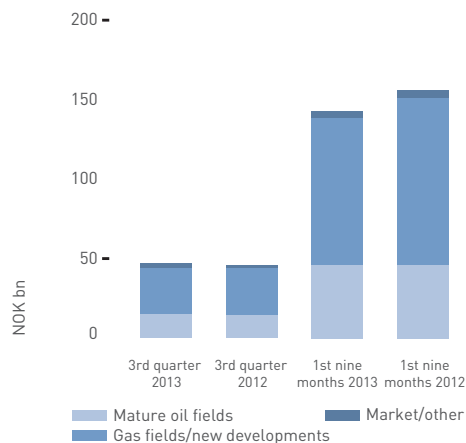
operating fields and plants primarily reflected cost accruals and expenses related to a redetermination with consequent redistribution of volumes on Heidrun. As a result of this redetermination process, the SDFI received a larger proportion of produced petroleum and a correspondingly increased share of operating expenses during the period.

Total investment in the first nine months rose by about NOK 6 billion or 29 per cent from the same period of last year to NOK 25.4 billion. That reflected a higher level of field development activity, with the biggest increases occurring in the Stjerne, Gullfaks South/Statfjord IOR, Martin Linge and Valemon projects. Investment was also affected by additional drilling on Draugen and the fact that four rigs were active on Troll.

REVENUE BY PRODUCT



REVENUE BY BUSINESS AREA



ACTIVITIES IN THE THIRD QUARTER

HSE

The board is very satisfied with the positive trend for health, safety and the environment.

NEW STRATEGY ADOPTED FOR PETORO

The company's strategy has been revised in 2013. Mature fields have remained a main priority. These form a large proportion of Petoro's portfolio, and investment decisions which ensure recovery of the remaining reserves and realisation of the potential for improved recovery in these fields are time-critical.

One example is **Snorre**, where Petoro proposed as early as 2010 that a new platform be constructed for drilling a sufficient number of new production wells to ensure that reserves are recovered during the field's producing life and to realise its potential for improved recovery.

Late October the partners at Snorre agreed to Statoils proposal to further develop the Snorre field towards 2040 based on a new platform. The agreement is in line with Petoros wish to drill more production wells per year, and in accordance with the operator could yield a further 300 million barrels of oil from Snorre. By comparison, this is substantially more, for example, than the volume of oil in the Goliat field, which is due to come on stream soon.

Field development is another main strategic topic. The largest new project is **Johan Sverdrup**. Statoil has recommended a solution for phase one of a development, and plans call for a choice of concept in the fourth quarter. A unitisation of the field will be negotiated during 2014 – in other words, before the plan for development and operation (PDO) is submitted.

The far north has been chosen as the third main topic in the strategy. Barents Sea South ranks as the most important frontier area in the SDFI portfolio. Petoro was awarded a substantial number of production licences in the 22nd round, and is also a participant in the Johan Castberg development and the Snøhvit field. Barents Sea exploration yielded both encouraging and disappointing results in the third quarter. As part of the on-going drilling campaign in the Johan Castberg area, a gas discovery was made during the period in the Iskrystall prospect. Expectations of oil were accordingly not fulfilled. On the positive side, a promising oil discovery in Wisting could represent a breakthrough for a new oil province in the Hoop area of the Barents Sea.

Stavanger, October 2013
The board of directors of Petoro AS