

THE SDFI PORTFOLIO **FIRST QUARTER OF 2010**



REDUCED GAS PRICES — WEAKER RESULT

Income after financial items from the State's Direct Financial Interest (SDFI) on the Norwegian continental shelf for the first quarter of 2010 totalled NOK 28.4 billion. Net cash flow to the government was NOK 30.1 billion, down by NOK 3.1 billion from the same period of 2009. This decline primarily reflects a substantial fall in gas prices from last year. One of the most important activities in the first quarter was the discussion with Statoil on the final development solution for Valemon, where Petoro has since secured acceptance for a production start in 2014.

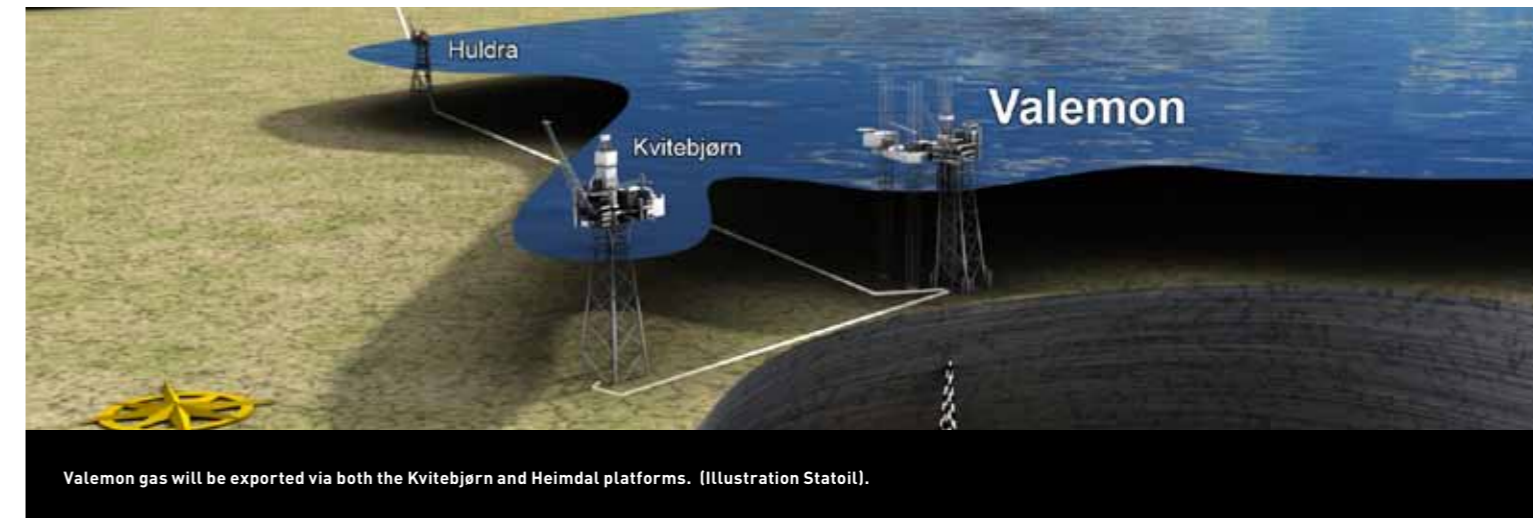
Operating income for the first quarter came to NOK 28.9 billion, compared with NOK 32.6 billion in the same period of 2009. Net cash flow for the quarter was NOK 30.1 billion as against NOK 33.2 billion last year.

Total oil and gas production for the first quarter averaged 1 279 thousand barrels of oil equivalent per day (kboe/d), compared with 1 295 for the same period of 2009. Gas production was 10 per cent higher than in the first quarter of last year. The most important reason for this change was increased offtake under sales contracts and higher production from Ormen Lange. Output of oil and natural gas liquids (NGL) fell by 14 per cent, primarily as a result of declining production from mature

fields in the SDFI portfolio. Increased output from Ormen Lange and Kvitebjørn offset the overall production fall.

FINANCIAL RESULTS

Operating revenue totalled NOK 41.5 billion for the first quarter, compared with NOK 46.1 billion in the same period of last year. Income from oil sales increased by 22 per cent from the first quarter of 2009, reflecting higher prices. The average oil price for the first quarter was substantially higher than last year, at USD 76.70 per barrel. That represented a rise of no less than 74 per cent from the same period of last year. The price in Norwegian kroner was up 47 per cent to NOK 450 per barrel compared to NOK 307 in the first quarter of 2009.



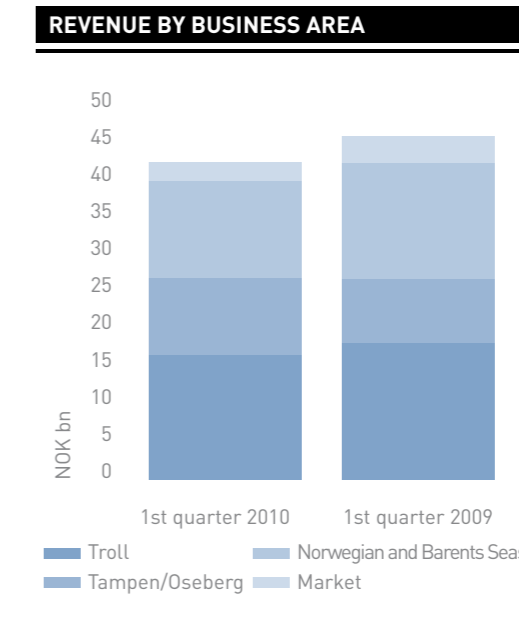
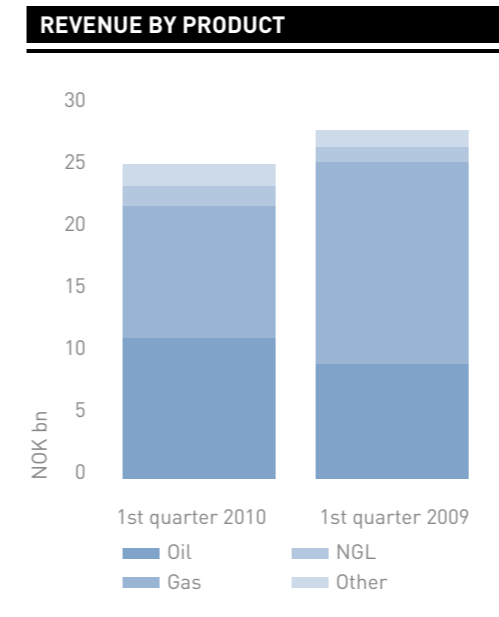
Revenues from equity gas sales for the first quarter were down 34 per cent compared with the same period of 2009, primarily because of reduced prices. Gas revenues in January-March totalled NOK 18 billion, compared with NOK 27.3 billion in the same period of last year. The volume of equity gas production sold during the first quarter was 10.7 billion standard cubic metres (scm) or 748 kboe/d, up 10 per cent from 677 kboe/d in the corresponding period of 2009.

Operating expenses amounted to NOK 12.5 billion, compared with NOK 13.5 billion in the first quarter of 2009. A change in the accounting principle related to cost of gas purchased to SNG in the USA was the most important reason for this reduction. Operating

costs for fields and plants rose by five per cent from the first quarter of last year, primarily reflecting more well workovers. The cost of basic operation and maintenance was on a par with the first quarter of 2009.

Investment in the first quarter declined by roughly 20 per cent from the same period of last year to NOK 4.5 billion. Development spending accounted for the biggest reduction, falling by 40 per cent from the first quarter of 2009. A decline in investment activity on Gjøa since January-March last year as well as later phasing of further development costs for Ormen Lange accounted for the biggest reductions in the level of capital spending. Investment was additionally reduced by drilling postponements on Heidrun.

NOK mill	FIRST QUARTER		FULL YEAR
	2010	2009	2009
Operating revenue	41 472	46 138	154 186
Total operating expenses	12 532	13 539	50 222
Operating income	28 940	32 600	103 964
Net financial items	-504	-1 354	-3 312
Income after financial items	28 436	31 246	100 652
Total investment	4 496	5 672	22 179
Net cash flow	30 102	33 230	96 992
Average oil price (USD/bbl)	76,70	44,10	60,53
NOK/USD exchange rate	5,87	6,96	6,28
Average oil price (NOK/bbl)	450	307	380
Oil/NGL production (1 000 b/d)	531	618	537
Gas production (mill scm/d)	119	108	85
Total production (1 000 boe/d)	1 279	1 295	1 074



ACTIVITIES IN THE FIRST QUARTER

VALEMON

Progress with the Valemon project was good during the first quarter, and the partnership reached agreement in late April on the choice of a development solution which will provide a start to production in 2014. This is in line with Petoro's proposed schedule. Plans call for the Valemon partners to take the investment decision in the third quarter of 2010.

PETORO INVOLVED IN FOUR FAST-TRACK DEVELOPMENTS

A number of discoveries have been made close to existing infrastructure during recent years, but these have generally been relatively small. Future exploration activities in mature areas also arouse expectations. Fast and cost-effective development is accordingly crucial in ensuring the profitability of all these discoveries, and one of the most important measures which can maintain a high level of production on the NCS.

Statoil announced in March that it had placed four of these development projects in a fast-track programme, where the ambition is to halve the normal time from discovery to production start. These finds are Katla, Vigdis North-East, Gygrid and PanPandora.

MIDGARD/MIKKEL COMPRESSION

The concept solution for compression on Midgard/Mikkel is due to be chosen in the second quarter. Subsea compression is now being studied on equal terms with a platform alternative, and experience from the technology development work has so far been positive. This has been Petoro's preferred option since last autumn, providing it proves technically feasible and its profitability is comparable with the platform option. The operator stated in the first quarter that it shares Petoro's view of this preferred alternative.

Stavanger, May 2010
The board of directors of Petoro AS

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