

First quarter 2005



First-quarter profit up 32 per cent from last year

Operating income for the state's direct financial interest (SDFI) rose by no less than 32 per cent from the first quarter of 2004 to reach NOK 25.6 billion. Net cash flow in the first quarter of 2005 came to NOK 22.3 billion compared with NOK 19.5 billion for the same period of 2004. These improvements largely reflect higher oil and gas prices.

Oil and gas production for the first three months declined by 6.8 per cent from the same period of 2004, from an average of 1.437 million barrels of oil equivalent per day (boe/d) in 2004 to 1.339 million.

Reduced production following the gas leak at the Snorre field in November was only partly compensated by increased gas production.

Activities in the first quarter

The floating production platform for Kristin was towed out from the Aker Kvaerner yard at Stord over Easter, and is now in position on the Norwegian Sea field. This development involves qualifying new technology and drilling into a very complex reservoir with extremely high temperature and pressure. That has caused drilling to be delayed. Plans call for Kristin to begin production on 1 October.

A plan for installation and operation (PIO) was submitted for a new rich gas pipeline from Statfjord to Britain's Flags rich gas transport system. Petoro manages a seven per cent SDFI interest in this Tampen Link project. Representing an attractive new transport solution to the UK market, the pipeline is due to be operational from the fourth quarter of 2007.

It was not possible during the first quarter to restore the Snorre field to the level of production prevailing before November's gas leak. Output was significantly below earlier capacity. The main problem is lack of capacity for gas injection. It remains uncertain when production will be restored to the former level.

Financial results

Operating revenue for the first quarter totalled NOK 34.6 billion as against NOK 28.9 billion last year. Oil and natural gas liquids accounted for 62 per cent of total operating revenue, on a par with the same quarter of last year. The share of gas was 31 per cent, also at the same level as in 2004.

Operating expenses amounted to NOK 9 billion as against NOK 9.6 billion for the same period of last year. This decrease primarily reflects a smaller volume of production, which helped to lower depreciation as well as cutting transport and processing expenses. The reduction was partly offset by higher costs for operating new fields which have come on stream, such as Kvitebjørn.

Oil and NGL revenues in the first quarter came to NOK 21.5 billion on average daily sales of 854 000 barrels. Revenues in the same period of last year were NOK 17.7 billion. Quantities of oil and NGL sold declined by six per cent compared with the first quarter of 2004.

Average realised oil prices in US dollars for the first quarter were no less than 49 per cent higher than in the same period of last year, at USD 46.99 per barrel as against USD 31.64 in 2004. Oil prices in Norwegian kroner averaged NOK 291 per barrel, as against NOK 219 in 2004, a 33 per cent increase.

Gas sales have shown a positive development with an increase in 2005 compared with the year before. Revenues from dry gas totalled NOK 10.9 billion as against NOK 9,3 billion in the same period of last year. The volume of equity gas production sold was 7.4 billion standard cubic metres, or 515 000 boe/d as against 511 000 boe/d in 2004.

Investment in the first quarter rose by 33 per cent from the same period of last year to NOK 5 billion, primarily as a result of increased activity in the Snøhvit and Ormen Lange/Langeded projects.

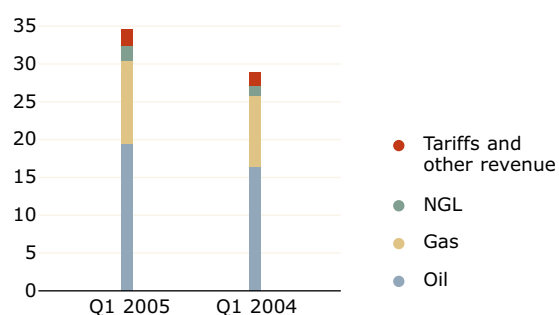
Stavanger, April 2005

The board of directors of Petoro AS

All amounts in NOK mill	First quarter		Whole year
	2005	2004	2004
Operating revenue	34 599	28 931	120 807
Total operating expenses	8 973	9 578	37 154
Operating income	25 626	19 353	83 653
Net financial items	116	120	(1 310)
Income after financial items	25 741	19 473	82 343
Total investment	4 979	3 753	17 780
Net cash flow	22 327	19 466	81 401
Average oil price (USD/bbl)	46.99	31.64	37.57
NOK/USD exchange rate	6.19	6.92	6.77
Average oil price (NOK/bbl)	291	219	254
Oil/NGL production (1 000 b/d)	824	926	886
Gas production (mill scm/d)	82	81	70
Total production (1 000 boe/d)	1 339	1 437	1 324

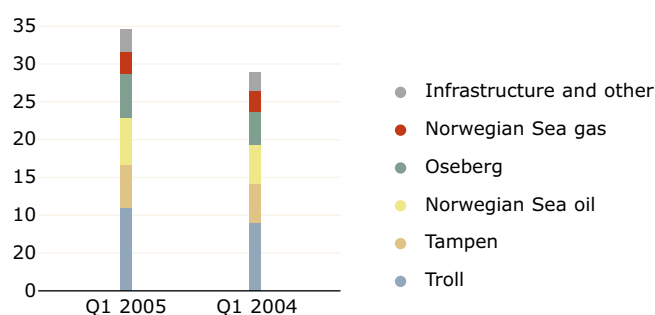
Revenue by product

NOK bn



Revenue by area

NOK bn





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