

3. kvartal 2008

2. kvartal 2008

1. kvartal 2008

FIRST HALF OF 2008 SDFI

NOK 77 757 000 000

NOK 80 billion from Petoro to government in first half

The State's Direct Financial Interest (SDFI) achieved an income after financial items of NOK 77.8 billion for the first half of 2008 and a cash flow of NOK 80.6 billion. The corresponding figures for the same period of last year were NOK 53.7 billion and NOK 57.4 billion respectively. This substantial increase reflects higher oil and gas prices, supported by stable production.

Income after financial items for the second quarter of 2008 was NOK 36.3 billion, compared with NOK 25.6 billion in the same period of last year.

Operating income was NOK 37 billion for the second quarter and NOK 79.3 billion for the first six months. These figures represent increases of 42 and 45 per cent respectively from the same periods of 2007.

Total production for the first half averaged 1 188 000 barrels of oil equivalent per day (boe/d), on a par with the same period of last year. Gas production to 30 June was six per cent higher than in the first six months of 2007. Oil output declined by six per cent, primarily as a result of the general fall in production from several mature fields on the Norwegian continental shelf (NCS).

FINANCIAL RESULTS

Operating revenue totalled NOK 106.5 billion for the first half, an increase of NOK 27.4 billion or 35 percent compared with the same period of last year. Oil and natural gas liquids accounted for 59 per cent of total operating revenue, unchanged from the first half of 2007. The proportion for gas was 35 per cent. Remaining revenues derived from participation in pipelines and land-based plants, with Gassled as the largest contributor.

Oil and NGL revenues in the first half came to NOK 63.1 billion from average daily sales of 632 000 barrels. Revenues in the same period of last year were NOK 46.6 billion. The quantities of oil and NGL sold declined by eight per cent compared with the same period of 2007.

FIRST HALF

(ALL AMOUNTS IN NOK MILL)	SECOND QUARTER		FIRST HALF		TOTAL
	2008	2007	2008	2007	2007
Operating revenue	49 070	37 292	106 508	79 100	167 724
Total operating expenses	12 107	11 259	27 163	24 534	53 231
Operating income	36 963	26 033	79 345	54 566	114 493
Net financial items	-619	-466	-1 588	-899	-1 852
Income after financial items	36 344	25 567	77 757	53 667	112 641
Total investment	5 138	4 813	9 391	9 367	20 539
Net cash flow to the state	40 714	27 960	80 580	57 423	112 281
Average oil price (USD/bbl)	122,17	68,32	109,28	62,27	71,44
NOK/USD exchange rate	5,11	6,03	5,22	6,13	5,85
Average oil price (NOK/bbl)	624	412	570	382	418
Oil/NGL production (1 000 b/d)	611	648	629	675	661
Gas production (mill scm/d)	73	82	89	84	86
Total production (1 000 boe/d)	1 069	1 164	1 188	1 206	1 202

01



01 The Troll partners agreed in June on a plan for development and operation of gas injection from Troll B. The government approval process is expected to take place in the third quarter of this year.

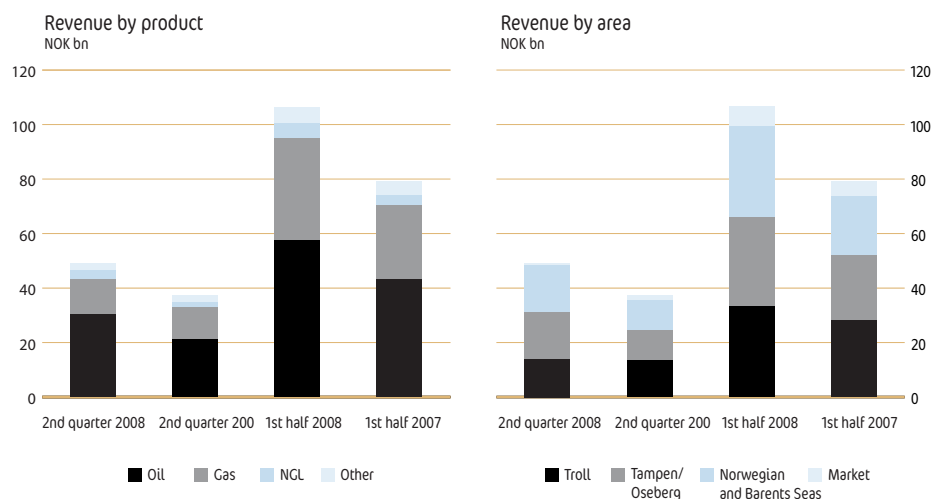
The average realised oil price in Norwegian kroner was 49 per cent higher than in the first half of last year, at NOK 570 per barrel as against NOK 382. The oil price in US dollars was up by 75 per cent from the same period of 2007.

Investment in the first half was on a par with the same period of last year at NOK 9.4 billion. The completion of Ormen Lange and Snøhvit has been offset by increased development activity on Gjøa and Vega.

Revenues from dry gas sales totalled NOK 37.3 billion, up 36 per cent from the same period of 2007 as a result of both increased volumes and higher prices. The volume of equity gas production sold during the first half was 16.2 billion standard cubic metres, an increase of five per cent from last year.

Operating expenses amounted to NOK 27.2 billion, up by 11 per cent from the same period of 2007. This rise primarily reflects higher costs for the purchase of gas for onward sale. Income from that activity is reflected in gas revenues.

INNETKTER



Activities in the second quarter

PDO DECISION ON TROLL B GAS INJECTION

The development project on Troll, which includes gas injection from the B platform, was sanctioned by the partnership in June. This will facilitate continued long-term oil and gas production from the field. Investment in a new pipeline from Troll A to Kollsnes, together with a shift to larger production tubing will increase gas capacity on Troll. Extensive sub-surface work has identified a number of measures which can contribute to improved oil recovery, particularly gas injection from Troll B. The plan for development and operation (PDO) is expected to be considered by the government during the third quarter.

ACTIVITY HIGH – RISK OF DELAYS

Steadily rising oil prices are still contributing to a high level of activity in the oil industry. Global and local capacity constraints and scarcity of resources have led to a growing level of costs. Together with the integration process which has followed from the merger of the dominant operator on the NCS, this creates problems for implementing planned activities and thereby the danger of delays.

MIXED EXPLORATION RESULTS

Exploration activity in 2008 has been lower than planned, primarily because of postponed wells and delayed spudding. This could have consequences for long-term maturing of reservoirs and further development of fields. Several small discoveries were made in the SDFI portfolio during the second quarter. A minor gas strike was made on Ververis in production licence 395 in the Barents Sea (Petoro: 20 per cent), gas was found in Galtvort west of Draugen in PL 348 (Petoro: 7.5 per cent) and an oil and gas discovery was made south of Oseberg in PL 104 (Petoro: 33.6 per cent), while oil was encountered in Theta Cook on Oseberg (Petoro: 33.6 per cent) and Lilleulv

(Petoro: 30 per cent). The last of these provides supplementary reserves for Varg. At the same time, three dry wild-cat/appraisal wells were drilled – one on Stetind in PL 283 (Petoro: 20 per cent) in the Norwegian Sea and two on the Tornerose structure in PL 110 C (Petoro: 30 per cent) in the southern Barents Sea.

For Petoro, both the Norwegian and southern Barents Seas are exciting and little-explored areas with a big potential. The company is working actively to boost exploration in these areas.

SNØHVIT

The gas liquefaction plant at Melkøya outside Hammerfest was shut down for much of the second quarter to carry out repairs on the coolers. This has been necessary to secure stable operation at 60 per cent of the planned capacity for the plant. Studies are also being conducted for a final upgrading to full capacity. A decision on this is expected to be taken in the autumn of 2008.

Stavanger, July 2008

The board of directors of Petoro AS

Petoro

Postboks 300 Sentrum, 4002 Stavanger
Telefon 51 50 20 00
Telefaks 51 50 20 01
e-post: post@petoro.no
www.petoro.no

