



3rd quarter of 2008

2nd quarter of 2008

1st quarter of 2008

FIRST QUARTER OF 2008 SDFI



NOK 41 413 000 000

Record result for the SDFI

The State's Direct Financial Interest (SDFI) achieved an income after financial items of NOK 41.4 billion for the first quarter of 2008, an increase of 47 per cent from NOK 28.1 billion in the same period of last year. This increase reflects increased gas production and higher prices.

Operating income for the first quarter was NOK 42.4 billion, compared with NOK 28.5 billion for the same period of last year. Net cash flow came to NOK 39.9 billion as against NOK 29.5 billion in the first quarter of 2007.

Total production for the first quarter averaged 1 306 000 barrels of oil equivalent per day (boe/d), an increase of 58 000 boe/d from the same period of last year. This rise reflects a 22 per cent growth in gas sales, almost entirely from Troll.

Oil output declined by eight per cent, primarily as a result of the general fall in production from several mature fields on the Norwegian continental shelf (NCS). Delays in well operations were also experienced on several fields. The production loss was offset to some extent by increased volumes from Norne, Ormen Lange and Kristin.

FINANCIAL RESULTS

Operating revenue totalled NOK 57.4 billion for the first quarter, an increase of 37 per cent from NOK 41.8 billion in the same period of last year. Oil and natural gas liquids accounted for 52 per cent of total operating revenue, compared with 56 per cent in the first quarter of 2007. The proportion for gas was 42 per cent, up by four percentage points from the first three months of last year. Remaining revenues derived from participation in pipelines and land-based plants, with the SDFI's interest in Gassled as the largest contributor.

Oil and NGL revenues in the first quarter came to NOK 29.8 billion from average daily sales of 648 000 barrels. Revenues in the same period of last year were NOK 23.5 billion. The quantities of oil and NGL sold declined by 14 per cent compared with the first quarter of 2007.

FIRST QUARTER

(ALL AMOUNTS IN NOK MILL)	FIRST QUARTER		FULL YEAR
	2008	2007	2007
Operating revenue	57 438	41 809	167 724
Total operating expenses	15 056	13 276	53 231
Operating income	42 382	28 533	114 493
Net financial items	(968)	(432)	(1 852)
Income after financial items	41 413	28 101	112 641
Total investment	4 253	4 554	20 539
Net cash flow to the state	39 866	29 463	112 281
Average oil price (USD/bbl)	97.28	57.16	71.44
NOK/USD exchange rate	5.35	6.23	5.85
Average oil price (NOK/bbl)	520	356	418
Oil/NGL production (1 000 b/d)	647	702	661
Gas production (mill scm/d)	105	87	86
Total production (1 000 boe/d)	1 306	1 248	1 202



01



02

01 The Cove Point terminal on the US east coast received its first LNG consignment from Snøhvit in late February. Photo: Cameron Davidsen/ StatoilHydro

02 Petoro is the only Gullfaks licensee other than operator StatoilHydro, and is gearing up to do more independent technical work on this field.

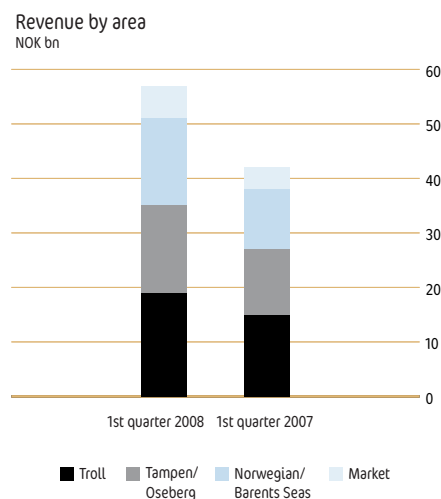
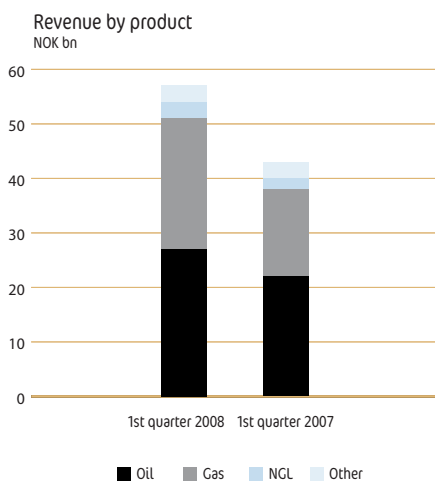
So far in 2008, oil prices have been substantially higher than in the same period of last year. The average realised oil price in Norwegian kroner was 46 per cent higher than in the first three months of 2007, at NOK 520 per barrel as against NOK 356. The oil price in US dollars was up by 70 per cent to an average of USD 97.3 per barrel compared with USD 57.2 in 2007.

Revenues from gas sales were 55 per cent higher than in the same period of 2007 as a result both of increased volumes and higher prices. These gas revenues totalled NOK 24.3 billion as against NOK 15.7 billion in the same period of 2007. The volume of equity gas production sold during the first quarter was 9.5 billion standard cubic metres, or an average of 659 000 boe/d as against 546 000 in 2007. This represented an increase of 21 per cent.

Operating expenses amounted to NOK 15.1 billion for the first quarter as against NOK 13.3 billion in the same period of last year. This increase primarily reflects a start to production from new fields such as Snøhvit and Ormen Lange and the purchase of gas for onward sale. These factors were offset to some extent by lower exploration activity than expected so far this year.

Investment in the first quarter declined by seven per cent from the same period of last year to NOK 4.3 billion. Lower activity on Ormen Lange/Langeled and Snøhvit was partly offset by increased operations in the Gjøa development.

INCOME



Activities in the first quarter

ELEVEN NEW LICENCES FOR PETORO'S PORTFOLIO

The awards in predefined areas (APA) in February gave Petoro responsibility for managing the state's direct interests in 11 new production licences. The Ministry of Petroleum and Energy chose to take holdings for the SDFI in a number of the production licences which had been identified by Petoro as important for the portfolio. That applies in part to licences south of Snøhvit, near Åsgard, Gjøa and Veslefrikk, elsewhere in the Norwegian Sea, and south of Troll/Oseberg in the North Sea.

RESTRUCTURING COSTS RELATED TO STATOILHYDRO MERGER

StatoilHydro has offered early retirement to all employees aged 58 and above. According to the agreements which regulate the relationship between the operator and the other partners in joint ventures, the operator has the right to charge its partners for restructuring costs to the extent that it can demonstrate that these will provide savings for the partners. Together with other partners, Petoro takes the view that no such savings have been demonstrated and has accordingly said that it will not accept the inclusion of these costs in the licence budgets. Against that background, StatoilHydro has decided to take this issue to arbitration.

FURTHER DEVELOPMENT OF GULLFAKS

With a 30 per cent holding, Petoro is the only licensee in Gullfaks other than the operator. It accordingly gives high priority to monitoring this field. As part of its strategy after the StatoilHydro merger, Petoro is in the process of building up its sub-surface expertise. This has allowed it to make contributions to important technical issues relating to the further development of the Gullfaks area towards 2030. Petoro has also clarified the status of work on integrated operation, and

believes that the next few years provide a unique opportunity to implement IO as a new and more efficient method for operating the Gullfaks field.

SUBSEA COMPRESSION PILOT ON ORMEN LANGE CONTINUED

In line with Petoro's strategy on early application of technology, the company supports continued work on qualifying underwater compression for use on Ormen Lange. Petoro manages a holding of 36.48 per cent in this field. Subsea compression offers an alternative to building a dedicated platform for this purpose. Despite substantial cost increases, Petoro believes that many of the arguments underlying the decision to launch this project are still valid.

Furthermore, subsea compression is considered to be the best solution in terms of health, safety and the environment, and the development plan for the pilot project fits well with the time when the field will need compression to maintain gas production and exports. Seabed compression can moreover be used on other fields and outside Norway.

FIRST SNØHVIT LNG TO US RECEIVING TERMINAL

The SDFI has capacity rights at the Cove Point terminal on the US east coast for volumes of liquefied natural gas (LNG) from Snøhvit. Located just north of Washington DC, this facility received its first consignment from Snøhvit in late February. However, technical problems with the gas liquefaction plant at Melkøya outside Hammerfest led to a further shutdown during the first quarter. Production resumed in April, still at a level which is roughly 60 per cent of capacity. Petoro is the licensee for 30 per cent of Snøhvit.

Stavanger, April 2008
The board of directors of Petoro AS



Petoro
P O Box 300 Sentrum,
NO-4002 Stavanger, Norway
Telephone +47 51 50 20 00
Telefax +47 51 50 20 01
E-mail: post@petoro.no
www.petoro.no

