

THE SDFI PORTFOLIO FIRST QUARTER OF 2011

OIL AND GAS PRICES UP – GOOD RESULTS

Income after financial items from the State's Direct Financial Interest (SDFI) on the Norwegian continental shelf (NCS) for the first quarter of 2011 totalled NOK 34.2 billion. Net cash flow to the government was NOK 34.2 billion, up by NOK 4.1 billion from the same period of 2010. This increase primarily reflects higher oil and gas prices than last year.

Operating income for the first quarter came to NOK 35.2 billion, compared with NOK 28.9 billion in the same period of 2010. Net cash flow was NOK 34.2 billion, compared with NOK 30.1 billion in the first quarter of last year.

Total oil and gas production for the first quarter averaged 1 228 000 barrels of oil equivalent per day (boe/d), compared with 1 279 000 for the same period of 2010. Gas production was on a par with the first quarter of last year. Output of oil and natural gas liquids (NGL) fell by 11 per cent, primarily reflecting a decline in production from mature fields in the SDFI portfolio and some operational challenges on Gullfaks.

FINANCIAL RESULTS

Operating revenue totalled NOK 49 billion

for the first quarter, compared with NOK 41.5 billion in the same period of 2010. Income from oil sales increased by 12 per cent from the first quarter of last year, reflecting higher prices. The latter averaged USD 105.91 per barrel in the first quarter this year, up by 38 per cent from the same period of 2010. The average oil price in Norwegian kroner for the first quarter was NOK 606 per barrel compared with NOK 450 last year. The rise in oil prices reflected not only a strengthening in demand but also uncertainty on the supply side as a result of the unrest in north Africa and the Middle East.

Income from gas sales rose by 28 per cent in the first quarter compared with the same period of 2010, primarily because of higher prices. Increased oil and coal prices as well

FIRST QUARTER

(NOK million)	FIRST QUARTER		FULL YEAR
	2011	2010	2010
Operating revenue	49 011	41 472	159 270
Total operating expenses	13 784	12 532	52 045
Operating income	35 227	28 940	107 225
Net financial items	(1 002)	(504)	(1 846)
Income after financial items	34 225	28 436	105 379
Total investment	5 088	4 496	19 533
Net cash flow	34 169	30 102	103 572
Average oil price (USD/bbl)	105.91	76.70	79.38
NOK/USD exchange rate	5.73	5.87	6.07
Average oil price (NOK/bbl)	606	450	482
Oil/NGL production (1 000 b/d)	472	531	470
Gas production (mill scm/d)	120	119	97
Total production (1 000 boe/d)	1 228	1 279	1 080



A substantial oil discovery has been made on the Skrugard prospect in the Barents Sea. Located north of Snøhvit, it is estimated to contain 150-250 million recoverable boe.

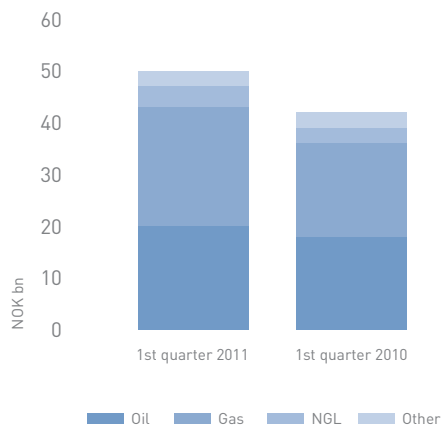
as uncertainties over gas deliveries to Europe helped to strengthen gas prices. Gas revenue for the first quarter totalled NOK 23 billion, compared with NOK 18 billion in the same period of last year. The volume of equity gas production sold during the first quarter was 10.8 billion standard cubic metres (scm) or 756 000 boe/d, compared with 748 000 boe/d in the corresponding period of 2010.

Operating expenses totalled NOK 13.8 billion, compared with NOK 12.5 billion for the first quarter of 2010. This 10 per cent rise reflected the higher cost of buying gas for onward sale. Increased revenues from the sale of this gas

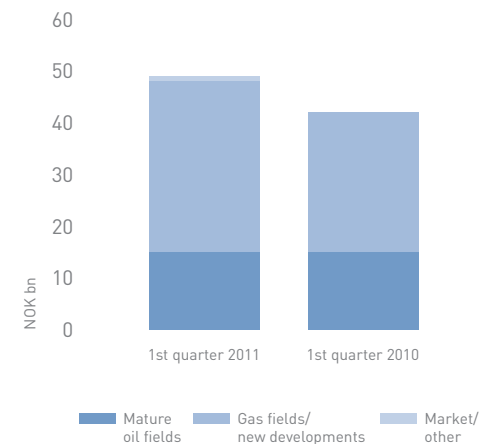
are correspondingly recorded as operating income. Operating costs for fields and plants declined by six per cent, primarily as a result of lower maintenance and well workover costs. Costs for basic operation and maintenance fell by four per cent from the first quarter of 2010 because of reduced activity.

Investment in the first quarter rose by about 13 per cent from the same period of last year to NOK 5.1 billion, reflecting higher production drilling costs on Heidrun, Norne, Vega and Ormen Lange. Production drilling costs rose by NOK 0.7 billion or 35 per cent from the first quarter of 2010.

REVENUE BY PRODUCT



REVENUE BY BUSINESS AREA



ACTIVITIES IN THE FIRST QUARTER

PETORO PARTICIPATION IN FOUR NEW DEVELOPMENT PROJECTS

Plans for development and operation (PDOs) for Visund South and Vigdis North-East are a result of Statoil's new concept for fast-track field development. Located close to existing infrastructure, these discoveries will help to extend the producing life of the installations and represent an important contribution to optimising the potential on the NCS. PDOs have also been submitted for Ekofisk South and Eldfisk II, which form part of a wider continuation of development in the Ekofisk area. These plans include a large number of new wells, extensive upgrading of existing facilities, and the installation of new platforms. The total SDFI investment in these projects will be NOK 6.2 billion.

SKRUGARD – A SUBSTANTIAL OIL DISCOVERY IN THE BARENTS SEA

A substantial oil discovery has been made on the Skrugard prospect in the Barents Sea. Located north of Snøhvit, it is estimated to contain 150-250 million recoverable boe. The discovery has been described as a breakthrough in this unexplored area, and is the largest in which Petoro has been involved during its 10-year history. Petoro believes there is a strong probability that the find will be developed.

MARIA

An exchange of licence interests between Petoro AS and Faroe Petroleum Norge AS was agreed on 8 April 2011. According to the

announcement from the Ministry of Petroleum and Energy, the government – through the SDFI – is transferring interests in Njord, Brage, Brage Sognefjord, Jotun and Ringhorne East to Faroe Petroleum Norge. These represent small holdings in fields which are in tail production.

In return, the SDFI will acquire 30 per cent holdings in production licences 475BS and 475CS from Faroe Petroleum Norge. These cover an interesting discovery, Maria, in the Åsgard area of the Halten Bank. The SDFI has a strong position in this area through a broad portfolio embracing a number of fields. The transaction is conditional on the necessary government approvals, and will be effective from 1 January 2011.

GULLFAKS

Production from Gullfaks was negatively affected in the first quarter by reduced water injection after the shutdown of a number of injectors in November 2010. These challenges have also meant the postponement of planned investment. Extensive work has been initiated to handle the challenges in the short term and to establish a base for future decisions on Gullfaks.

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The board of directors of Petoro AS



PETORO AS

P O Box 300 Sentrum
NO-4002 Stavanger
Tel: +47 51 50 20 00
Fax: +47 51 50 20 01
post@petoro.no
www.petoro.no