

Annual Statement of Reserves

Classification of Reserves and Contingent Resources

The reserve and contingent resource volumes have been classified in accordance with the NPD classification system (http://www.npd.no/regelverk/r2002/Ressursklassifisering_n.htm) and are consistent with Oslo Stock Exchange's guidelines for the disclosure of hydrocarbon reserves and contingent resources, see figure below.

	Potential Resources		Contingent Resources				Reserves		
NPD category	9	8	7	6	5	4	3	2	1
Description	Leads. Conceptual ideas of possible prospects	Prospects. A mapped rock volume believed to contain hydrocarbons	Discoveries under evaluation	Discoveries where development is unlikely	Discoveries where development is likely	Discoveries where development is being planned	Fields where PDO has been concluded by the Licensees	Fields under development, PDO approved	Fields in production

Fig: NPD's classification system used by Det norske oljeselskap.

Reserves, Developed and Undeveloped

Det norske oljeselskap ASA has interests in three fields in production (Category 1) and one field (Yme) under development (Category 2):

- Varg – operated by Talisman, Det norske 5%
- Glitne – operated by StatoilHydro, Det norske 10%
- Enoch – operated by Talisman, Det norske 2%
- Yme – operated by Talisman, Det norske 10%

Our assessments of the remaining reserves in these fields are based on the operator's evaluation.

The **Varg Field** (PL 038) is located south of Sleipner Øst. The field is developed with the production vessel "Petrojarl Varg" with integrated oil storage, and a connected wellhead platform. Oil is exported using shuttle tankers. Proved reserves (1P/P90) include 90 % of the expected volume from existing wells, assuming no new wells are being drilled and abandonment of the field on 1 July 2010. This is the earliest possible date on which the "Petrojarl Varg" owner has the right to remove the production vessel from the field. Remaining proved plus probable reserves (2P/P50) are based on the same cut-off date, but contain the total volumes from the base case production profile provided by the operator. Total remaining proved and probable reserves are 8.6 million barrels, hereof developed 7 million barrels. The owner plans to drill two new production wells in 2008, which may increase the reserve base.

The **Glitne Field** (PL 048B) is located 40 kilometers northeast of the Sleipner area. The field is produced by sub-sea wells tied to the production vessel "Petrojarl 1", and oil is exported using shuttle tankers. Current estimated life time ends July 2009. Total reserves are determined by the operator based on decline analysis combined with reservoir simulation. The

main uncertainty in future production is the water cut development in individual wells. Remaining reserves are assessed probabilistically considering uncertainties related to water production, the liquid potential and the regularity of individual wells and the regularity of the total system. No new production wells are assumed. All proved and probable reserves are classified as “developed reserves”.

The **Enoch Field** (PL 048B) straddles the Norwegian/UK boarder and is located in the UK block 16/13a and in the Norwegian block 15/5 southwest of the Glitne Field. The field is developed by a single, horizontal sub-sea well and tied back to the UK Brae A platform where the oil is processed and exported via the Forties pipeline network. The gas is sold to Brae. Enoch started production in May 2007. The field has been unitized with the license owners in the British sector and Det norske’s overall share is 2% (10% of the Norwegian license PL 048D). Total initial proved plus probable reserves (Enoch Unit) are estimated by the operator at 15 million barrels of oil equivalents of which 12.8 million barrels remains. Total proven remaining reserves amounts to 3.8 million barrels or 29% of 2P volumes. Volumes in Table 1 include only the Norwegian part of the field and are classified as “developed reserves”.

The **Yme Field** (PL 316) is located in the Egersund basin and was produced by Statoil as the operator from 1996 to 2001. The PDO for the reactivation of the Yme Field was submitted in January 2007, and was approved by the authorities in May 2007. The reserves are consequently classified as “under development”. The reserve estimates are consistent with the RNB 2007 report submitted by the operator, and are based on extensive geological and geophysical studies, dynamic reservoir simulation, and history matching. A range of sensitivities has been addressed reflecting uncertainties in various parameters and form the basis for the estimate of proven reserves (1P/P90) and probable reserves (2P/P50).

Det norske’s share of production from the Varg, Glitne and Enoch fields during 2007 amounts to 0.30 million barrels of oil equivalents. Enoch and Glitne have been included since the acquisition of NOIL in mid-November. The inclusion of NOIL’s share of the reserves at Glitne and Enoch fields by year-end 2007, amounts to 0.8 million barrels of oil equivalents.

Table 1 – Reserves by field

Reserves million barrels = million barrels										
Developed assets (Category 1)										
As of 31.12.2007	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents
PL 038 – Varg	5.20	0.0	5.20	5%	0.26	6.96	0.0	6.96	5%	0.35
PL 048B – Glitne	1.45	0.0	1.45	10%	0.15	5.55	0.0	5.55	10%	0.56
Enoch Unit (Norway)	0.56	0.0	0.56	10 %	0.06	1.66	0,0	2.56	10 %	0.26
Total					0.47					1.17
Under development (Category 2)										
As of 31.12.2007	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents	Liquids (mdbl)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents
PL 038 - Varg						1.64	0.0	1.64	5%	0.1
PL 316 - Yme	54.0	0.0	54.0	10%	5.4	67.0	0.0	67.0	10%	6.7
Total					5.4					6.8
Development decided (Category 3)										
As of 31.12.2007	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents
	0.0	0.0	0.0	0%	0	0.0	0.0	0.0	0%	0
Total					0					0

Contingent Resources

Det norske oljeselskap has interests in eight discoveries classified as contingent resources. Frøy and Goliat are classified as “development being planned” (Category 4), part of Ragnarrock and Desmond are classified as “development is likely” (Category 5) and the four others are classified as “under evaluation” (Category 7):

- Frøy – operated by Det norske 50%
- 7122/7-1 Goliat – operated by ENI, Det norske 15%
- 16/2-3 Ragnarrock – operated by StatoilHydro, Det norske 30%
- 25/2-10 S Frigg Gamma Delta – operated by Statoil, Det norske 20%
- 25/10-8 Hanz – operated by Det norske 35%

- 16/1-7 West Cable – operated by Det norske 35%
- 15/12-18S Storskrymten – operated by Det norske 45%
- 2/2-2 Desmond – operated by Talisman, Det norske 40%

The **Frøy Field** (PL 364) is operated by Det norske (50%) with Premier as a partner. A Decision of Continuation (DoC) was made in January 2008, and a submission of PDO for reactivation of the field is planned by Q1 2008. The field was in production from 1995 to 2001 and produced 35 million barrels with Elf as operator. Based on a comprehensive evaluation of the reservoir and production history, the best estimate is that the recovery factor can be increased from the original 18 % to minimum 40 %, increasing recovered volumes by 47 million barrels. These volumes are classified as contingent resources “development being planned”.

The **Goliat Field** (PL 229, 229B) is located some 80 km west of Hammerfest and some 40 km south east of the Snøhvit Field and is anticipated to be the first Barents Sea oil development. Goliat was discovered in 2001 by well 7122/7-1. Parts of the oil field have an overlying gas cap. The licensees have performed extensive field development studies and several development options are being considered. A final selection is anticipated by Q1 2008 and a concept definition phase will take place from Q2 2008. Total recoverable reserves are estimated at 204 million barrel of oil equivalents, and these are classified as contingent resources “development being planned”.

The **Desmond** (PL 332) and part of **Ragnarrock** (PL 265) discoveries have been classified as contingent resources “development likely” (Category 5). The Desmond gas discovery with gross recoverable resources estimated at 26 million barrels of oil equivalents is a candidate for tie-in to the Gyda Field to provide injection gas. The Ragnarrock discovery is believed to have more than 1 billion barrels in-place. Currently, recoverable resources are estimated to 42 million barrels by the operator StatoilHydro, assuming a low recovery due to the poor reservoir properties in the chalk reservoir.

Part of Ragnarrock (PL 265), **Hanz** (PL 028B), **West Cable** (PL 001/242), and **Storskrymten** (PL 337) discoveries have been classified as contingent resources “under evaluation” (Category 7). The lower part of the Ragnarrock discovery, which has poorer production properties than the upper part, is estimated to contain 67 million barrels of recoverable oil equivalents. Further appraisal drilling and testing is planned prior to any development decision. For the Hanz and West Cable oil discoveries total gross recoverable resources are estimated at 16 and 4 million barrels oil equivalents respectively. Recent discoveries in the adjacent area increase the likelihood of development. Recoverable resources for the recent Storskrymten discovery are assessed from 10 to 40 million barrels but significant uncertainties are attached to the estimates. Frigg Gamma Delta (PL 442) just north of Frøy, is estimated to 26 million barrels of oil equivalents. An appraisal well is planned for 2009.

Table 2 – Aggregate reserves, production, developments and adjustments

Reserves development						
Net attributed million barrels of oil equivalents. Calendar years, reporting as of year end.	Developed assets		Under development		Development decided	
	1P / P90	2P / P50	1P / P90	2P / P50	1P / P90	2P / P50
Balance as of 31.12.2006	0.5	1.0	0.0	0.0	4.5	6.0
Production	0.3	0.3				
Acquisitions/disposals	0.2	0.8				
Extensions and discoveries						
New developments			4.5	6.0		
Revisions of previous estimates	0.1	-0.3	0.9	0.8	-4.5	-6.0
Balance as of 31.12. 07	0.5	1.2	5.4	6.8	0.0	0.0

Management’s Discussion and Analysis

The assessment of reserves and resources is performed by experienced professionals in the Det norske based on input from the operators and partners in addition to our own interpretation. The calculations are, however, associated with significant uncertainties. The 2P/P50 represents our best estimate of reserves/resources while 1P/P90 reflects our high confidence volumes. The methods used for subsurface mapping do not expose all essential parameters for either the actual hydrocarbons in place or the producibility of the hydrocarbons. Therefore there is a certain chance that actual results may be lower than the 1P/P90. A significant change in oil prices may also impact the reserves. Low oil prices may even force the licensees to close down producing fields and cancel ongoing developments.

Det norske’s reserves and resources are limited to the Norwegian Continental Shelf. License interests and license terms are listed on the NPD website. The operator will annually, in cooperation with the partners, report reserves to NPD. Four fields in our portfolio have been classified as reserves; three operated by Talisman and one by StatoilHydro. The reserves reported are consistent with the figures agreed to by the partners in the actual licenses and submitted to the authorities. No third-party assessment has been undertaken.

The Varg Field is being produced by the FPSO “Petrojarl Varg”, which is leased from Teekay Petrojarl ASA. Within the tieback distance from Varg several exploration projects have been undertaken, including Det norske’s operated PL 337, where the Storskrynten discovery was made in 2007. Further exploration drilling is planned in the area. A potential tie-in of additional reserves to Varg will extend the lifetime and increase the reserves from that field. The PL 038 license expires in June 2021. The Glitne operator is currently evaluating the possibility of drilling an additional oil producer which may increase the recovery and extend the life of the field. There are no plans for further development of the Enoch Field.

The Yme PDO was approved by the Norwegian Government in May 2007. The Yme Field is expected to be on stream in 2009. The field will be produced by a leased facility delivered by SBM and operated by Talisman.



Contingent resources listed in this report include eight discoveries. Goliat and Frøy are both in an advanced stage of evaluation, and we expect that submission of PDO for both will be completed in 2008. Additional information is required about the chalk reservoir properties for the significant Ragnarrock discovery, but considering the large in-place volumes we are optimistic that exploitation of these will be economical. The remaining discoveries are small but they are all located in areas of existing or likely future infrastructure, thus we have good hope that these resources will have commercial value.

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