



# Third quarter 2010 presentation

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TICKER –DET NOR

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# Agenda:

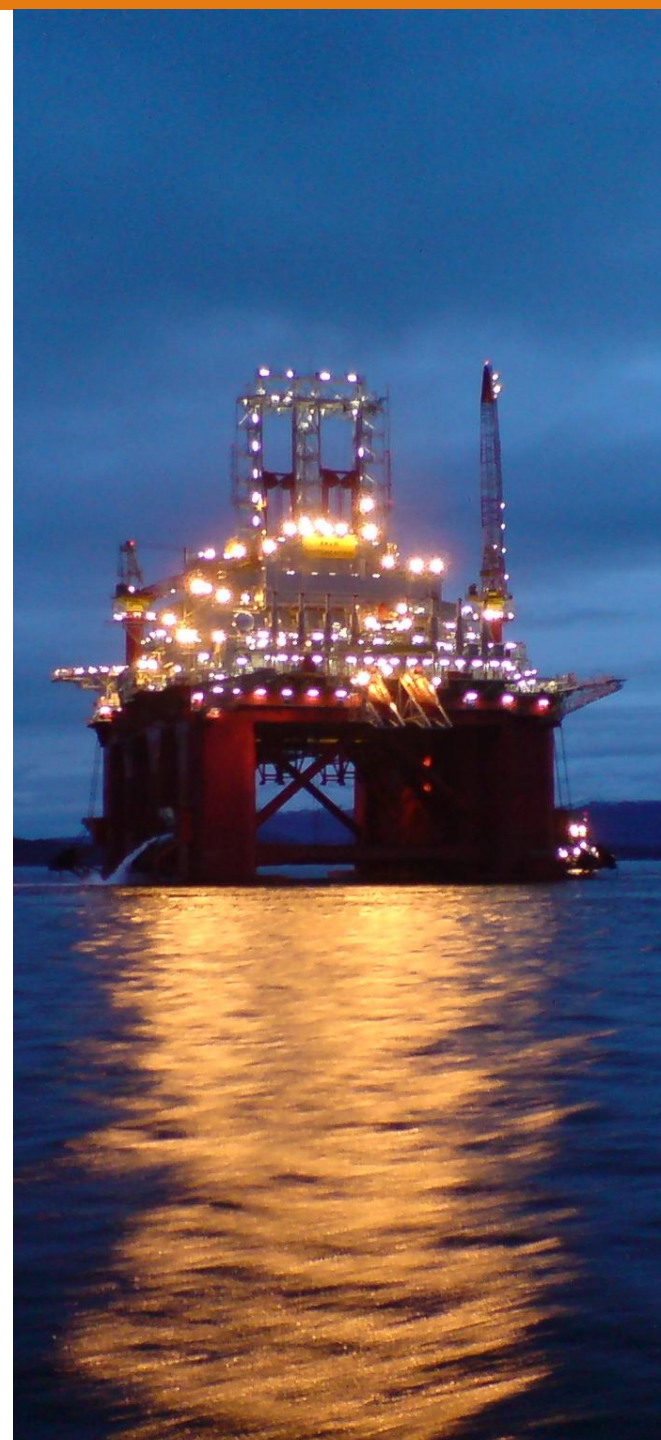
- Highlights & production
- Financials
- Exploration
- Development projects
- Outlook & Summary
- Appendix





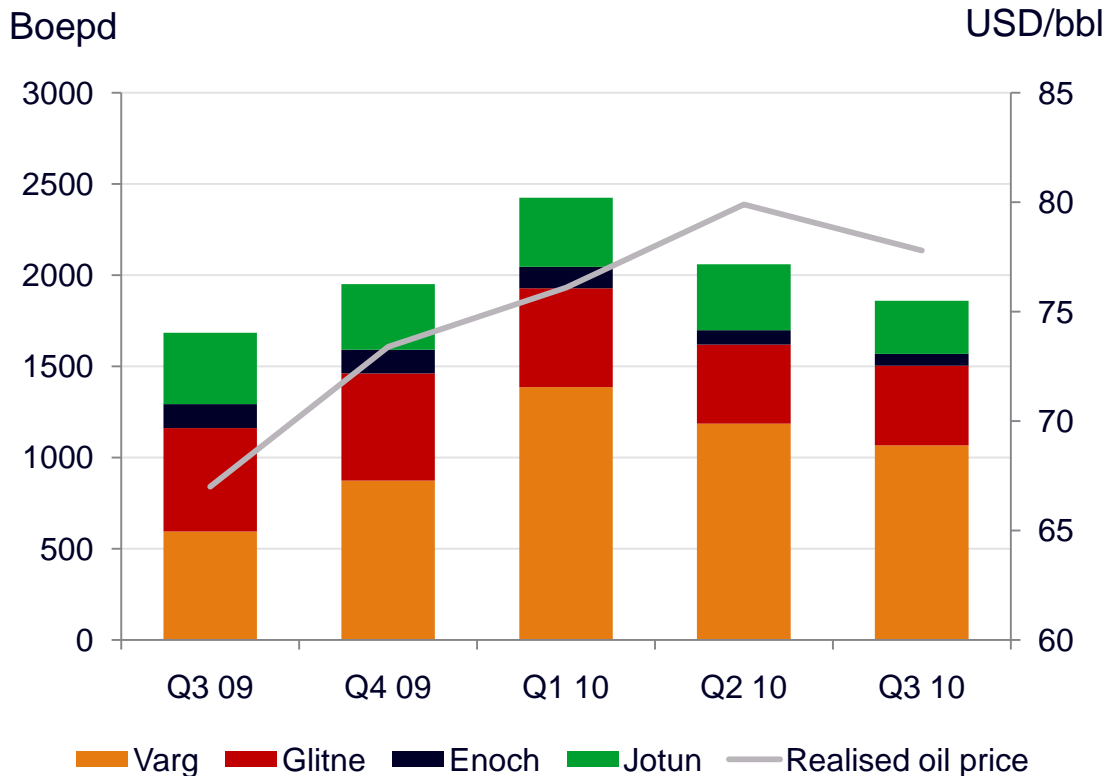
# Highlights

- David gas and condensate discovery (PL 102C)
- Secured harsh environment rig to summer 2014
- Currently drilling on Stirby and Dalsnuten
- Eleven exploration wells planned for 2011
  - 7 North Sea, 2 Norwegian Sea and 2 Barents Sea
- Applied for prospective acreage in 21<sup>st</sup> round
- Frøy delayed due to additional reservoir studies
- Key financials:
  - Revenues of 80.6 MNOK
  - Net loss of 80.1 MNOK



# Production

## Production & realised oil prices



## Issues

- Third quarter production was 1 861 boepd
- Realised oil price USD 77.8 per barrel
- Planned maintenance on Varg, Jotun and Glitne, resulted in reduced output compared to second quarter



# Agenda:

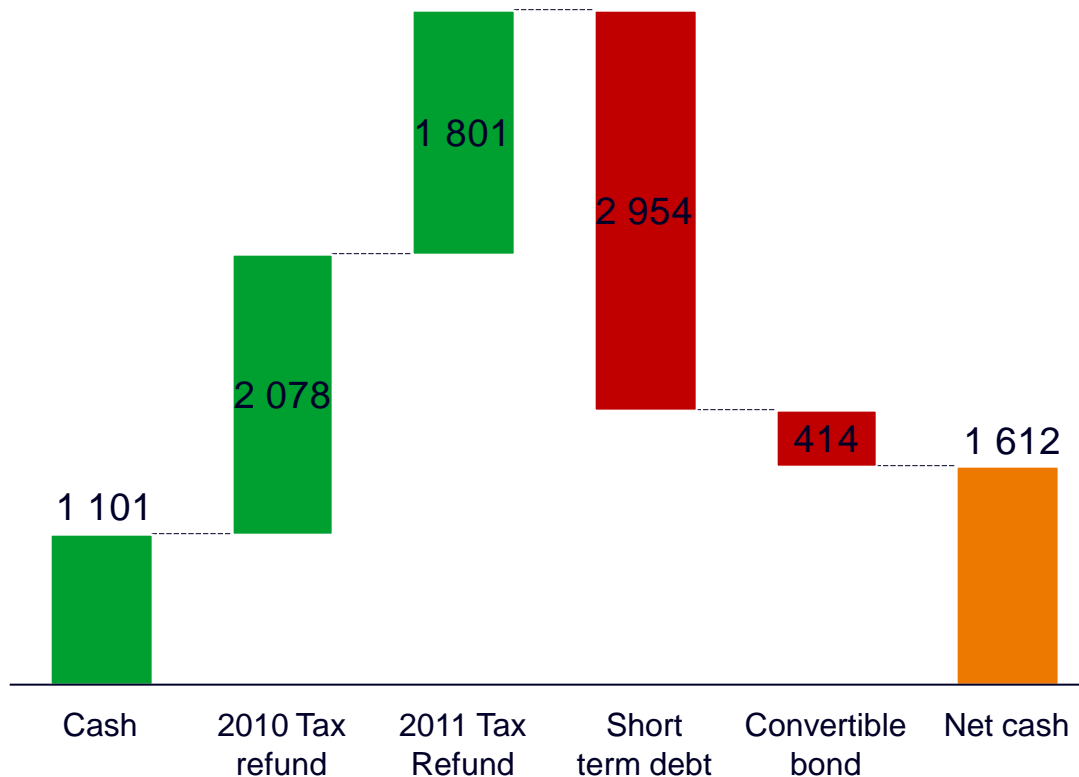
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# Financial position as of third quarter

"net cash" position as of Q3

Elements



- Total cash and tax receivables for refund in 2010/11: 4 980 MNOK
- Interest bearing debt: Short term debt and convertible bond : 3 368 MNOK
- "Net cash" position: 1 612 MNOK, down from 1 691 MNOK at the end of Q2

Not audited

# Profit & Loss Q3 2010

MNOK	Q3 2010	Q2 2010	Comment
Operating revenues	80.6	88.7	Reduced production and oil price
Exploration expenses	209.1	367.2	No dry wells, partially offset by high seismic activity and G&G studies
Change in inventories	0.7	-1.6	
Production cost	35.8	39.6	
Payroll expenses	7.5	1.4	
Depreciation	41.7	44.1	Lower due to reduced production
Write downs	24.4	32.7	Related to relinquishment of PL 256
Other expenses	14.4	14.5	Includes area fees
Operating profit/EBIT	-253.1	-409.3	
Net financial items	-55.7	8.0	Realised gain from FX derivatives in Q2
Pre-tax profit	-308.8	-401.4	
Tax cost	-228.7	-296.6	
<b>Net profit</b>	<b>-80.1</b>	<b>-104.8</b>	

Not audited



# Exploration expenses Q3 2010

MNOK	Q3 2010	Q2 2010	Comment
Seismic, well data, field studies, etc.	117.3	1.7	
Exploration expenses from license participation	81.0	87.2	
Expensed capitalized exploration wells previous years	0.0	9.8	
Expensed dry wells this quarter	10.5	293.6	No dry wells booked in Q3 – capitalised exploration expenses was MNOK 248.4
Share of salaries and other operating costs	23.9	28,3	
Research and development expenses related to exploration activities	3.2	7.9	
Other elements	-26.9		
<b>Exploration expenses</b>	<b>209.1</b>	<b>367.2</b>	

Not audited

# Balance Sheet 30.09.2010

Assets (MNOK)	Q3 2010	31.12.09	Comment
Goodwill	666.5	697.9	
Capitalized exploration exp.	1 935.3	893.5	Capitalized Q3 Dalsnuten, Stirby, David, Grevling, Storklakken – MNOK 248
Other intangible assets	1 218.5	1 320.5	
Property, plant and equipment	409.0	447.6	
Tax receivables (2011)	1 801.3	0	
Derivatives	9.9	0	
Other financial assets	18.0	18.0	
Pre payments	99.6	240.4	
<b>Total Fixed Assets</b>	<b>6 158.1</b>	<b>3 617.8</b>	
Inventories	17.6	14.7	
Trade receivables	25.7	30.4	
Other short term receivables	388.1	393.7	
Short-term deposits	22.1	22.0	
Calculated tax receivable (2010)	2 078.0	2 060.1	Difference is accrued interest
Cash / cash equivalents	1 100.7	1 574.3	
<b>Total Current Assets</b>	<b>3 632.2</b>	<b>4 095.1</b>	
<b>Total assets</b>	<b>9 790.3</b>	<b>7 713.0</b>	

# Balance Sheet 30.09.2010 (cont.)

Equity and Liabilities (MNOK)	Q3 2010	31.12.09	Comment
<b>Equity</b>	<b>3 491.3</b>	<b>3 850.5</b>	
Pension obligations	24.3	19.9	
Deferred taxes	1 885.4	1 173.5	
Abandonment provision	233.6	224.5	
Deferred revenues	2.8	5.6	
<b>Total Provisions</b>			
Derivatives	0	21.8	
Convertible bonds	413.9	390.6	
Short-term loan	2 954.0	1 090.3	
Trade creditors	118.2	261.9	
Taxes withheld and public duties payable	11.7	22.6	
Deferred revenues	0	53.0	
Other current liabilities	655.0	598.8	
<b>TOTAL LIABILITIES</b>	<b>6 299.0</b>	<b>3 862.5</b>	
<b>Total equity and liabilities</b>	<b>9 790.3</b>	<b>7 713.0</b>	

Not audited



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# Secured rig capacity to summer 2014

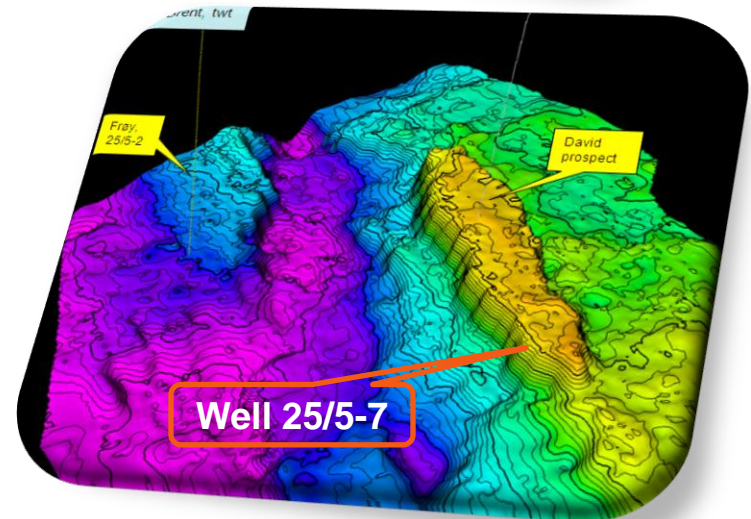
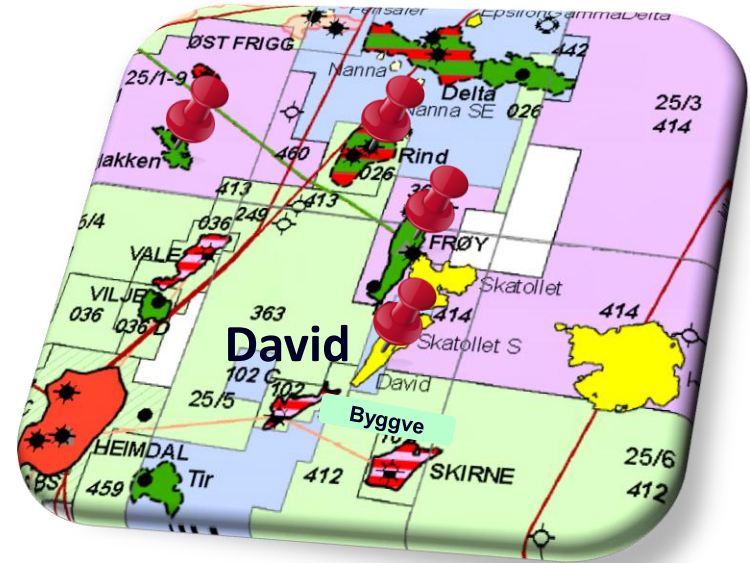
- Harsh environment rig for deepwater Norwegian Sea and the Barents Sea
- Flexible day rate structure
  - USD 450 000/day below 500 meters
  - USD 550 000/day in deep waters and the Barents Sea
- Tight market – Two Barents Sea sublets done at higher day rates



- Asset in the upcoming 21. round

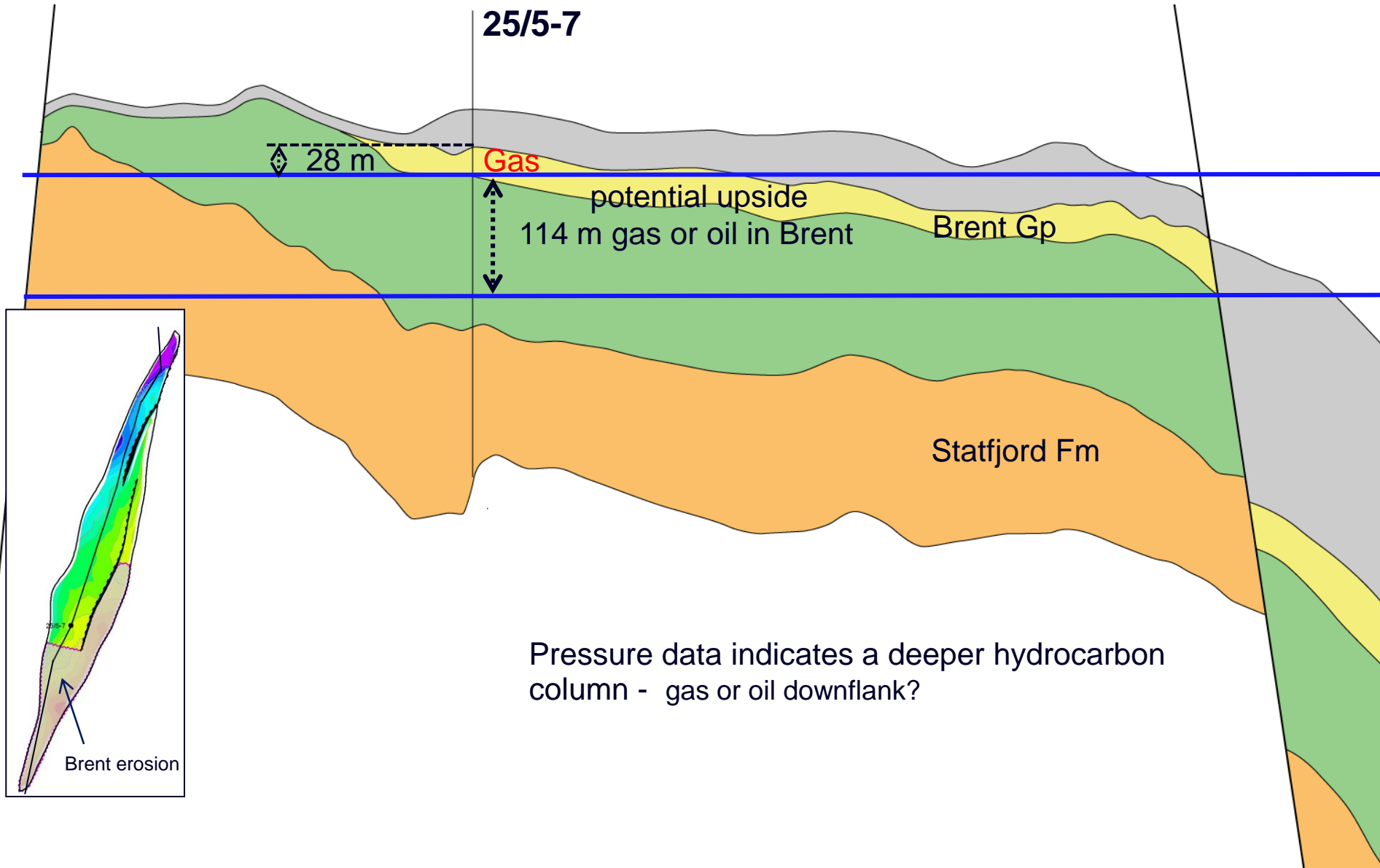
# Discovery on David in PL 102C

- Gas/condensate discovery
  - 1 Bcm of gas proven
  - 15 to 20 MBOE in estimated total recoverable volumes
- Potential development is a subsea tie-back to Heimdal, via Byggve / Skirne
- The exploration well can be reused as a production well.
- Water depth 119 meters
- Operator Total
  - Det norske holds 10 percent





# Considering appraisal well to the north



25/5-7

28 m

Gas

potential upside

114 m gas or oil in Brent

Brent Gp

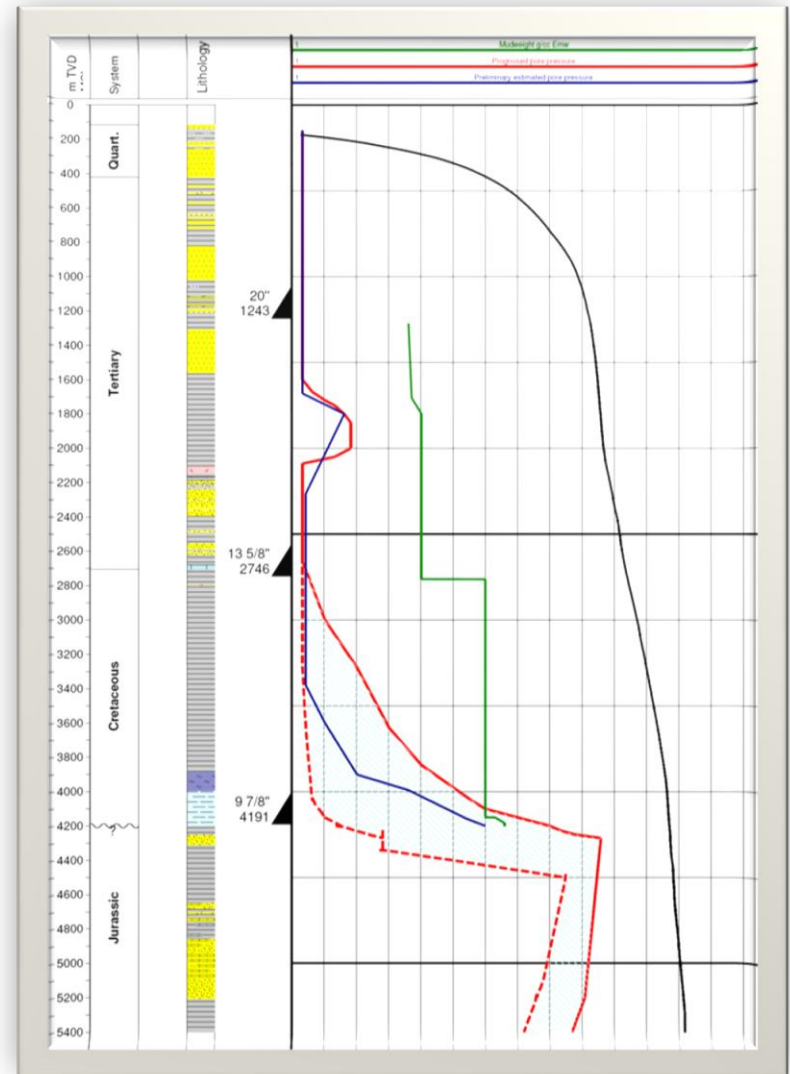
Statfjord Fm

Pressure data indicates a deeper hydrocarbon column - gas or oil downflank?

Brent erosion

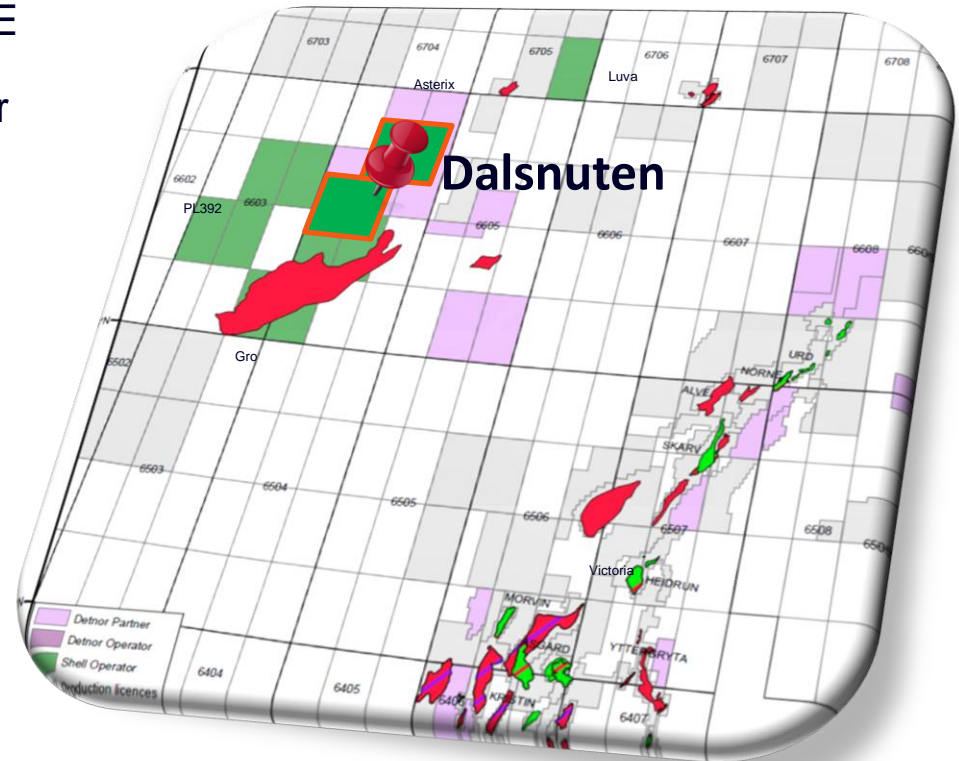
# PL 341 Stirby – currently drilling

- Large HTHP prospect
  - East Brae, Miller and Gudrun analogue
- Recoverable gas/condensate
  - Stirby Upper 150 MBOE
  - High case Upper 800 MBOE
  - Stirby Deep 190 MBOE
- Main risk
  - Reservoir quality
  - Stratigraphic seal
- Water depth 120 meters
- Operator Det norske
  - Det norske holds 30 percent



# PL 392 Dalsnuten – currently drilling

- Gross unrisked resources 600 MBOE
- Main risk is the presence of reservoir
- License with several prospects
- Deep water well - 1 446 meters
- Drilling with Aker Barents
- Operator Norske Shell
  - Det norske holds 10 percent





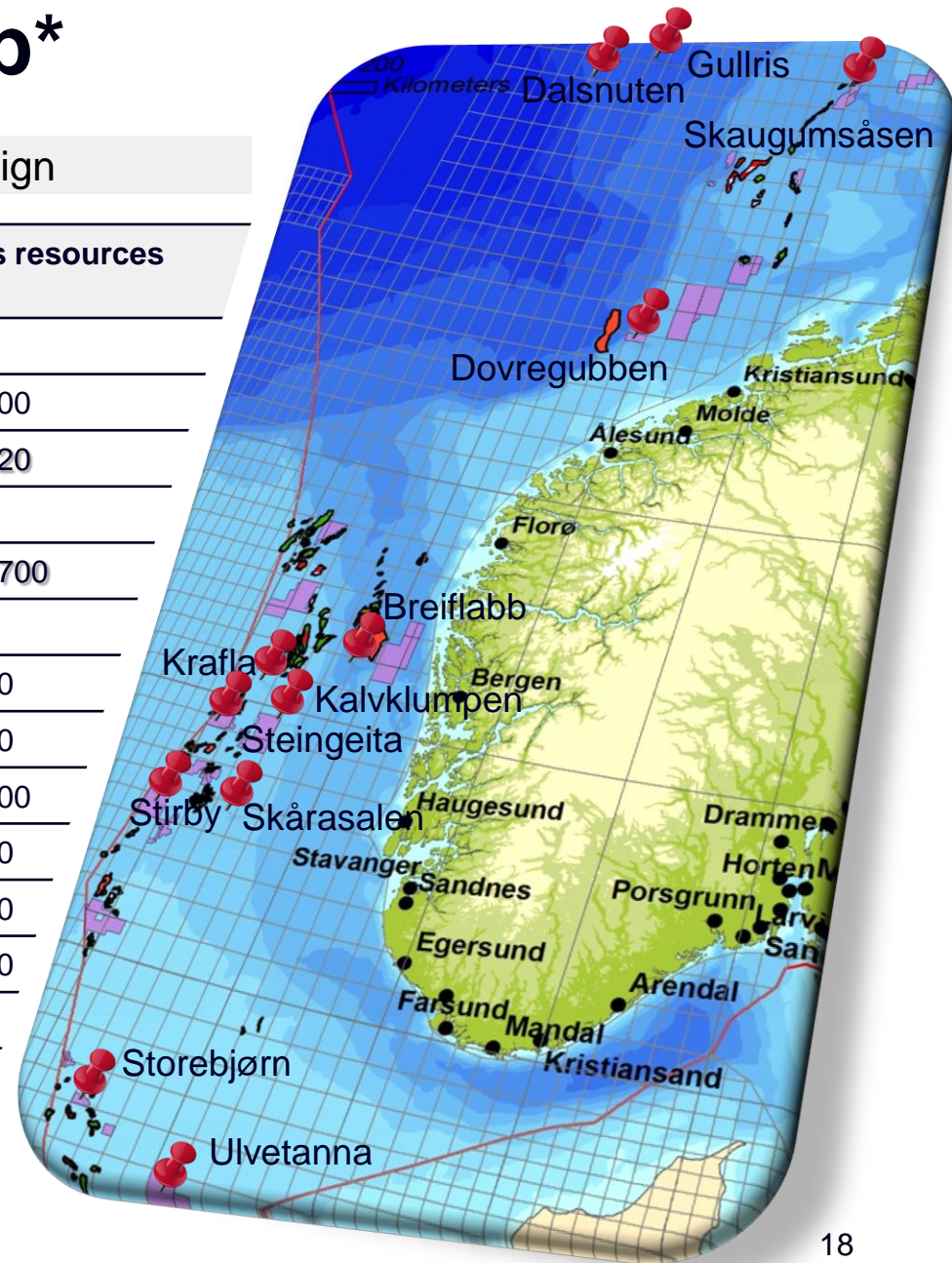
# Exploration roadmap\*

## Comprehensive 2011 drilling campaign

PL	Prospect & (operator)	Net %	Drilling start	Gross resources Mboe
392	Dalsnuten (Shell)	10	ongoing	600
341	Stirby	30	ongoing	150-800
468	Dovregubben	95**	Q4-10	100-220
482	Skaugumsåsen	65	Q1-11	20-90
522	Gullris (BG)	20	Q1-11	700-1700
035	Krafla (Statoil)	25	Q1-11	10-50
535	Norvarg (Total)	20	Q2-11	80-160
416	Breiflabb (E.ON)	15	Q2-11	15-180
265	Aldous Major (Statoil)	20	Q2-11	140-500
356	Ulvetanna	60	Q3-11	70-250
414	Kalvklumpen	40	Q3-11	75-180
450	Storebjørn	75	Q3-11	80-160
460	Steingeita	100	Q3-11	
533	Salina (Eni)	20	Q4-11	

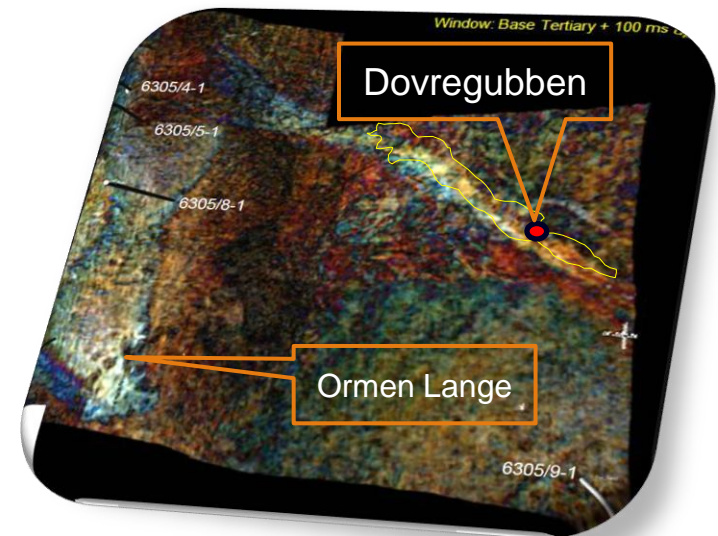
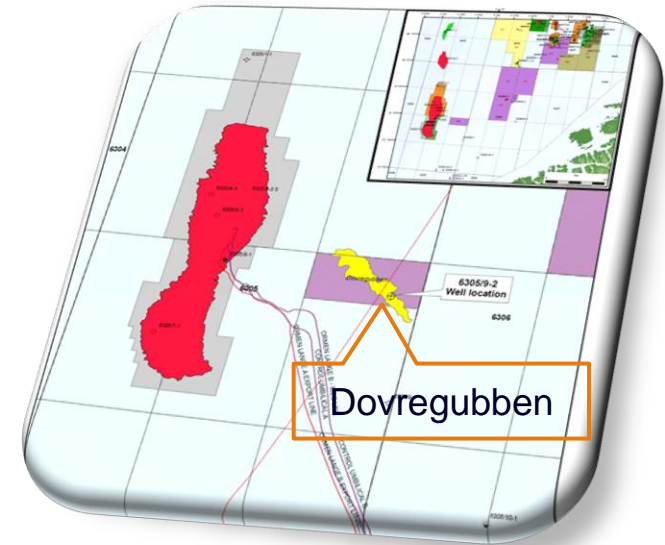
\* A large number of issues may impact the planned drilling plan. This list should thus be viewed only as an indication of the time table

\*\* Farm-down of 5% agreed with GDF, pending MPE approval



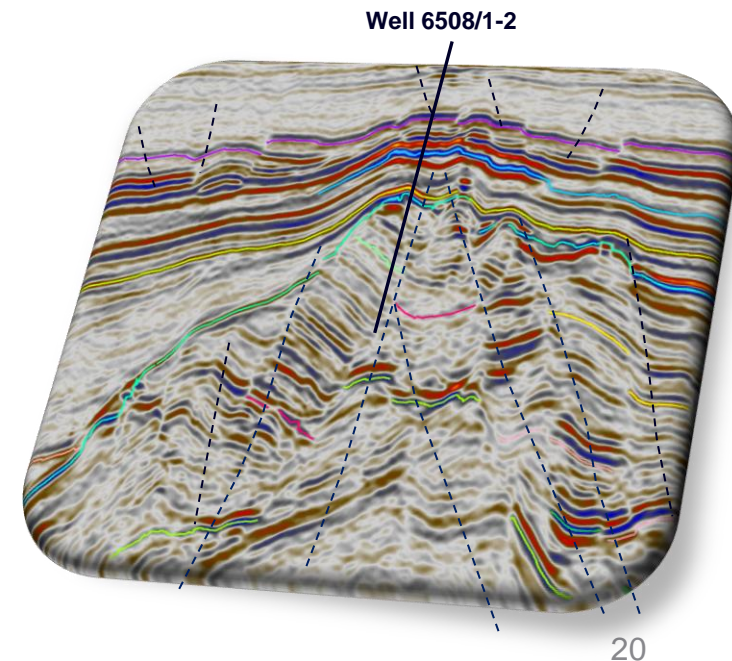
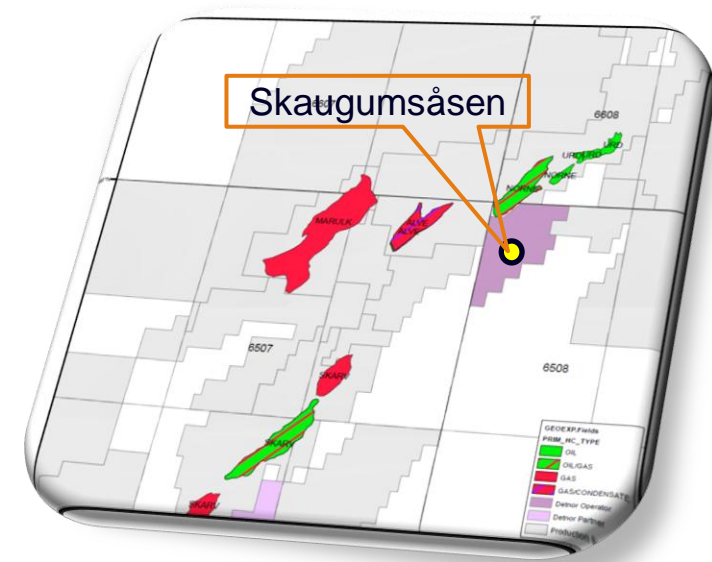
# PL468 - Dovregubben

- Planned drilled in Q4 2010 with Aker Barents
- Located in Møre Basin – close to Ormen lange
- Gross unrisked resources 100-220 MBOE
- Palaeocene play
- Main risk: Trap integrity
- Water depth 275 metres
- Operator Det norske
  - Det norske holds 95 percent



# PL482 - Skaugumsåsen

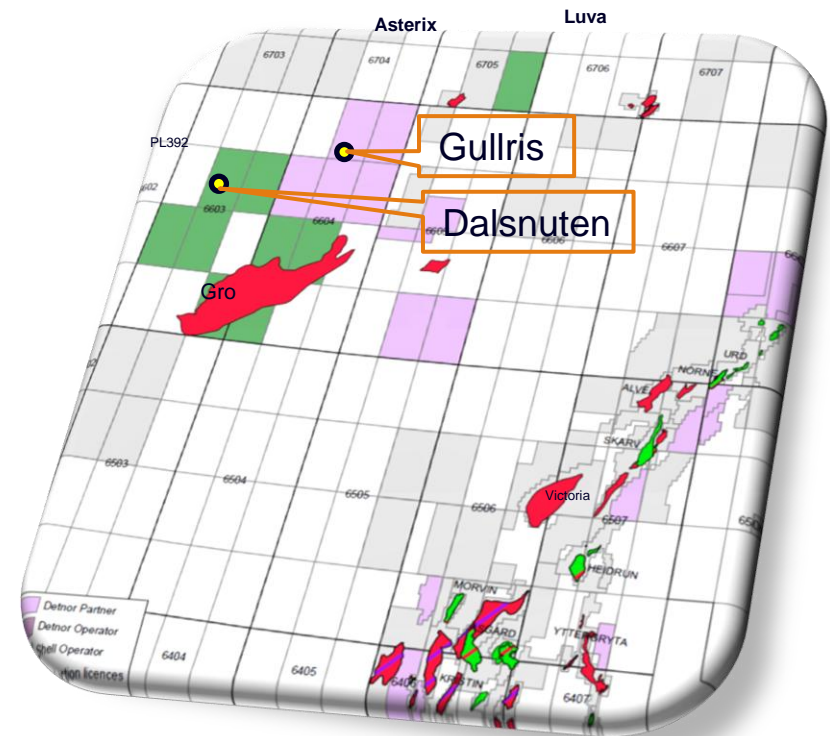
- To be drilled by Aker Barents after Dovregubben
- Located on Dønna Terrace – South East of Norne
- Gross unrisked resources 20-90 MBOE
- Jurassic play
- Main risk: Trap integrity
- Water depth 390 metres
- Operator Det norske
  - Det norske holds 65 percent





# PL522 - Gullris

- Planned drilled with Aker Barents after Skaugumsåsen
- Located in the Vøring Basin
- Gross unrisked resources 700-1700 MBOE
- Upper Cretaceous play
- Main risk: Trap integrity
- Many prospects with DHI in the license
- Water depth 1 260 to 1 300 metres
- Operator BG
  - Det norske holds 20 percent

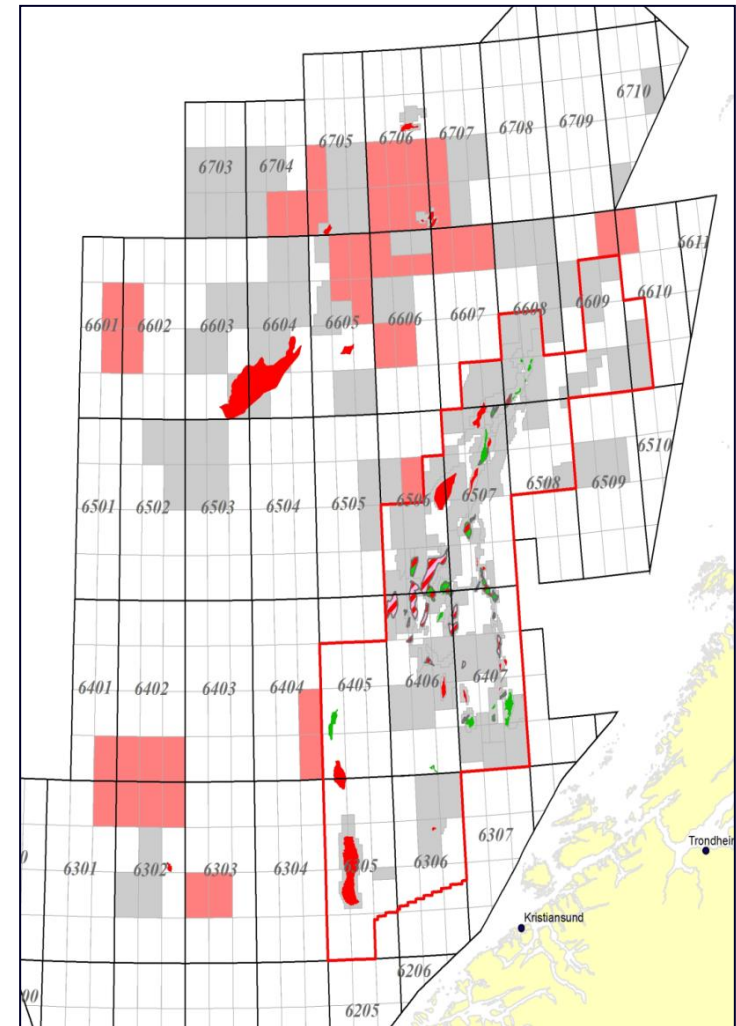
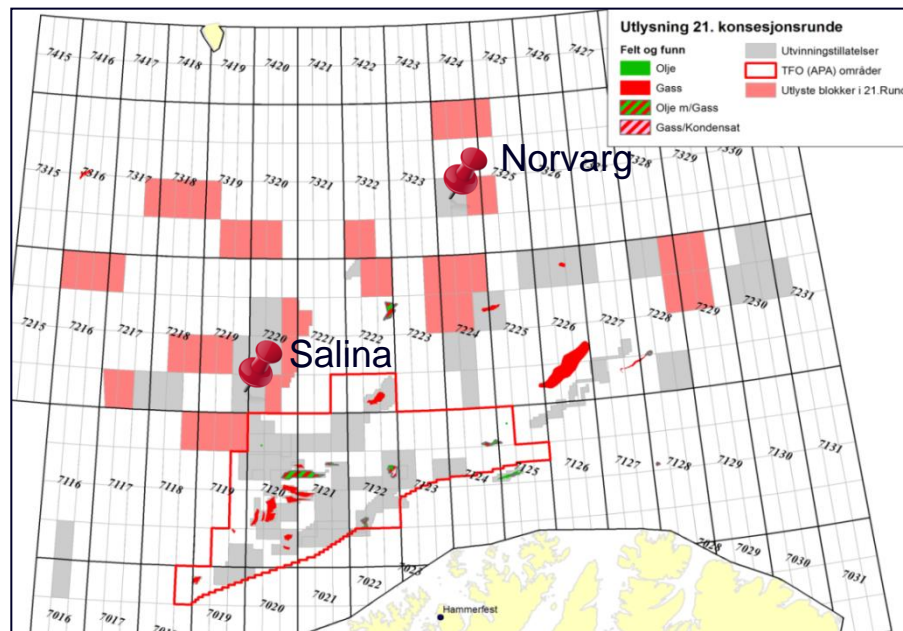






# The 21st round applications submitted

- Applied for licenses in the Barents Sea and the Norwegian Seas
  - Big prospects in new play models
- Det norske would like to see Barents Sea East and Barents Sea North included in the next concession round





# Agenda:

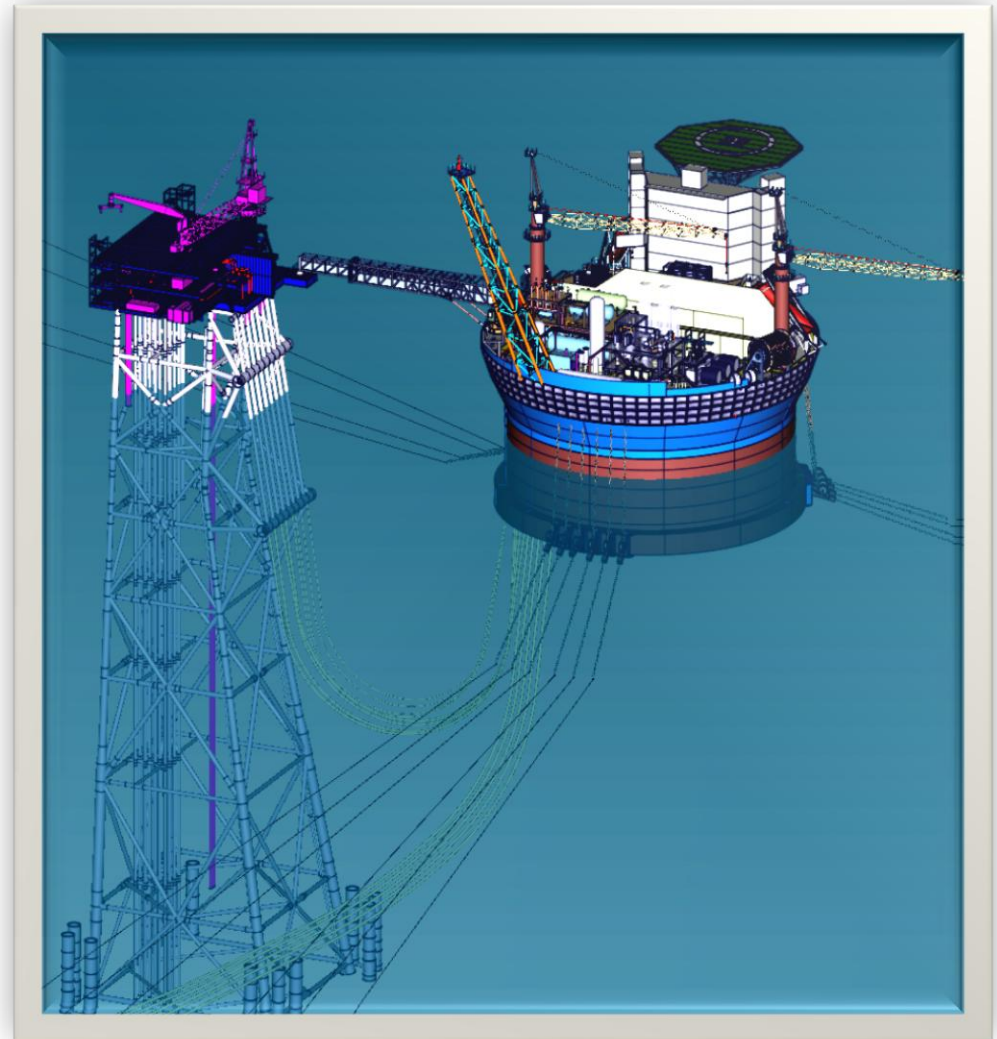
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# Frøy – PDO planned in 2011

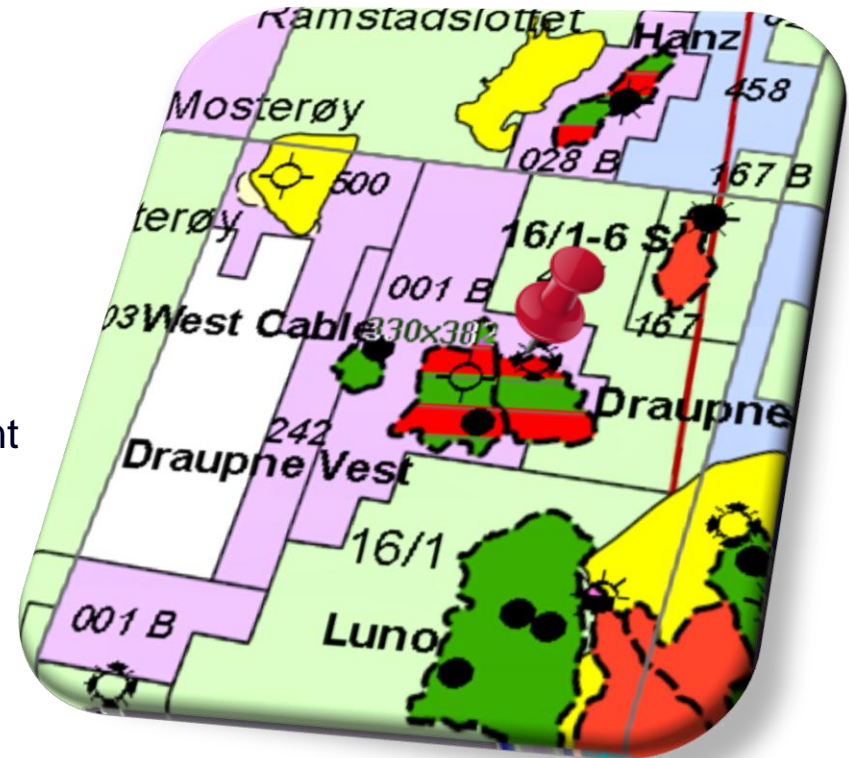
- WAG / SWAG depletion strategy revisitted
- Aims at PDO summer 2011
- First oil summer 2014
- Reserves
  - Gross 60 MBOE
- Operator Det norske
  - Det norske holds 50 percent





# Draupne – progressing according to plan

- Studying joint field development solutions with Lundin Petroleum, operator of the Luno field
- Draupne holds estimated gross recoverable reserves of 110 to 150 Mboe
- Draupne and Luno hold an estimated 250 to 300 Mboe, combined
- This decades largest North Sea development
- Aiming for a PDO next year
- Operator Det norske
  - Det norske holds 35 percent



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# Outlook & Summary

## ■ Exploration

- Two high impact wells around the corner – Dalsnuten and Stirby
- Reassessment of the exploration strategy. Establishing core areas on NCS
- 21<sup>st</sup> round application contains several large prospects and an award is expected to enhance Det norske's exploration portfolio and our core area strategy
- Comprehensive drilling campaign lined up for 2011
- Preparing for new opportunities in the Barents Sea

## ■ Field developments

- Frøy – delayed schedule due to new subsurface studies
- Draupne progressing well towards PDO
- Jetta – commercial field to be developed as sub sea tie back to Jotun assuming standard processing tariffs.

## ■ Financials

- Current exploration program is fully funded
- Strong balance sheet





**DET NORSKE**  
NEST STØRST PÅ NORSK SOKKEL



# It's all about preparedness

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TICKER –DET NOR

*VP HSE Anita Utseth*

# Risk based management

- Planning is everything, but we have to be prepared.
- We integrate HSE and emergency preparedness in well design and planning
  - Blow out analysis,
  - Environmental risk analysis
  - Emergency preparedness analysis
  - Site specific emergency preparedness analysis
  - Risk analysis of well design
  - Emergency preparedness plans
  - Oil spill contingency strategy and plans





# Professionalism

## Challenges

- A competent and effective emergency preparedness organization
- Ensure adequate and competent resources for emergency situations
- Ensure continuity in emergency response tasks, training and exercises
- Coordination of emergency response resources

## Answer

- Establishment of Operator's Association for Emergency Preparedness
- Use of Norwegian Clean Sea Association for operating companies (NOFO)



# It's all about co-operation

- Initiated and established the Operator's Association for Emergency Preparedness ([www.offb.no](http://www.offb.no))
- Professional non profit organisation
- Integrated part of the operator's organisation
- Recognition of Emergency Response as a discipline



**centrica**

GDF SUEZ



# The emergency preparedness organisation





# Oil Spill Contingency

## Membership in NOFO

[www.nofo.no](http://www.nofo.no)



- Co-operation of 25 companies
- The operators are responsible
- Close cooperation with NOFO, both analysis and design of the emergency preparedness
  - Equipment
  - Vessels (inkl OR-vessels)
  - People
  - Other organisations

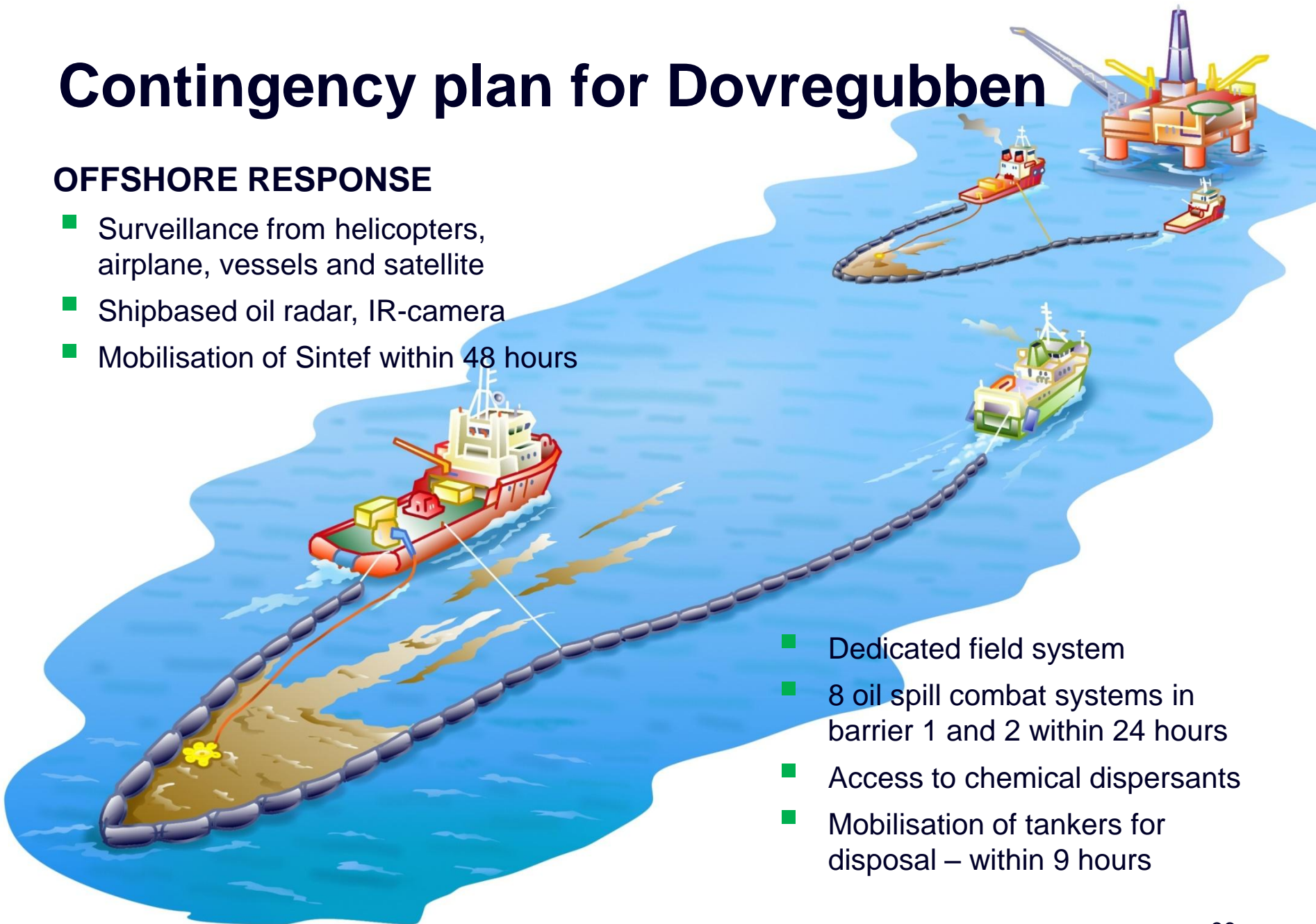
## Projects initiated by Det norske

- Mapping of special areas (eg. Lovunden and Vikna)
- Contingency plans for the coastal zone (Dovregubben/Smøla)
- Development projects: standard format for strategies for handling oil spill in the coast zone (AOS)
- Training of fishermen: deployment of fishing vessels as tugboats

# Contingency plan for Dovregubben

## OFFSHORE RESPONSE

- Surveillance from helicopters, airplane, vessels and satellite
- Shipbased oil radar, IR-camera
- Mobilisation of Sintef within 48 hours



- Dedicated field system
- 8 oil spill combat systems in barrier 1 and 2 within 24 hours
- Access to chemical dispersants
- Mobilisation of tankers for disposal – within 9 hours



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