



DET NORSKE

THE OIL ADVENTURE CONTINUES



Annual Report 2009

KEY FIGURES

	2009	2008	2007	2006	2005
No. of license interests as of 31 December	67	44	34	9	6
No. of operatorships	34	24	19	4	2
Production	673,603 barrels	661,732 barrels	300,651 barrels	272,762 barrels	247,774 barrels
Reserves (P50) as of 31 December	29 mill. barrels	30 mill. barrels	8 mill. barrels	7 mill. barrels	1 mill. barrels
Reserves (P50) and risked contingent resources as of 31 December	165 mill. barrels	109 mill. barrels	129 mill. barrels	40 mill. barrels	40 mill. barrels
Reserves and risked total resources as of 31 December	723 mill. barrels	656 mill. barrels	579 mill. barrels	234 mill. barrels	176 mill. barrels
Total operating revenues	265 MNOK	635 MNOK	131 MNOK	118 MNOK	94 MNOK
Operating profit/(loss) before depreciation and amortization	(1,169) MNOK	(60) MNOK	(218) MNOK	(117) MNOK	(101) MNOK
Operating profit/(loss)	(1,436) MNOK	(572) MNOK	(252) MNOK	(137) MNOK	(121) MNOK
Income/(loss) before taxes	(1,400) MNOK	(416) MNOK	(247) MNOK	(136) MNOK	(120) MNOK
Net income/(loss)	(521) MNOK	225 MNOK	(42) MNOK	(30) MNOK	(26) MNOK
Exploration costs	(1,209) MNOK	545 MNOK	283 MNOK	186 MNOK	168 MNOK
Net investments	(744) MNOK	783 MNOK	(365) MNOK	(70) MNOK	(67) MNOK
Cash flow before financing activities	(936) MNOK	1,012 MNOK	(61) MNOK	(154) MNOK	(121) MNOK
Booked equity	3,851 MNOK	3,691 MNOK	3,563 MNOK	807 MNOK	187 MNOK
Market capitalization	3,756 MNOK	1,889 MNOK	5,194 MNOK	1,723 MNOK	n.a.
No. of shares as of 31 December	111,111,111	64,925,020	64,925,020	26,510,650	15,565,650
Nominal value per share as of 31 December	1.00 NOK	0.20 NOK	0.20 NOK	0.20 NOK	0.20 NOK
Share price as of 31 December *	33.8 NOK	19.4 NOK	53.3 NOK	43.3 NOK	n.a.
Number of employees as of 31 December	176	127	78	29	19

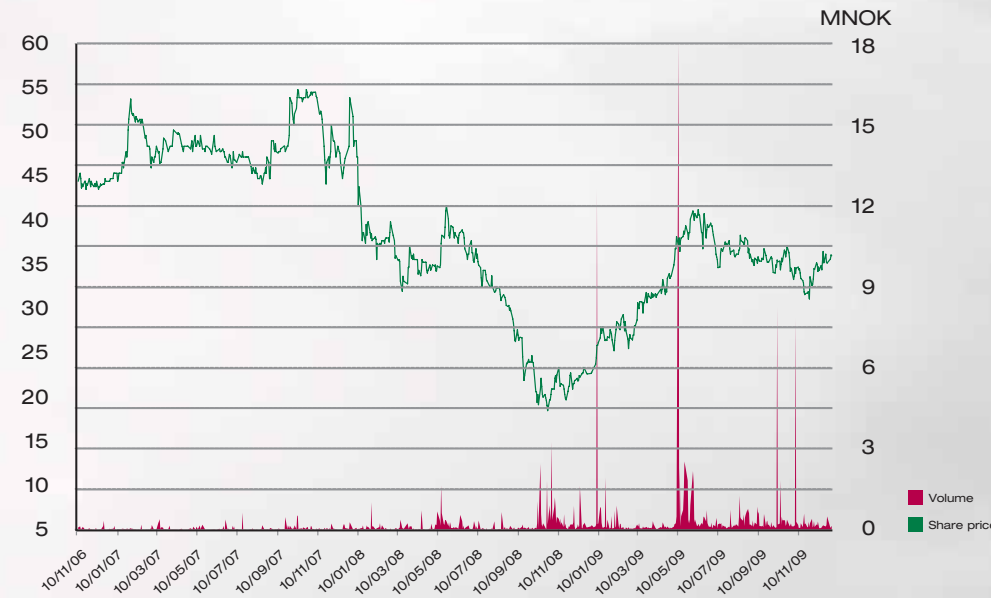
* Shareprice recalculated taken into consideration the exchange ratio in the merger with Aker Exploration ASA (every share in Det norske oljeselskap ASA gave 1.403328 shares in Aker Exploration ASA).

For financial statements and notes, see Board of Directors' Annual Report and Financial Statements in separate report.

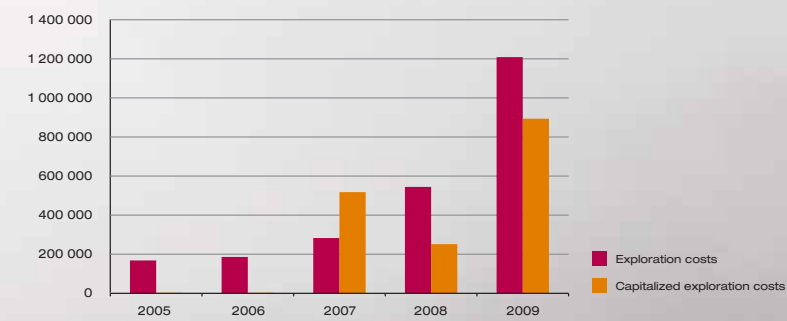
Oilprice



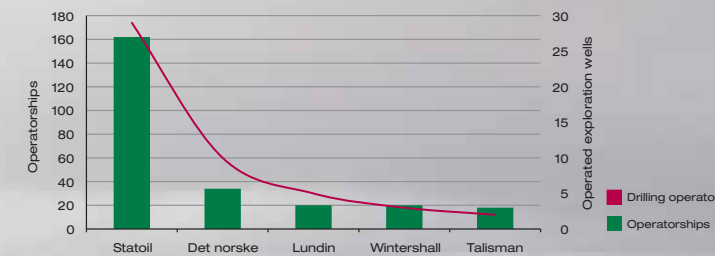
Share price development and traded volume



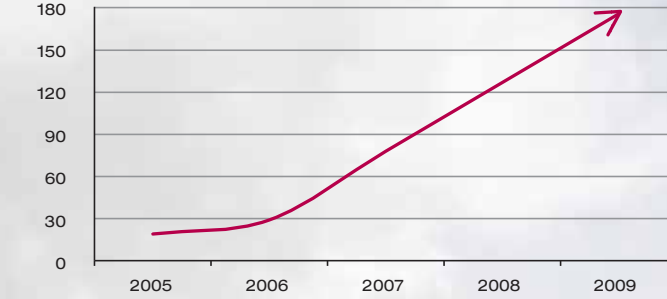
Exploration costs



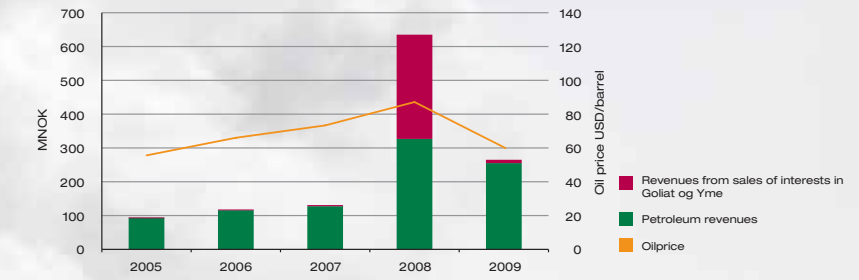
Number of operatorships on the NCS among the five largest



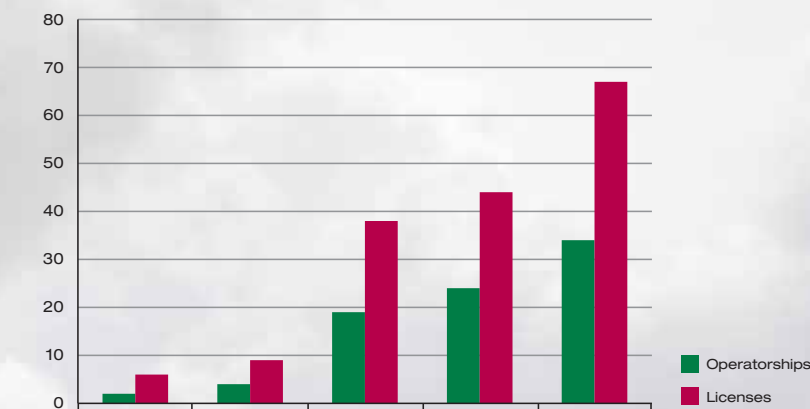
Number of employees - Det norske



Income development



Number of licenses and operatorships



Number of exploration wells as operator

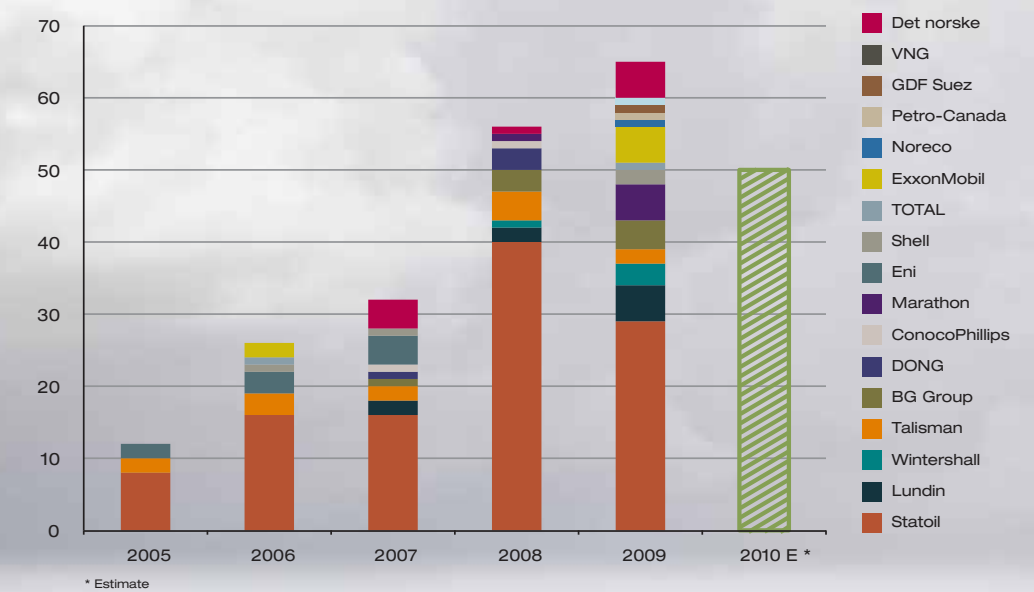


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OUR VISION

DET NORSKE

is an innovative, independent and challenging oil company. We are quick, efficient and smart.

DET NORSKE

gets the most from its oil resources. In this way we generate more value for society, our shareholders and our employees.

DET NORSKE

is growing rapidly. We will continue to be the most ambitious oil company on the Norwegian continental shelf.

Jack and the beanstalk

It is not just magic that makes your hopes and dreams come true. It is your ambitions and drive that make you achieve the unachievable. As in the story of Jack and his beanstalk your determination will allow you to climb. Here at Det Norske you will be given the room to develop as a person and explore your potential.

HIGHLIGHTS IN 2009

Det norske oljeselskap ASA merged with Aker Exploration ASA in the fourth quarter of 2009. Through the merger, the company consolidated its position as the second largest company on the Norwegian continental shelf in terms of the number of operatorships, and intensified its exploration activities. As a result of the merger, Aker ASA became the biggest shareholder by far, with a stake of around 40 percent.

Det norske was awarded a share in a new licence in the Barents Sea in the twentieth licence round. Det norske was awarded 10 new licences in APA 2009, six of which were operatorships. The company now has shares in 77 licences and is operator for 37 of these.

Det norske drilled in 2009 nine exploration wells as operator, or on behalf of other operators. In total Det norske was engaged in 13 wells. The company was responsible for 18 percent of all exploration wells on

the Norwegian continental shelf and, in 2010, it will be responsible for a quarter of all exploration wells.

Det norske had long-term rig contracts with Aker Barents, Bredford Dolphin and Songa Delta. The drilling operations were completed in an efficient and safe manner.

Det norske participated in six discoveries of varying sizes. The extensive exploration programme in the Norwegian Sea resulted in only dry wells.

Det norske's interests in the oil fields Varg, Glitne, Enoch and Jotun produced 673,603 barrels of oil equivalents last year.

During 2009, the number of employees increased from 127 to 176. The company's organisation is equipped for further growth.

THE MOST AMBITIOUS COMPANY ON THE NORWEGIAN CONTINENTAL SHELF

A very active year now lies behind us, and I promise that the coming years will be equally active. The merger with Aker Exploration ASA consolidated our position as the second largest company on the Norwegian continental shelf, both in terms of exploration activities and the number of operatorships. From both an industrial and financial perspective, the merger was the right course of action. We are constantly on the look-out for new opportunities to strengthen our position as an important player on the Norwegian continental shelf.

Det norske was responsible for almost one-fifth of all exploration wells on the Norwegian continental shelf in 2009. This year, our share will be even bigger. We do this because we believe in the Norwegian continental shelf. We know that there are considerable resources to be recovered for many decades to come. There are many unwritten chapters in the success story that is the Norwegian oil industry. We will be writing some of them ourselves and are working hard to generate values for the common good. We are able to do this because we have the most competent personnel in the business. Our financial situation also enables us to carry out our ambitious exploration programme. The new principle owner Aker ensures a long-term perspective and stability, in addition to financial strength and industrial experience.

Our exploration performance in 2009 varied. We have made several interesting discoveries that we will develop together with our partners, but we admit that our ambitious strategy in the Norwegian Sea has not yielded the results that we were hoping for. At the same time, we are proud of the fact that our drilling

operations have been completed in an excellent manner, without any serious incidents. Det norske has secured sufficient rig capacity through long-term contracts with the two rigs Aker Barents and Songa Delta. Aker Barents is the most modern rig on the market and it is particularly well-suited for drilling in the Barents Sea and in deep water.

Det norske has implemented several measures in the area of logistics for drilling operations, which has saved us considerable costs. We are about to establish a practice that will save the Norwegian state a great deal of money. Our extensive operations have resulted in a good reputation among authorities and partners. Trust is important in the oil business, and people have confidence in us.

Trust is also one of the most important factors in the area of emergency response. In 2009, we finally succeeded in establishing a joint emergency response centre for the operating companies (OFFB). The centre is located in Sandnes, and so far, four operating companies have signed up. The centre will be staffed 24-7 and it will significantly improve the emergency response function on the Norwegian continental shelf.

Development

Det norske is working on several commercial discoveries. During the year, Det norske will present a renewed plan for development and operation (PDO) for Frøy. If the appraisal well for Draupne proves the volumes that we expect, it is our ambition to present a development plan for Draupne and Hanz in 2011. Through these developments, Det norske can achieve a daily production that will allow us to reach the

goal of 15,000 barrels of oil per day within five years. Through its exploration activities, Det norske will prove additional petroleum resources on the Norwegian continental shelf. Based on our exploration activities, we expect to build a resource base that will bring us up to 50,000 barrels a day within ten years.

The results from exploration activities in the North Sea in 2009 were in line with expectations, and several commercial discoveries were made. This work continues with a view to development as soon as possible. The Grevling discovery, which is operated by Talisman, requires further appraisal before we can say anything certain about the volume and development concept.

As already mentioned, the exploration results on the Nordland Ridge/ Halten Bank were disappointing. We participated in five exploration wells in this area, and all came up dry. It was no big surprise that we drilled five dry exploration wells in an area where we have tested exploration models and trap types that are

different from those used previously. Nevertheless, there is good reason to evaluate the results to ascertain whether we should choose a different exploration strategy in this area.

In the deep parts of the Norwegian Sea, Ormen Lange is well known, and Shell's Gro discovery is encouraging. Det norske has interests in several licences in this area. We have signed an agreement with Shell to take over 10 percent of a licence that includes the Dalsnuten prospect.

A Transitional Phase

The Norwegian continental shelf is going through a transitional phase. Statoil still plays a dominant role. Almost all of the other operating companies that are now in operation have entered the Norwegian continental shelf within the last ten years. This means that new operators will be responsible for the engineering and development of fields on the Norwegian continental shelf.

The Giant

The Giant is character that exists both in industry and in fairytales. The Giant is often an oppressive force, the 'bad' one, who guards his precious treasures. This Giant must be challenged by the adventurous and the brave hearted so that his treasures can be shared with the most deserving. We encourage those who grasp their opportunities and achieve success for the benefit of all.



The next 50 years will be interesting for the supplier industry. There will still be extensive activity that requires Norwegian suppliers to deliver cost-efficient solutions for smaller fields than those previously developed on the Norwegian continental shelf. It is our ambition to ensure that smaller fields achieve a high recovery factor and low energy costs per produced unit. To achieve this, we cannot simply create miniature versions of large development solutions.

Det norske wins licences through awards from the Norwegian authorities, or through swaps and purchases from other oil companies. All our activities are subject to approval from and supervision by the Norwegian supervisory authorities. Det norske therefore places great emphasis on compliance with the provisions of the legislation relating to petroleum activities that stipulate that the oil industry must benefit the whole country. The socio-economic value of the individual projects must play a decisive role in the choice of solutions.

Heading North

Det norske's office in Harstad manages our activities in the Barents Sea because we believe that society will benefit from the oil business in the areas in the far north laying the basis for healthy and value-creating jobs in Northern Norway. If we are to generate more value-adding jobs in Northern Norway, the authorities must open up larger areas for exploration activities. There is reason to believe that the Barents Sea holds large undiscovered resources. The oil companies must gain access to data, and more licences must be awarded. At the same time, the authorities must require the companies that are awarded licences and operatorships to commit to generating regional spin-off effects. We have done this in the past and intend to continue doing so in the future.

If we are to succeed in getting as much resources as possible from the Norwegian continental shelf, it is important that more companies are given a chance to take part in the development phase. Today, it is difficult for new, small players to be part of this because the costs are high and there are few financing opportunities. The Norwegian tax rules for the oil sector are special, and have been successful so far. The state is the biggest financial player on the Norwegian continental shelf, and through the tax system, the government covers 78 percent of the exploration costs and also receive 78 percent of the revenues. To put companies that can charge their expenses to daily revenues from oil production on a running basis on an equal footing with those that have no such

revenues, the state advances the tax deduction for those who incur tax-related losses as a result of exploration activities. At the same time as more companies were given access to the Norwegian continental shelf after 2000, this tax arrangement has resulted in more companies than just Statoil being involved in active exploration on the Norwegian continental shelf. In Det norske's opinion, this tax scheme must be continued in the development phase. This will enable more players to be in charge of development. More competition provides more opportunities for the supplier industry, and it will also lead to more resources being extracted and increases value creation for society as a whole. Extending the tax rules from exploration to development will not have any adverse tax effect for the state; it will be tax neutral. Instead, more players and increased competition will contribute to extracting more resources and thus provide a basis for increased tax revenues.

Need for oil

The norwegian continental shelf contains much oil and gas, which will make us a substantial contributor to one of the worlds most important energy sources in the next hundred years. The International Energy Agency (IEA) estimates that the demand for oil and gas will continue to increase for decades to come. Most likely, oil consumption will be reduced in the wealthy countries of the world, which is both right and necessary. The demand will increase in countries that are still relatively poor, not least China and India. There are still 1.5 billion people without access to electricity. Access to energy is vital to be able to combat disease, to produce clean water and to improve living standards. In short, it is the key to lifting people out of extreme poverty. Through our activities, we are making a small contribution to producing the energy that is needed.

The International Energy Agency would like CO₂ emissions to flatten out. Most of the reduction is to be achieved through more efficient energy use – a view that we share. IEA's projection for the future is that oil consumption in the next 30 years will be considerably higher than it is today. The challenge is not that insufficient oil is being discovered to maintain the necessary production. A growing population, combined with improved welfare in the poorest parts of the world, requires that, as a minimum, the current level of oil production continues for the rest of this century.

More than ever, the oil business is subject to political control. It is the political authorities that have the final

say in when and where we look for oil, and which areas we are allowed to develop in order to produce this oil. We are allocated tasks by society, and a tax rate of 78 percent ensures that great values are provided in return. It is an important pillar of the Norwegian welfare state. We will do our utmost to manage the valuable petroleum resources on the Norwegian continental shelf for the common good.

For 40 years, the oil industry has made a positive contribution to building the society we live in today. It is a vast, complicated industry packed with knowledge, expertise, boldness and state-of-the-art technology. At the same time, it is an industry that emphasises safety and one that is constantly working to minimise the impact of its activities on the environment. The industry has succeeded in this respect. There are few real conflicts with other values in Norwegian society.

Those who believe that the 'oil era' on the Norwegian shelf is nearly over are completely mistaken. I am convinced that we will still be an oil nation when this century draws to a close. There is still a need for bold players that constantly strive to discover more oil and gas, to extract it in a safe and cost-efficient manner, and to deliver the resources to the market. Det norske will continue to be among the boldest value creators – for the benefit of our shareholders and for the common good.



Erik Haugane
CEO



HEALTH, SAFETY AND THE ENVIRONMENT

Det norske's most important goal in the area of health, safety and the environment is to ensure that our activities do not damage human health and the environment.

Det norske will ensure technical integrity at its plants. We wish to avoid the imposition of official orders and any conflicts with the Norwegian authorities.

Det norske's activities are based on the principle that all undesirable incidents can be avoided. Det norske will contribute to the promotion of healthy attitudes and an HSE culture that helps us reach our goals. Willingness to cooperate and share knowledge must be key elements in the way we work and think.

By assigning responsibility to the individual employee, the company aims to ensure participation and the utilisation of knowledge in all processes.

Activities

In 2009, the company completed eight drilling operations and operated three drilling rigs. The company also completed three seismic data surveys, seven drilling site surveys and one geotechnical survey. These activities were carried out without any serious personnel injuries or environmental damage. Currently, Det norske does not operate any fields in production.

Both the authorities and our partners supervised the company's activities in 2009. The Norwegian Pollution Control Authority (now Climate and Pollution Agency) and four of our partners carried out supervision in relation to well planning and

management of our exploration activities. The supervisory activities have not resulted in any critical remarks.

Major Accidents

A major accident is an accident involving more than one serious personal injury or death, or an accident that threatens the integrity of the facility. It can also be defined as an acute incident, such as a major emission, a fire or an explosion, that immediately or subsequently results in a number of serious personal injuries, loss of human life, serious environmental damage or loss of major financial assets.

Det norske makes great efforts to prevent such serious incidents. This includes following up the risk of major accidents by means of indicators that provide information if there is any change in the risk of major accidents associated with the activities. The method was developed in 2009, and has been implemented on the three exploration rigs that Det norske has used in its operations during 2009. The Petroleum Safety Authority takes a positive interest in Det norske's monitoring of the risk of major accidents.

Det norske has also completed a series of meetings for relevant disciplines on the risk of major

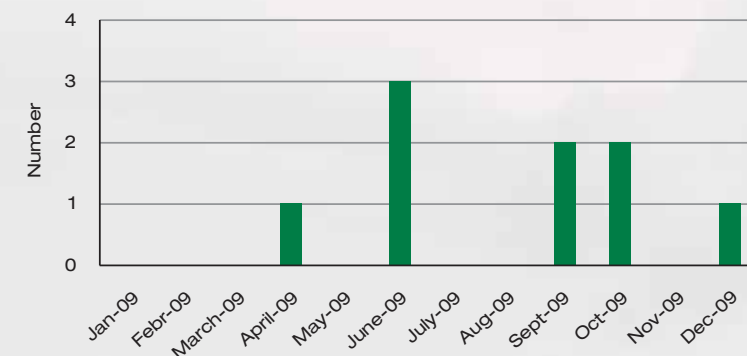
accidents. Throughout this series of meetings, we have made use of both national and internationally renowned scientists in the area.

Reducing the risk of major accidents is also a major priority in the company's research and development work (R&D). The method for monitoring the risk of major accidents will be further developed in 2010 to ensure that the correct elements are included and that the criteria for following up trends are specified in more detail.

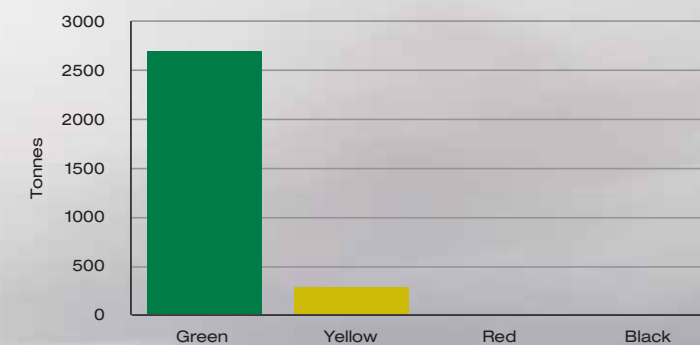
Discharges to the Natural Environment

Discharges to the natural environment and the use of chemicals in drilling operations have been reported to the Pollution Control Authority in accordance with established guidelines. Planned emissions were in accordance with the granted permits. 90 percent of the chemicals that were discharged to sea belong to the green category and are assumed to have no significant environmental impact. No substances belonging to red or black categories were discharged. Det norske works actively to reduce the amount of chemicals in all our operations and to replace potentially environmentally hazardous chemicals with compounds that represent a lower risk.

ACUTE DISCHARGES TO SEA



CHEMICAL SPILLS



The company had ten accidental discharges to sea. The discharges were small, mainly water-based drill cuttings and chemicals in the green category. On two occasions, the discharges were already intended for sea, but due to equipment failure, the discharges were carried out in a different manner than originally planned. None of these discharges are considered to have any impact on the environment.

Emissions to air were linked to the use of diesel on the drilling rigs. Det norske is a member of the business sector's NOx fund. Through contributions to the NOx fund, the company helps to make funds available for measures aimed at reducing NOx emissions across sectors.

Coral Colonies

Det norske drilled four wells in the Norwegian Sea in 2009, all in areas where cold-water corals might be present. The areas around the wells were examined by sonar, and videos and still photos were taken of possible coral colonies in the surrounding area. The final location of the wells and the rigs' anchors were chosen to avoid damage to the corals. In one of the wells, Trolla, a comprehensive monitoring programme was also carried out to detect any mud deposited from drill cuttings. The area surrounding the well was photographed. Traces of drill cuttings were found, but no mud or damage to corals in the area was detected.

Emergency Response

Although the aim is to do a sufficiently good job during the planning phase to prevent unforeseen incidents from occurring, there is always a risk of adverse events. Det norske is working actively to further develop the emergency response system for handling undesirable incidents.

In 2009, the emphasis has been on improving the quality of the emergency response to handle the company's current and future activities. Together with other oil companies, Det norske formed the Norwegian Operators' Association for Emergency

Preparedness (Operatørenes forening for beredskap –OFFB) in June 2009. OFFB is a partnership that aims to achieve a better and more professional emergency response for handling hazard or accident situations. OFFB's task is to manage and maintain a second-line emergency response system on behalf of the member companies in connection with their exploration for and production of oil and gas. The main task is to respond to incidents that affect or impact people, the environment or materials. The operating companies, on behalf of the licensees, are responsible for ensuring that an effective emergency response system is in place at all times, and OFFB will be an integral part of the members' emergency response organisation in accordance with the statutory requirements applicable at any time.

Improved Oil Spill Response

Det norske is an active member of the Norwegian Clean Seas Association for Operating Companies (NOFO). Det norske participates with personnel in NOFO's resource pool and is represented on NOFO's Board.

In connection with the company's exploration campaign in the Norwegian Sea, Det norske has carried out a number of activities to improve oil spill response along the coast of Trøndelag and Helgeland. The work was conducted in close cooperation with NOFO and the inter-municipal emergency pollution-control committees. This cooperation has been important in ensuring that increased knowledge and expertise in the area of oil spill response will benefit the industry as a whole and to strengthen our general oil spill response preparedness. We have contributed to an extensive mapping of the coast around Vikna and Lovund to learn more about coastal currents and coves at risk of collecting drifting oil and the possibility of deploying equipment and personnel in the event of an oil spill. In addition, local fishermen along the coast of Trøndelag and in Sandnessjøen and Brønnøysund have received training in the handling of oil spill response equipment.

THE WORKING ENVIRONMENT

'Work should be fun'

Det norske aims to be an interesting and fun place to work. We shall have a flat and open organisation characterised by mutual trust. Det norske covers the whole country and is seen as an alternative to the other oil companies. Our development is governed by expertise and capacity, and we care about each other as whole people. Work should be fun. The working environment survey that was conducted in 2008 showed that people enjoy working in Det norske. The challenge in 2009 has been to maintain our level of enthusiasm and commitment throughout a very busy working year. Our sickness absence in 2009 may be an indication that we have succeeded. In 2009, we had a sickness absence of 1.53 percent, down from 2.06 percent in 2008.

Det norske has seen a growth in the number of employees during the period. In 2009 the number of employees increased from 127 to 176. The organisation was expanded in order to strengthen the company and handle the high level of activity. Part of this growth is a result of the merger with Aker Exploration.

Company sports clubs and physical activity are important social factors and motivate to a healthier lifestyle. Det norske's company sports club was formed in April 2009. It has organised activities at all levels, from table football, soccer, bicycle-to-work campaign to orienteering and the Birkebeinerrittet bicycle race. The Oslo and Trondheim offices have also had weekly energy breaks with exercise to music.

Health and Safety Service and Working Environment Committee

The company has set up a health and safety service at all its offices. The company has its own working environment committee (AMU), consisting of four employee representatives and four representatives of corporate management.

The health and safety service has participated actively in the company's internal improvement processes. In 2009, the working environment committee concentrated on maintaining the good working environment registered in the working environment and organisation survey from 2008, among other things. The feedback from the working environment committee is that the working environment remained good at the end of 2009, and that management is committed to maintaining this good working environment after the merger with Aker Exploration.

Equal Opportunities

Det norske aims to provide equal opportunities for everyone and does not tolerate any form of discrimination or harassment in the workplace.

In December 2009, the proportion of women among the workforce was 25.5 percent. 43 percent of the Board members were women. Among managers, the proportion of women is 12.5 percent.

Det norske has two employees who work from home offices – one in England and one in France. In December 2009, 7.5 percent of the staff at Det norske's offices was of non-Norwegian origin.

We are focusing on recruitment in order to increase the number of women in male-dominated positions and disciplines. One of our employees participates in a career development programme for women that focuses on management, board work, profiling and networking. The programme is organised by the Norwegian Oil Industry Association (OLF), and was established in response to the overall shortage of women in management positions, on boards and in decision-making processes in the oil industry.

Det norske has a gender-neutral pay system, which means that men and women with corresponding positions and equal experience, who produce equally good results, will be paid the same. Differences in the type of position and the number of years worked can affect both men and women's wage levels.

Development of Staff

Our willingness to cooperate and share knowledge is important to the way we work and think. By assigning responsibility to the individual employee, the company aims to ensure participation and the utilisation of knowledge in all processes.

'Det norske-skolen' (The Det norske school) is a training programme in exploration for oil and gas that started in 2009. Det norske collaborates with GeoLearning to further educate our personnel. The school offers four course modules, each of which consists of a number of learning activities. These modules can include courses, conferences or field seminars, and the content has been organised in consultation between Det norske and GeoLearning. The teaching staff consists of in-house resource personnel and external geo-science experts.

In order to build a team spirit, develop each other professionally and establish good work processes, the company has made widespread use of modern technology for web meetings and video conferencing, combined with regular meetings in the different disciplines and an annual meeting for the whole company.

In connection with a new office building in Trondheim, Det norske is conducting a separate pre-study to map our work processes. The knowledge and understanding obtained through this work will be of decisive importance to the choice and implementation of information technology that can strengthen and rationalise coordination both locally and regionally, including interfacing with external environments.

Attracting Talented Personnel

Det norske has offices in four different cities. This is a conscious choice that gives us an advantage over other companies in relation to recruitment. For several years, Det norske has offered summer jobs and an opportunity to conduct project assignments and Master theses to students in the area of geosciences. Some of these students have worked part-time (20 percent) in the company during the period, and most of them have become permanent employees in Det norske following graduation.

As of 2009, Det norske has also had a corresponding job scheme in the areas of 'Drilling and Well Operations' and HSE. On completion of their Master theses, two of our students with summer jobs in Drilling and Well Operations started working full-time for Det norske in summer 2009. As this is the first time the company has hired newly-

graduated drilling engineers, a comprehensive training programme was established that also included placement periods in one of our drilling departments (drilling management), plus a period on a drilling rig.

Pleasant Environment

Det norske has light, modern office premises that facilitate job satisfaction and a good working environment. Det norske's Oslo branch moved into newly refurbished offices in March 2009. In the course of 2010, Det norske will have new headquarters in Trondheim and new offices in both Harstad and Stavanger.

In 2009, Det norske acquired a part ownership of Sandvika Fjellstue AS in Verdal. The Sandvika mountain lodge is used by the whole company for courses, gatherings, management meetings, board meetings and conferences. The intention is to use the place for all types of events of more than one day's duration. In addition, employees will have an opportunity to stay at the cabin and the 'barn' in their spare time.

The Goose and the Golden Egg

A common factor in all fairytales is that the goal is so far away that it seems unreachable. With resolve and determination you can achieve your success. The Norwegian goal of hitting oil seemed far-fetched. However, on Christmas Eve 41 years ago Norway found gold magically rising up from the deep, only ours was black gold. Demonstrating that riches and success can come from the most unexpected places.

PRODUCTION, AREA STRATEGY, DEVELOPMENT

Det norske aims to increase production tenfold in five years. As of today, the company produces from four fields. New production wells were drilled in the Varg field during 2009 that increased production considerably.

In the course of the year, considerable efforts were also made to revitalise the Frøy field. The goal is to deliver a new Plan for development and operation (PDO) during 2010. Extensive work has also been done to mature development solutions for the Draupne and Hanz fields.

Production

In 2009, Det norske produces 673,603 barrels of oil equivalents. This works out at an average of 1,846 barrels per day. The oil was sold at an average price of USD 59.7 per barrel. There were no serious incidents in connection with our operations and no acute emissions under any of the production licences. The oil price developed in a positive direction throughout the year. All the fields were profitable in 2009.

PL 038 Varg

In 2009, Det norske's 5 percent share of production amounted to 251,895 barrels. The operator Talisman has signed a contract with Teekay for the hire of the Varg vessel until the middle of 2013. Production well A-10A was drilled with very favourable results.

The production in Varg increased with 40 percent from November to December.

PL 048B Glitne

In 2009, Det norske's 10 percent share of production amounted to 225,890 barrels. The planned shutdown of production from the Glitne field has been postponed until February 2011, at the earliest. The partnership has decided to drill a new production well, which could extend the field's life by two or three years.

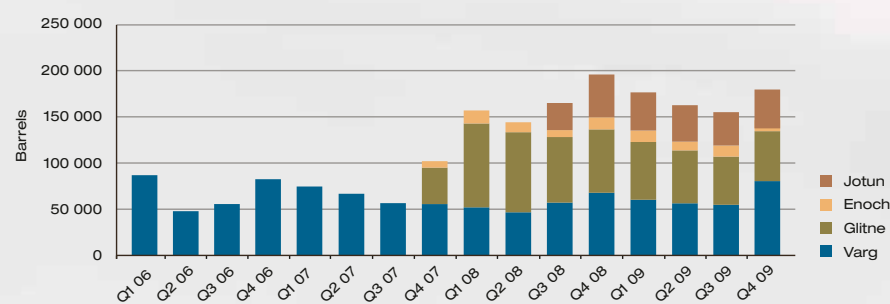
PL 048D Enoch

In 2009, Det norske's share of production amounted to 45,840 barrels. The regularity of the Brae A platform, which handles production from Enoch, was somewhat reduced in the fourth quarter.

PL 103B and Jotun Unit

In 2009, Det norske's 7 percent share of production amounted to 149,979 barrels. Jotun has had stable production during the period.

OIL PRODUCTION PER FIELD



DEVELOPMENT PROJECTS

PL 364 Frøy

In the course of 2009, Det norske and its partner Premier Oil have made efforts to reduce the cost of a Frøy development. The companies are aiming to submit the Plan for development and operation (PDO) in autumn 2010. The goal is to put the field in production in 2013 at the latest.

Det norske has initiated several projects involving contractors and suppliers. The objective is to get started on the Frøy prospect in the course of the year. Several development alternatives are being evaluated, and the decision regarding the development solution will be made in the course of 2010.

The partners in Frøy submitted the PDO to the authorities in mid-September 2008. It was put on hold due to the global financial crisis and a considerable drop in oil prices. In January 2009, the Ministry of Petroleum and Energy granted a ten-year extension of the licence, with a promise to extend it further should this be warranted by the development in production.

Changed market conditions have provided an opportunity to improve the economy of the Frøy prospect, and this may also secure a larger resource base for Frøy as the field centre. Det norske has a 50 percent interests in Frøy, and expected production from this field alone can give Det norske a production of 15,000 barrels per day.

PL 001B/028B/242 Draupne and Hanz

Considerable work has been done to mature the basis for selecting a development solution for Draupne and Hanz. The evaluations confirm the resource estimates used as basis for the Declaration of commerciality in April 2009. An appraisal well is drilled on Draupne in first quarter 2010, to confirm the predicted resources. The results of this well will be important in connection with further work. The recoverable reserves are estimated to between 68 and 131million barrels of oil equivalents.

Production from Draupne and Hanz cannot start until 2014, at the earliest. Det norske holds an interest of 35 percent in these discoveries, which are expected to provide a daily production of 10,000 barrels of oil equivalents for Det norske.

DISCOVERIES

Det norske has seven discoveries in its portfolio in addition to the field developments in Frøy, Draupne and Hanz. Six of these discoveries were made in 2009.

PL 442 East Frigg Gamma Delta

The discovery of oil in East Frigg Delta through well 25/2-17 is being evaluated by the operator Statoil. According to the preliminary estimates, well 25/2-17 proved resources of between 19 and 35 million barrels of oil. The operator believes that the licence as a whole could contain between 60 and 190 million barrels of oil equivalents (including a gas cap in Gamma). Det norske has a 20 percent interest in PL 442.

PL 038D Grevling

The operator Talisman and partners collaborate closely on evaluating the Grevling discovery, both in terms of production properties and development concept. The drilling of an appraisal well is planned for the second quarter of 2010. A decision to start conceptual studies (BOK) is expected in the third quarter of 2010.

PL 265 – Ragnarrock

Further drilling in this licence has been postponed until 2011. The most relevant drilling targets are an appraisal well in the basement reservoir or, alternatively, an exploration well in the Skårasalen prospect (a Luno equivalent on the east side of the basement rise).

PL 029B – Ermintrude and Freke

In mid-November, the operatorship in PL 029B was transferred from ExxonMobil to Statoil. The licence contained some of the resources in the Dagny and Ermintrude discoveries, where a majority of the partners have supported a decision to start conceptual studies (BOK). Further drilling of the trend from the Freke discovery (well 15/6-10), drilled by Det norske carried on behalf of the operator, is also being considered

PL 362/035B – Fulla

The operator Statoil has completed the evaluation of the gas and condensate discovery in Fulla (wells 30/11-7 and 30/11-7A). The operator has estimated the total recoverable volumes in Fulla to be between

17 and 31 million barrels of oil equivalents. Both Det norske and the other partners' volume estimates are significantly higher than those of the operator. The process to commercialise Fulla should be the subject of further discussions between the partners.

PL 027D, 169C, 504 Jetta

On 15 November, Det norske completed drilling exploration wells 25/8-17 and 25/8-17A in the Jetta prospect approximately 4 kilometres south of the Jotun field. Det norske drilled these wells on behalf of the operator ExxonMobil. A thin oil column was encountered in the Heimdal formation in well 25/8-17, and the discovery was appraised by well 25/8-17 A.

The proven oil volume was smaller than expected, estimated at between 5 and 15 million barrels. Even though the volumes are small, the development of Jetta might prove profitable because of the short distance to existing installations on the Jotun field. Det norske has therefore initiated a project in collaboration with partners Dana, Bridge and Petoro, to evaluate whether or not Jetta can be profitably developed. The project plans to make a decision on development in 2010.

After drilling of the Jetta wells was completed, Det norske has taken over from ExxonMobil as operator in PL 027D, and Det norske is now operator for all the licences in the immediate vicinity of the Jotun field. Det norske has also acquired ExxonMobil's remaining interests in PL 027D and PL 169C, and now has an owning interest of approximately 65 percent in the Jetta discovery.

EXPLORATION

In 2009, following the merger with Aker Exploration, Det norske had shares in 67 licences and was operator for 34 exploration licences. After the licence awards in the annual licensing round in APA2009, the company has an interest in 77 licences, including 37 operatorships.

Det norske has received the best awards in the last three APA rounds, which can be interpreted as a confirmation that our licences are managed in a satisfactory manner.

In terms of exploration, our main efforts have focused on interpretation, maturing prospects and drilling preparations in the licences where we are operator. The licence map will always be updated as we are awarded new licences, or buy, sell, swap or return licences. See also www.detnor.no

The North Sea

In the North Sea, our exploration activities have been divided between work in the company's licences and in open areas. Det norske was awarded new operatorships in three licences that have the potential of being matured to obtain a basis for a decision regarding drilling in the course of one to three years. Moreover, the company took over the operatorship of PL 369 east of Troll where the main prospect appears to be considerably bigger than previously assumed. Det norske considers the North Sea to be the best area for making discoveries.

PL 102C David

Through a swap, Det norske has acquired a 10 percent owning interest in PL 102, excluding the fields Skirne and Byggve. PL 102C contains the small oil discovery Tir and a promising oil prospect called David, with expected oil resources of between 15 and 125 million barrels. Tir and any discoveries in David can add to the resource base for the Frøy development.

PL 332 Optimus

Det norske has a 40 percent interest. The Provisional project sanction has been postponed for one year until 17 December 2010. Exploration drilling on the Optimus prospect is planned to start in the second quarter of 2010. Det norske owns 40 percent.

PL 337 Storkollen

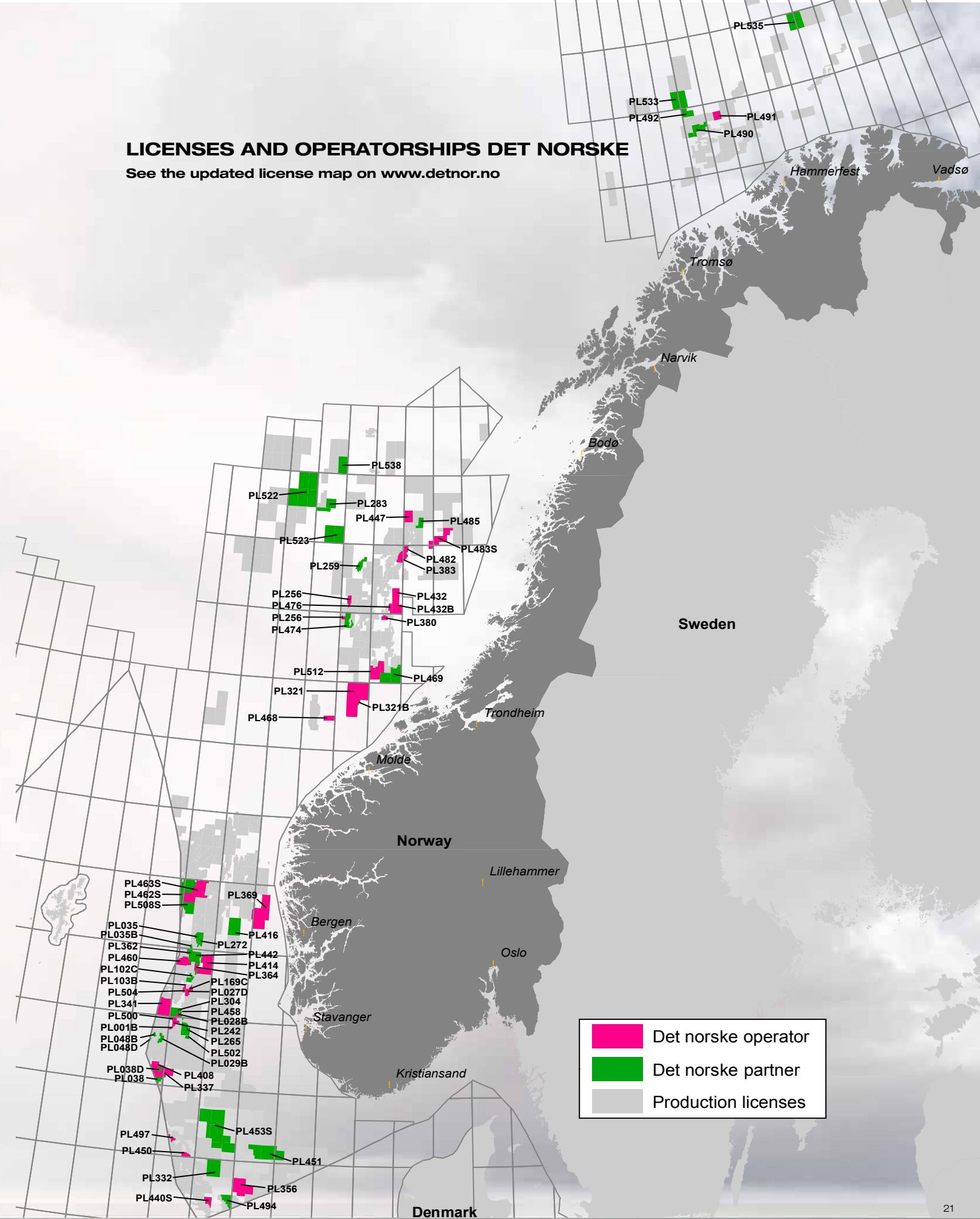
Det norske is operator and owns 45 percent. The partners have decided to drill well 15/12-22 in the Storkollen prospect south-east of the Grevling discovery. We have made a partial return of the eastern areas of the licence, which are assumed to be without prospects.

PL 341 Stirby

Det norske is operator and owns 30 percent. The partners have approved the drilling of exploration well 24/12-7 in order to test the gas and condensate prospects Stirby Upper and Stirby Deep. Det norske is planning to drill the well in 2010

LICENSES AND OPERATORSHIPS DET NORSKE

See the updated license map on www.detnor.no



using the drilling rig Songa Delta. Stirby Upper lies on the same trend as Gudrun and East Brae (UK). If hydrocarbons are proven in Stirby Upper, the Stinord and Kveite prospects will be other relevant candidates for drilling. This deep Jurassic exploration model has a total potential of several hundred million barrels of oil equivalents.

PL 408 Storkinn/Skardkollen

Det norske is operator and owns 100 percent. Exploration well 15/9-23 in Skardkollen proved to be dry. The well was drilled down to 3,200 metres, ending in the Skagerak formation.

PL 460 Storklakken

Det norske is operator and owns 100 percent. Exploration drilling is being carried out on the Storklakken prospect using Aker Barents. The plan is to complete Storklakken in spring 2010.

PL 356 Ulvetanna

Det norske owns 100 percent. A decision regarding drilling has been made. The sea is shallow and the prospect must therefore be drilled using a jack-up drilling rig.

PL 369 Varfjellet

Det norske is operator and owns 60 percent. Det norske took over Talisman's 40 percent share in the licence, including the operatorship, towards the end of 2009. A decision regarding drilling will be made by the third quarter of 2011. New high-resolution 2D seismic data has been collected and processing is underway.

PL 414 Skatollet/Kalvklumpen

Det norske is operator and owns 40 percent. The partnership in PL 414 has decided to undertake one drilling commitment. The well has to be drilled before the end of 2011.

PL 440S Almannberget

Det norske is operator and owns 30 percent. The deadline for deciding whether to drill or return the area has been postponed by one year until 15 June 2010. Some parts of the licence area were returned in 2009.

PL 450 Storebjørn

Det norske is operator and owns 75 percent. The licence has one drilling commitment and the partners agree to drill Storebjørn. Geological

evaluation of other prospectivity in the licence is being carried out.

PL 463S Blåfjell

Det norske is operator and owns 100 percent. During 2009, new high-resolution 2D seismic data was collected and interpretation is being carried out.

PL 497 Geite/Kniven

Det norske owns 35 percent. Reprocessing of 3D seismic data is being carried out. The licence includes an obligation to drill a well by January 2013.

PL 451 Yuma

Det norske owns 40 percent. During the year, 3D seismic data has been collected and is currently being processed.

PL 453S

Det norske owns 25 percent. In 2008, 3D seismic data was collected, and processing of the data was the main task in 2009.

PL 494 Gemini

Det norske owns 30 percent. The licence was awarded in January 2009. Processing of existing data and plans for collection of new 3D seismic data have been the main tasks in 2009.

PL 462S

Det norske owns 30 percent. 3D seismic data has been collected and processed. A decision concerning whether or not to drill will be made in the first quarter of 2011.

PL 508S Skagen

Det norske owns 30 percent. 3D seismic data has been collected and processed together with licence PL 462S. The licence will decide whether or not to drill in 2012.

PL 416 Breiflabb

Det norske owns 15 percent. The 3D seismic data was reprocessed and interpreted in 2009. The licence has decided to drill in 2011.

PL 343

Was returned in 2009. Det norske had a 35 percent interest in the licence. The partners concluded that the resource base was below the lower financial limit.

PL 304 Buhund

Det norske has a 30 percent interest in the licence. The Aegis prospect was drilled, but proved dry. 50 percent of the licence has been returned.

PL 028S Balder Trias

Det norske will take over a 40 percent interest when drilling is completed. The Balder Trias was drilled spring 2010 by Aker Barents.

PL 500 Mosterøy

Det norske is operator and owns 35 percent. Evaluations of prospectivity and reprocessing are being carried out in the area, to obtain a basis for deciding whether or not to drill in the first quarter of 2011.

PL 035/272 Krafla

Det norske owns 25 percent. Evaluations of prospectivity have been concluded. The licence has decided to drill the Krafla prospect.

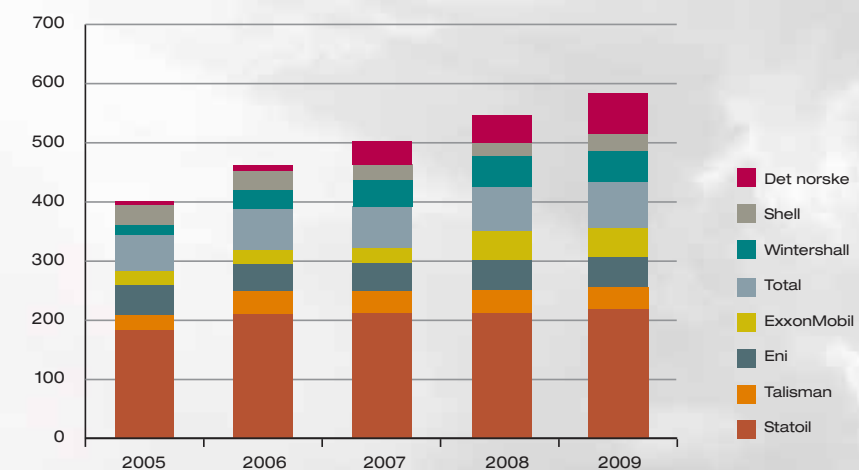
PL 458 Horngjel

Det norske owns 30 percent. Evaluations of prospectivity based on reprocessed data are being carried out.

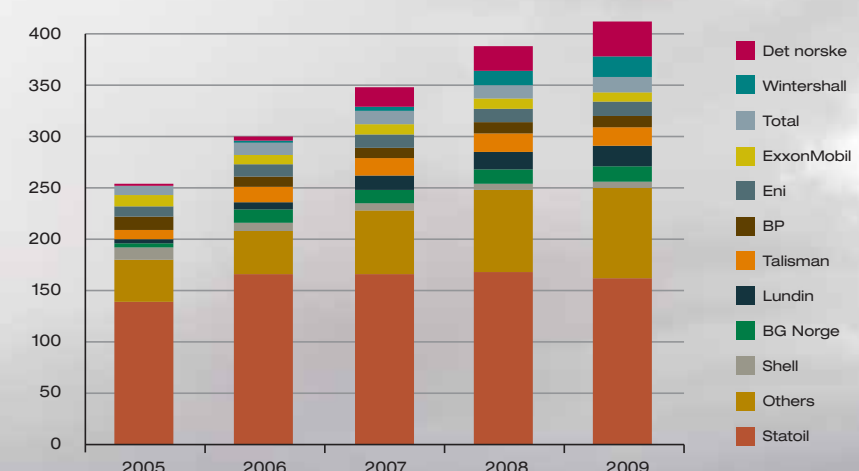
The Norwegian Sea

In the Norwegian Sea, the exploration activity has been divided between the company's licences, follow-up of partner-operated licences and work in open areas. Company-operated licences are concentrated from Njord/Draugen in the south via Midgard in the east to Norne in the north, and have focused on drilling exploration wells, plus on maturing prospects for drilling.

LICENCES PER COMPANY



OPERATORSHIPS PER COMPANY



PL 256 Carina/Capella

Det norske is operator and owns 55 percent. New 3D seismic data is being evaluated. A decision regarding whether to drill or return the area will be made in the second quarter of 2010.

PL 259

Det norske has a 30 percent interest in the licence. Full return has been approved by the authorities with effect from January 2010.

PL 283 Pompel/Pilt

Det norske has a 25 percent interest in the licence. Partial return was approved by the authorities in May 2009. A decision regarding whether to continue drilling or return more of the area will be made during the second quarter of 2010.

PL 321/321 B Geitfjellet/Henriksåsen

Det norske is operator and owns 60 percent. The drilling of Geitfjellet (well 6306/6-2) was concluded in November without discovering commercially recoverable hydrocarbons. The analysis and interpretation of the well data is being carried out. This is the first well to be drilled using Aker Barents. There are more prospects in the licence, and evaluations are being carried out to decide whether or not to drill a new well.

PL 380 Fongen

Det norske is operator and owns 70 percent. The drilling of Fongen (well 6407/2-4) was completed in September without discovering commercially recoverable hydrocarbons. The partners have agreed to return the area. The well was drilled using Songa Delta.

PL 383 Struten

Det norske is operator and owns 55 percent. The drilling of exploration well 6507/3-6 (Struten) was completed in July 2009. All reservoir formations were encountered as predicted, but no hydrocarbons were discovered. The well was drilled using Bredford Dolphin. There is further prospectivity in the licence, and the Ministry has approved the application for a revised work programme that involves a new, postponed deadline for any decision regarding drilling.

PL 432/432B Nebba

Det norske is operator and owns 100 percent. The work to produce a basis for a decision regarding drilling has been completed. An application to return the area has been submitted.

PL 447 Storhornet

Det norske is operator and owns 30 percent. The deadline for deciding whether to drill or return the area is June 2010.

PL 468 Dovregubben

Det norske is operator and owns 100 percent. An evaluation of new 3D data has been completed. A decision regarding whether to drill or return the area will be made in the first quarter of 2010.

PL 469 Pumbaa

Det norske owns 25 percent percent. Exploration well 6407/12-2 was dry. The well encountered reservoir-type Eocene to Paleocene rocks of lower thickness and poorer reservoir quality than expected.

PL 474 Sokna

Det norske owns 30 percent. A decision regarding whether or not to drill the area will be taken in the second quarter of 2010.

PL 476 Frusalen/Trolltind

Det norske is operator and owns 40 percent. The Frusalen prospect (well 6507/11-10) was drilled using Songa Delta. The well was drilled early in 2010, but it was dry.

PL 482 Skaugumsåsen

Det norske is operator and owns 65 percent. The current deadline for deciding whether to drill or return the area is the first quarter of 2010.

PL 483S Trolla

Det norske is operator and owns 40 percent. The Trolla well was drilled using Songa Delta. No commercially recoverable hydrocarbons were discovered. An analysis of the collected well data and an evaluation of the potential prospectivity will be carried out before a final decision is made on whether to return or continue exploration.

PL 485 Tiur

Det norske owns 15 percent. The deadline for deciding whether or not to drill has been postponed until the first quarter of 2011.

PL 512 Knyken

Det norske is operator and owns 30 percent. 3D seismic data was collected from most of the licence area in 2009. The collection was very successful, no operational problems were encountered and the data quality was good. Interpretation is underway.

PL 522 Gullris

Det norske owns 20 percent. 3D seismic data have been collected. Licence evaluation and a decision regarding whether to drill a well will be made in 2010.

PL 523 Ursa Major

Det norske owns 20 percent. 3D seismic data has been collected. Processing is underway and will be completed during the first quarter of 2010. Licence evaluation early 2011.

PL 538 Corvus

Det norske owns 30 percent. Tenders have been invited for 3D seismic shooting. Collection and processing in 2010.

The Barents Sea

Det norske's activities in the Barents Sea started in 2008, and major efforts have been put into building a good and comprehensive database of seismic data, well data, interpretations and knowledge. This work is in the safe hands of personnel with extensive experience in the area.

PL 490 Snurrevad

Det norske owns 30 percent. The licence was evaluated in 2009 and a decision regarding whether to drill a well will be made in 2010.

PL 491 Knotten

Det norske is operator and owns 50 percent. The licence was evaluated in 2009 and a decision regarding whether to drill a well will be made in 2010.

PL 492 Pulk/Gamme

Det norske owns 30 percent. The licence was evaluated in 2009 and a decision regarding whether to drill or drop will be made in 2010.

PL 533 Kolmule/Knurr

Det norske owns 20 percent in PL 533 on the south-western flank of the Lopp Rise. During the quarter, 3D seismic data was collected for the licence.

PL 535 Mensa

Det norske owns 20 percent. A permanent well will be drilled in 2011 on the Norvarg dome. 3D seismic data has been collected and will be reprocessed.

The Golden Harp

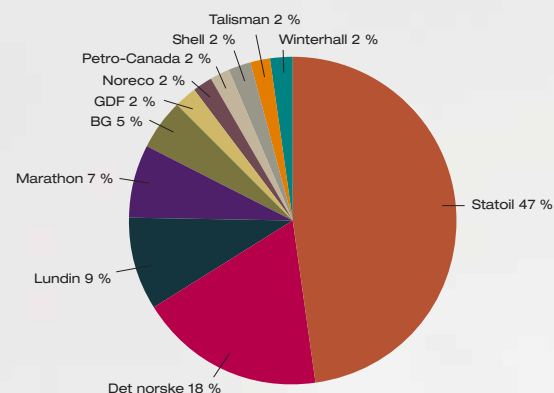
Story telling is an important and integral part of our culture. The Golden Harp is symbolic of the values inherent in our society. The harp stands to represent music, theatre, film and other arts. At Det Norske we work hard to promote our Norwegian culture. We do this by sponsoring, cooperating and reaching joint agreements. Who knows, perhaps one day someone that we have supported could go on to fame and glory beyond our wildest dreams.

DRILLING

In 2009, Det norske drilled nine exploration wells as operator or on behalf of other operators. The drilling of eight of these was completed in 2009. The company has employed two rigs, Bredford Dolphin and Songa Delta, in addition to Aker Barents through the merger with Aker Exploration. We made good progress and experienced good HSE results.

The Rushmore Drilling Index, which reflects the drilling performance of most operators on the Norwegian continental shelf, shows that the company was in the top 25 percent in terms of costs per metre. During 2009, our own organisation has been significantly strengthened to handle the great number of exploration wells. At the turn of the year, Det norske had a total of 1,630 available rig days divided between three rigs; Bredford Dolphin, Songa Delta and Aker Barents. The capacity is sufficient to meet the need for drilling exploration wells in the next few years.

WHO DRILLED EXPLORATION WELLS IN 2009?



The contract with Bredford Dolphin will expire in 2010, while the contracts with Songa Delta and Aker Barents will continue until the middle of 2012. Songa Delta is operated through a consortium with Wintershall. In Aker Barents, the company has acquired a modern rig that provides an opportunity to participate in interesting licences in deep waters and in the Barents Sea. A total of 45 exploration wells were drilled on the Norwegian continental shelf in 2009.

Modern rig

Aker Barents is Aker Spitsbergen's sister rig. Both rigs are owned and operated by Aker Drilling, and both were planned and built by Aker Solutions. The Aker H-6e concept is deemed to be the most advanced mobile offshore exploration unit in the world. The rig type is part of a long success story for semi-submersible rigs designed and produced by Aker since 1971, when Aker H-3 was born.

Aker Barents is based on the latest environmental principles. Systems are in place to prevent involuntary discharges to sea. The engines and systems are designed to be energy efficient. In addition, it has great storage capacity to ensure that substances can be contained and delivered for safe onshore handling. Systems have been designed to ensure as much recycling as possible of substances used in connection with drilling operations.

The exploration rig can operate under the most demanding environmental conditions. The Norwegian continental shelf represents one of the toughest challenges for the oil industry. Aker Barents is designed to meet harsh weather conditions, such as rough seas, strong winds and ice in cold areas. The rig was designed for wave heights of up to 35 metres. It can operate at water depths of between 100 and 2,000 metres, which can be extended to 3,000 metres. While lying at anchor, it can drill down to 500 metres, and it can use dynamic positioning in deep waters.

Aker Barents is equipped with the well-known Double RamRig unit that enables the operation of two drilling units at the same time, with the latest pipe handling equipment. The rig can accommodate 140 persons in accordance with Norwegian requirements and offers good work, meeting and accommodation facilities.

The load-bearing steel structure was built in Dubai, while decks, modules and equipment were largely made in Norway and other European countries. It was assembled and tested at Aker Solutions' shipyard on the island of Stord.

Aker Barents started its first drilling operation on 21 August 2009 in licence 321.



BUSINESS DEVELOPMENT

Licence transactions are used as a key instrument in Det norske's strategy to achieve an optimum and balanced portfolio. The company gives priority to areas that provide an opportunity for rapid development and production at low cost.

In February, Det norske oljeselskap ASA and Talisman Energy Norge AS agreed to swap licence interests. Det norske increased its interest in one part of PL 038 (PL 038D) from 5 to 30 percent. This part included the subsequent Grevling discovery. Talisman acquired 10 percent of licence 490 and 20 percent of licence 491, both in the Barents Sea. Det norske now has a 10 percent interest in PL 490 and a 20 percent interest in PL 491. Det norske also covered 12.5 percent of the costs of the Grevling well for Talisman.

In February Det norske acquired Norecos interest in PL 408. In June, Det norske oljeselskap ASA increased its interest before drilling an exploration well in the Jetta prospect in PL 027D, south of Jotun. Through an agreement with ExxonMobil Exploration and Production Norway AS ('ExxonMobil'), Det norske increased its interest in PL 027D from 35 percent to 47 percent, in return for carrying the costs of ExxonMobil's 13 percent interest relating to the Jetta well. The Jetta prospect was drilled using Bredford Dolphin with Det norske as drilling operator. The Jetta discovery was based on the same exploration model as the Jotun field.

In December, Det norske oljeselskap ASA acquired another 13 percent interest in licences 027D and 169C from ExxonMobil. These are interests in licences in the Jetta area south of Jotun, where oil was recently discovered in the two wells 25/8-17 and 25/8-17A. The operatorship for licence 027D was transferred to Det norske and Det norske is now operator for all the licences around Jotun.

A joint project has been initiated between the licences 027D, 169C and 504, headed by Det norske, to investigate the possibility of commercialising the Jetta discovery and other opportunities in the Jetta area by utilising the installations on Jotun. If this is successful, it may also have a positive effect on Jotun's long-term profitability.

In December, an agreement was entered into whereby Talisman will transfer its 40 percent interest in PL 369 to Det norske oljeselskap ASA free of charge.

RESEARCH AND DEVELOPMENT

Det norske's investment in research and development (R&D) shall underpin the company's activities and help ensure that the company attains its goals. In 2009, this work was formally systemised in that Det norske appointed a manager for R&D. A strategy, an organisation and guidelines have now been established for the management of R&D activities.

42 minor and major projects have been established in Det norske's most important technology areas. The total budget for these activities was NOK 50 million in 2009.

Det norske wishes to develop good cooperative relations with other players in the areas where we operate. This also applies to R&D activities. Det norske does not have an internal

research department. Almost 80 percent of the R&D budget goes directly to external partners, consisting of enterprises, universities and research institutes in Norway.

Det norske has invested in collaboration with educational, research and business institutions in Northern Norway. We have entered into collaborations and contributed considerable funds to schools, university colleges and the University of Tromsø. Det norske also has a favourable collaboration with industrial players, including the trade association Verftsringen in Northern Norway.

FRAMEWORK CONDITIONS

The World needs more Energy

The global energy situation was the subject of much debate in 2009. The most serious financial crisis the post-war world has seen had an effect in several areas. Reduced financial activity resulted in a steep drop in oil prices. The price gradually recovered, without reaching the extremely high level of the summer 2008. The financial crisis caused a dramatic fall in investments in the energy sector, including in the oil industry. The International Energy Agency (IEA) has estimated a 19 percent drop in investments in oil and gas in 2009.

The IEA expects that the demand for energy will increase steeply in the years ahead. Non-OECD countries will account for this growth, driven by China and India. According to the IEA, fossil fuels will account for 77 percent of the growth in consumption. The demand for oil will increase from 85 million barrels per day in 2008 to 105 million barrels per day in 2030. However, there are many indications that it will not be possible to produce more than 90 million barrels of oil a day on a global basis. The IEA therefore expects a marked increase in oil prices in the next few years.

There are still around 1.5 billion people without access to electricity in the world. This number will only fall slightly in the next 20 years, according to the IEA's forecasts. Access to energy, clean water and medicines are the most important factors when it comes to lifting people out of poverty. Giving the increasing number of poor people in the world access to energy is one of the most important global challenges. At the same time, it is necessary for the wealthy nations to reduce their energy consumption. This can be done without reducing the standard of living and welfare.

The IEA's scenarios for stabilising carbon emissions are based on a daily production level of eleven million more barrels than in 2008. This means that the IEA assumes a significantly higher oil production than today to meet demand. More efficient energy use will account for much more than half of the contribution to stabilise carbon emissions by 2030. The rest will consist of the coal cleaning (10 percent),

nuclear energy (10 percent) and renewable energy sources and bioenergy (23 percent).

Financial Prospects

The global economy showed signs of recovery towards the end of 2009 and the worst recession in the post-war period is now deemed to be over. Most parts of the world experience growth, although moderate and not always healthy.

Based on previous crises, 2010 will probably see a moderate boom in the economy, which will be characterised by surplus capacity and a high unemployment rate. At the start of 2010, the unemployment rate in the Euro area was over 10 percent. This will keep the rate of inflation and interest rates low.

In the period from the first quarter of 2008 to the first quarter of 2009, value creation in the industrialised countries fell by 4.7 percent. The big industrialised countries that produce capital goods were hardest hit, such as Japan, Germany and Sweden, where the gross domestic product fell by between 7 and 9 percent in the same time period.

Globally, the crisis was met by a massive inflow of capital to the financial system, combined with rescue packages to certain important banks. In addition, interest rates in the big industrialised countries were reduced to almost zero at the same time as budget policies were used actively to promote expansion. According to the IMF, budget policies alone lifted the GDP by around 2 percent on a global basis last year.

We see clear signs of recovery. In 2009, the world's stock exchanges were up by around 60 percent, which contributed to increasing the willingness to take risks among investors. The risk premium on loans is almost down to where it was before the crisis. For industry, the signs of progress are more incoming orders, and the ISM index (Institute for Supply Management) rose from around 35 percent in February to over 50 percent, which indicates a slight growth. There is, however, reason to be cautious. In the USA, the high unemployment level will probably

make consumers cautious and contribute to reduced spending. The USA's budget balance is also worth noting, and while public stimulation packages and low interest rates practically lifted the economy out of the recession in 2009, it is an open-ended question how long the economy will benefit from these effects.

In Norway, an expansive financial and monetary policy in 2009 resulted in a short-lived recession. Although the unemployment rate has increased somewhat, Norway is far less affected than other countries with which we can compare ourselves.

The price of oil rose in 2009, and after a fall in investments during the worst of the financial crisis, Det norske expects more investments in oil in the years ahead. Our basic view is that the most easily accessible oil has already been produced. The world must prepare for the fact that the oil will come from more unconventional sources and from parts of the world where it is difficult and costly to operate. We therefore believe that oil prices will continue to rise over time, driven by high marginal costs for alternative forms of energy and few opportunities to replace oil with other forms of energy in the transport sector. The company therefore regards itself as being part of an interesting sector where the value of oil and gas is expected to increase in the years ahead.

The Norwegian Licence System

The most important legislation regulating the petroleum activities on the Norwegian continental shelf is the Petroleum Act of 29 November 1996 and the Petroleum Taxation Act of 13 June 1975.

The Petroleum Act provides for state ownership of all the petroleum resources on the Norwegian continental shelf. The Norwegian authorities have exclusive rights to award production licences and to decide which conditions should apply to each licence.

A production licence gives the licensees exclusive rights to carry out exploration for and production of petroleum from a specific area in a given period. The licensees in a production licence have the right to the petroleum that is produced from the licence.

Tax and Development

The tax system on the Norwegian continental shelf reflects the fact that the state is the owner of the subsea resources and the oil companies' value creation of an industrial nature. The tax system is balanced in that projects that are profitable before tax will also be profitable after tax. However, the tax system has a negative effect on the companies' financing costs in that the companies carry 100 percent of the development costs, while the state keeps 78 percent of the revenues. This is currently compensated for by the companies being entitled to depreciate 130 percent of the invested amount, a so-called 'uplift', which means that the net present value is as if the state had invested together with the companies. This system works well for companies with major petroleum revenues, but less so for smaller, independent companies that need to obtain external financing for their projects.

If we exclude Statoil, most of the exploration activities are carried out by oil companies that are relatively new to the Norwegian continental shelf, with little or no petroleum revenues. It must be assumed that their exploration activities will be followed by considerable development and production activities conducted by the same companies. To ensure that these companies continue to develop, Det norske has proposed that the petroleum tax rules be amended so that the uplift is replaced by a system in which the state compensates for the tax effect of deficits created by investments in field developments on the Norwegian continental shelf. This will not increase the state's exposure. The state's net income from the activities will be maintained. Hence, such a scheme will not entail any form of tax subsidies. In practice, it is an extension of the scheme that is already established for exploration activities. It will ensure that a number of projects that have currently been put on hold, among other things as a result of the financial crisis, can be resumed. This will increase diversity on the Norwegian continental shelf, not only in the area of exploration – but also in field development.

A map of the production licences in which Det norske has interests is found on page 21 in this report. It is also available on our website: www.detnor.no

Licence rounds are very important to Det norske and it is the most important way of gaining access to new areas. Since 1965, the authorities have completed 21 licence rounds in new areas. In latter years, such rounds have been conducted every other year, and most of the awarded areas are in the Norwegian Sea.

In addition, the Norwegian authorities introduced rounds of awards in pre-defined areas (APA) in 2003. These licence rounds include new call for applications for returned areas in mature areas of the continental shelf. APA rounds have been carried out annually since 2003. So far, the authorities have signalled that the APA scheme will be continued. These rounds have been very important to the building of Det norske's licence portfolio as they have given us access to extensive exploration areas in mature areas.

The production licences are awarded to a joint venture, which normally consists of several companies. The production licence regulates the rights and obligations that the companies have in relation to the state. The partners in a licence have joint responsibility for the commitments undertaken by the production licence. Initially, the licence is valid for a period of up to ten years. During this period, a pre-established work programme will be completed in the form of geological and geophysical pre-studies and/or exploration drilling, plus environmental surveys in vulnerable areas.

When a production licence has been awarded, the licensees must enter into a joint cooperation and accounting agreement, subject to conditions stipulated by the authorities. These agreements regulate many aspects of the relationship between the partners and the operator, and also the relationship with the authorities.

The operator in each production licence is appointed by the authorities, and this company is responsible for the day-to-day licence operations.

The steering committee is the supreme authority in a production licence. Each of the partners in the licence is represented on the steering committee. The voting rules are normally designed so that a majority in terms of both interests and the number of votes is required for a decision to be valid. The way the voting rules work, an owner with an interest of more than 50 percent cannot adopt a proposal alone.

The licensees can buy, sell and swap licence interests, but this is conditional on the approval of the Ministry of Petroleum and Energy, as well as by the Ministry of Finance in matters relating to tax.

Once commercially recoverable reserves have been discovered, the licensees must prepare and gain the authorities' approval of a Plan for development and operation (PDO) before the development can start. An important part of the PDO work is to study potential positive and negative consequences of a development. The Petroleum Act requires that a programme for environmental impact assessment (KUP) is prepared, and that an impact assessment report (KUR) is enclosed with the development application. Both KUP and KUR will be distributed to stakeholders for consultation.

Developments of a certain scope, normally NOK 10 billion, require approval by the Storting, while the Government (the King in Council) can approve PDOs involving smaller investments. The Ministry of Petroleum and Energy will decide whether the applicant is allowed to enter into material contracts or start construction work before the PDO has been approved.

In the same way that a development plan for commercially recoverable reserves must be approved by the authorities, a Plan for installation and operation must be prepared for new pipeline systems.

Det norske and the Tax System

The taxation of oil companies in Norway is based on the rules that apply to ordinary company taxation. Due to the extraordinary profitability involved in the production of petroleum, this type of activity is also

subject to additional special taxation. The ordinary company tax rate is 28 percent. The special tax rate is 50 percent, making the total marginal tax rate 78 percent.

When the basis for ordinary tax and special tax is calculated, investments on the continental shelf are depreciated using the straight-line method over six years from the year in which the investment was made. All relevant costs can be deducted, including the costs of exploration, research and development, financing, operation and removal. A full consolidation of fields and licences is permitted, something that is very important to Det norske in the company's current growth phase.

To protect the normal return from special taxation, an extra deduction, called uplift, can be made from the basis for the special tax. It corresponds to 30 percent of the investment and can be deducted by 7.5 percent over four years as from the year of investment.

Companies that are not in a taxable position, such as Det norske, can carry forward deficits and uplifts with the addition of interest. This is important to Det norske, as the company is in a phase of intensive exploration involving many wells, at the same time as it has limited income from production. In addition, the tax value of exploration expenses is reimbursed the year after the expenses were incurred, limited upwards to the amount of tax-related deficit. This means that Det norske pays approximately 22 percent of the company's gross exploration costs.

In addition to ordinary tax, petroleum activities in Norway are also subject to a carbon tax, a NOx tax and an area fee. The carbon tax was introduced in 1991 as an instrument to reduce emissions from the petroleum activities.

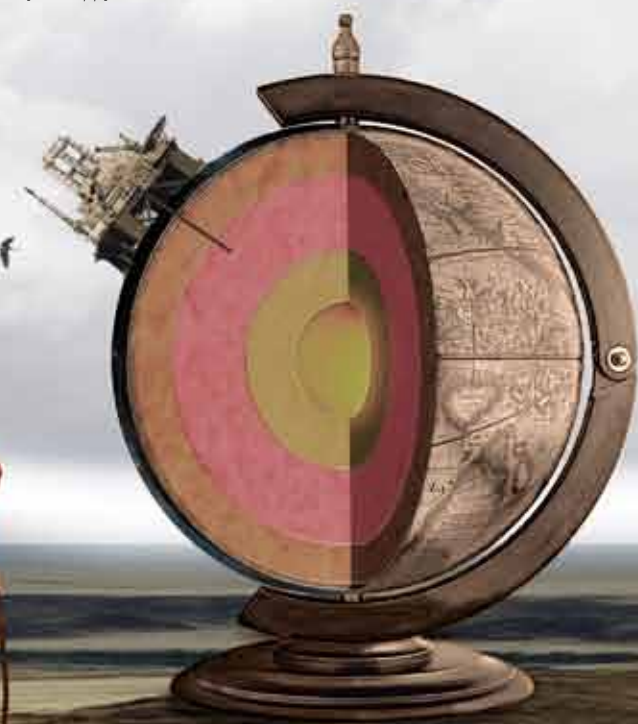
Pursuant to the Gothenburg Protocol, Det norske is obliged to reduce its annual emissions of nitrogen oxides (NOx), and a NOx tax was therefore introduced with effect from 1 January 2007.

Det norske is a member of the NOx Fund. Member companies are exempt from paying NOx tax to the customs region, but must make a payment to the NOx Fund instead.

The area fee is an instrument to ensure efficient exploration of the licence areas, so that any resources can be put into production quickly and the life of existing fields can be extended. With a view to strengthening the function of the area fee, the rules were made more stringent with effect from 1 January 2007. Pursuant to the new rules, the companies must pay NOK 30,000 per square kilometre for the first year, NOK 60,000 for the second year and a maximum rate of NOK 120,000 as from the third year. Companies are exempted from payment of the area fee if a Plan for development and operation (PDO) is submitted to the Ministry of Petroleum and Energy. Such exemption is only granted for those areas of the field that are covered by the PDO. The regulations also grant exemption for payment of the area fee for two years if an exploration well is drilled.

The Atlas

Fairytales teach us that the righteous and the pure of heart live happily ever after. At Det Norske we take the greatest pride in promoting strong guidelines within health, environment and safety both inside and outside our company. Although as a company we seek black gold within the Earth we also seek gold within you. At Det Norske we hope you can fulfill your fairytale and achieve your happy ever after.



CORPORATE GOVERNANCE

Det norske oljeselskap ASA ('Det norske') is a public limited company organised in accordance with Norwegian law. The company's governance structure is based on Norwegian company law. It is Det norske's objective to maintain good corporate governance standards and the company complies with the Norwegian Code of Practice for Corporate Governance of October 2009. Deviations from the Code of Practice are described below.

Det norske has drawn up ethical guidelines for the company, company representatives and employees in accordance with the Norwegian Code of Practice for Corporate Governance. Det norske places emphasis on acting in accordance with laws and clear ethical guidelines. The company shall have an open dialogue about ethical guidelines and display tolerance in relation to whistleblowers on matters that may be in violation of these guidelines. The management must lead the way in ethical questions to ensure that it enjoys the trust of the organisation, the authorities and the public.

The Share

The merger between Aker Exploration and Det norske oljeselskap ASA was completed Tuesday 22 December and the shares of the merged company were traded from stock exchange opening 23 December 2009 (ticker code DETNOR). Aker Exploration ASA was the legally acquiring company, even though Det norske oljeselskap ASA had the largest capitalization. At the time of the merger, Aker Exploration ASA changed its name to Det norske oljeselskap ASA.

Det norske's shares are divided between 4,094 share accounts, but ownership is nevertheless relatively concentrated. At year end, there were 3,504 accounts with less than 5,000 shares each, which in total controlled 2.9 percent of the share capital. In comparison, there were 96 accounts with more than 100,000 shares each, which controlled a total of 89.1 percent of the share capital. The 20 biggest accounts control 70 percent of the company's shares. Det norske has two strong industrial owners: Aker Capital AS and DNO International ASA. At the end

of 2009, these shareholders controlled 54.2 percent of the company's shares.

At the end of 2009, 91 percent of the share capital was controlled by Norwegian citizens and companies registered in Norway, while 5 percent were controlled in accounts registered in the UK. The remaining 4 percent were registered in accounts in a number of countries.

Det norske aims for public transparency. Nominee accounts hide the real owner of the shares, which the company finds unfortunate, but it can only encourage investors to register the shares in ordinary accounts. As of 31 December 2009, 6 percent of the share capital was registered in nominee accounts, while 94 percent was registered in ordinary share accounts.

Before the merger, the price of Det norske's share rose by 65.6 percent from NOK 29.9 at the start of the year to NOK 49.5 on 22 December. During the same period, the price of Aker Exploration's share rose by 19.0 percent from NOK 29 to NOK 34.5. Oslo Stock Exchange Benchmark Index (OSEBX) rose by 46.3 percent during the same period.

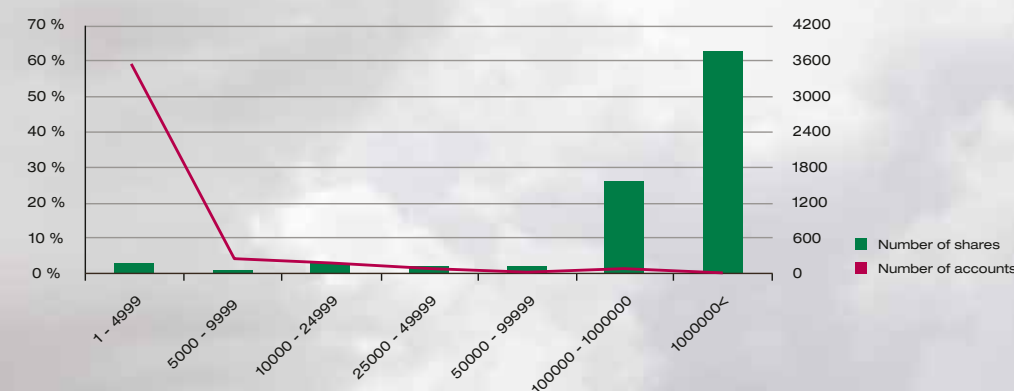
Det norske's goal is to facilitate that the stock is attractive and easily negotiable. Each share has one vote at the Annual General Meeting and equal rights to dividends.

For financial statements and corporate governance, see Board of Directors' Annual Report and Financial Statements in separate report.

MAJOR SHAREHOLDERS

	NAME	NUMBER OF SHARES	
1	AKER ASA	29,719,332	26.7 %
2	AKER CAPITAL AS	15,224,848	13.7 %
3	DNO INTERNATIONAL ASA	12,954,478	11.7 %
4	ODIN NORGE	2,802,112	2.5 %
5	DNB NOR SMB	1,613,827	1.5 %
6	HOLBERG NORGE	1,566,857	1.4 %
7	ODIN NORDEN	1,380,827	1.2 %
8	SPAREBANKEN MIDT-NORGE INVEST AS	1,360,762	1.2 %
9	DEUTSCHE BANK AG LONDON	1,240,363	1.1 %
10	KØRVEN AS	1,076,370	1.0 %
11	RBC DEXIA INVESTOR SERVICES BANK	1,018,816	0.9 %
12	OLEUM AS	966,752	0.9 %
13	SJÆKERHATTEN AS	962,739	0.9 %
14	VILJE 2M AS	961,041	0.9 %
15	KOTENG HOLDING AS	949,867	0.9 %
16	VINN INVEST AS	922,288	0.8 %
17	ODIN OFFSHORE	904,585	0.8 %
18	KLP LK AKSJER	760,884	0.7 %
19	JP MORGAN CHASE BANK	721,369	0.6 %
20	VPF NORDEA KAPITAL	678,297	0.6 %
1-20	TOTAL	77,786,414	70.0 %

DISTRIBUTION OF SHAREHOLDERS



The Board of Directors and the Management

Det norske's Board of Directors underwent considerable changes in the course of 2009. Before the Extraordinary General Meeting on 3 February, the Board consisted of the following members: Kaare M Gisvold (chair), Svein Sivertsen, Ivar Brandvold, Tore Lilloe-Olsen, Guri Ingebrigtsen, Eva Helen Skøelv, Barbro Hætta-Jacobsen, Kristin Aubert and Jan Gunnar Opsal.

After the Extraordinary General Meeting, the Board consisted of the following members: Diderik Schnitler (chair), Ivar Brandvold, Tore Lilloe-Olsen, Jan Rune Steinsland, Marianne Elisabeth Johnsen, Marianne Lie, Hege Sjo, Kristin Aubert and Jan Gunnar Opsal. Bjarne Kristoffersen was elected to serve as a third employee representative.

After the Extraordinary General Meeting on 24 June, the Board consisted of the following members: Svein Sivertsen (chair), Ivar Brandvold, Kaare M Gisvold, Tore Lilloe-Olsen, Hege Sjo, Marianne E. Johnsen, Lone Fønss Schrøder, Kristin Aubert, Jan Gunnar Opsal and Bjarne Kristoffersen. Ivar Brandvold left the Board in September when he took over as CEO of Fred. Olsen Energy. This Board acted until the merger was finally registered on 22 December 2009.

After the merger with Aker Exploration was decided on 19 October, the number of shareholder-elected Board members was reduced to five. The number of Board members elected by employees was reduced to two. As from 22 December 2009, the following are members of Det norske's Board of Directors:

THE BOARD

Kjell Inge Røkke - Chair



Kjell Inge Røkke (born 1958) is Aker ASA's chief owner and has been the driving force in Aker since the 1990s. Mr Røkke started his career on a 69-foot trawler in the USA in 1982, and gradually developed a leading, global fishing company.

In 1996, Mr Røkke's company RGI became Aker's biggest owner. Mr Røkke is Chair of the Board of Aker ASA and Aker BioMarine, and serves on the Board of Directors of Aker Solutions.

Kaare Moursund Gisvold, Deputy Chair



Kaare Moursund Gisvold (born 1943) is an independent investor and advisor, resident in Trondheim. For 20 years, he was in charge of development, construction and operations of FPSO's in the North Sea through Golar-Nor Offshore,

later PGS Production, today Teekay Petrojarl. Previously he has held positions as chair/member of the board of a number of listed companies. Today he holds the position of chair of Polaris Media, and several new businesses. He is also a board member of Meraker Brug and Midvestfondene. He holds a Master of Science degree and a PhD in Engineering from the Norwegian Institute of Technology (NTH).

Berge Gerdt Larsen, Board Member



Berge G Larsen (born 1952) has served as Chair of DNO's Board of Directors since 2002 and as CEO from 1996 to 2002. Mr Larsen has more than 30 years' experience from the oil and offshore industry. From 1989 to 1995, Mr Larsen served as

managing director of Odfjell Drilling & Consulting Company AS. Mr Larsen holds a BSc in Chemical Engineering from the University of Newcastle and a Master's degree in Business Administration from the University of Texas, Austin.

Maria Moræus Hanssen, Board Member



Maria Moræus Hanssen (born 1965) works for Aker ASA. Ms Moræus Hanssen is a reservoir engineer from the Norwegian University of Science and Technology (NTNU) and a petroleum economist from the French Petroleum Institute

IFP (1991). She worked for Norsk Hydro from 1992, where her areas of responsibility included exploration activities in the North Sea and new field developments on the Norwegian continental shelf. She was OIM on Troll B, worked on the integration of Hydro and Statoil and was senior vice president for gas supplies and infrastructure in StatoilHydro.

Hege Sjo, Board Member



Hege Sjo (born 1968) is a senior advisor for UK's largest pension fund manager, Hermes Fund Management Ltd. In London. Sjo is a board member of of Polarcus Ltd., Odim ASA and deputy member of Odin Forvaltning AS. From 1995 to 2003,

she worked at Oslo Stock Exchange, first as a project manager for strategy development, later as chief financial officer and marketing director. She has been an advisor for companies during IPO processes, and has written an investor relations guidebook. She holds a Bachelor's degree in Commerce from Stirling University in Scotland, in addition to a degree from the Norwegian School of Economics and Business Administration (NHH).

Bodil Alteren, Board Member



Bodil Alteren (born 1963) has been Det norske's HSE Manager since 2006. She holds a Master of Science degree in Engineering from the Norwegian Institute of Technology (NTH) and a PhD from the Norwegian University of Science

and Technology (NTNU). Between 1993 and 2006, Ms Alteren was employed by SINTEF. Prior to this, she worked in the Norwegian mining industry, including as general manager and operations manager.

Gunnar Eide, Board Member



Gunnar H Eide (born 1947) is head of early phase development in Det norske. Mr Eide holds a Master of Science degree in Engineering from the Norwegian University of Science and Technology (NTNU). His experience of the oil industry

includes work for Veritas, Saga Petroleum, Norsk Hydro and Petoro. He has extensive experience of field planning, development projects and business development. His main areas of responsibility in Det norske are Frøy and Draupne/Hanz.



The Nomination Committee

Until the Extraordinary General Meeting on 3 February, Berit Kjeldsberg was Chair of the nomination committee. The other members were Berge Gerdt Larsen and Kjetil Grønskag. At the general meeting, the following were elected: Finn Haugan (chair), Berge Gerdt Larsen and Erik Evjen. After the merger with Aker Exploration, with effect from 22 December 2009, Det norske's nomination committee consists of the following members: Finn Haugan (chair), Helge Eide and Øyvind Eriksen.

THE EXECUTIVE MANAGEMENT

Erik Haugane, CEO

Erik Haugane (born 1953) formed Det norske (formerly Pertra) in 2001. He holds a cand.real. degree in exogene geology from the University of Tromsø. Mr Haugane has 25 years' experience from the oil industry, including experience as an exploration geologist in Esso, researcher in SINTEF and an advisor for the mayor of Sør-Trøndelag county. Before he formed Pertra in 2001 he held the position of special advisor in PGS. In 2004, Mr Haugane was named 'Oilman of the Year' by the Society of Petroleum Engineers (SPE) in Norway.

Øyvind Bratsberg, Chief Operating Officer

Øyvind Bratsberg (born 1959) joined Det norske in 2008. He holds a M.Sc. degree in Engineering from NTNU (previously NTH). Bratsberg has 24 years of experience from the industry, primarily Statoil, within marketing, business development, and operation. His core competence is in commercial negotiations and management, and he has comprehensive experience from offshore operations and project development. Bratsberg was responsible for early-phase field development in Statoil before joining Det norske.

Lars Thorrud, Sr. VP Business Development

Lars Thorrud, Senior VP Business Development
Lars Thorrud (born 1961) started as business manager in Aker Exploration in 2006. Before that, he worked as an independent consultant, and from 1992 to 2001, he held various management positions in RWE-Dea Norge. Mr Thorrud holds a Master of Science degree in Geophysics from the University of Utah and an MBA from the Pacific Lutheran University, Washington.

Vidar Bergo Larsen, Sr. VP Exploration

Vidar Larsen (born 1949) joined Det norske in October 2007. He holds a cand. real. in Petroleum Geology from the University of Bergen. Mr. Larsen has 30 years of experience from Statoil, where he has held several managerial positions within exploration, on the NCS and internationally. Larsen was Exploration Manager for Russia in Statoil prior to joining Det norske, where he is responsible for the company's exploration activities.

Finn Øistein Nordam, Chief Financial Officer

Finn Øistein Nordam (born 1961) has a Master's degree in business and 20 years' finance experience from ABB (in Norway and abroad), Kværner (London), Samlerhuset Group BV (the Netherlands) and the listed IT company Q-Free ASA. Among other things, he has held an executive position in ABB Credit AS. Mr Nordam started working in Det norske in July 2008. He is head of Det norske's financial and investment activities.

OTHER MANAGEMENT

Anita Utseth, VP HSE
Anton Tronstad, VP Drilling and Well Operations
Odd Ragnar Heum, VP Field and Area Development
Stein Fines, VP Technology and Development
Sigmund Hanslien, VP Geology
Torgeir Anda, VP Communication
Knut M. Evensen, VP Investor Relations
Stig Vassmyr, Exploration Manager Barents Sea
Kari Lokna, Exploration Manager Norwegian Sea
Tom Bugge, Exploration Manager North Sea
Hans Konrad Johnsen, R & D Manager



The Flying Ships

Throughout history, fairytales have been used as a guideline for how we should behave, including our work ethic and approach to life. These stories still have relevance in modern society. The advice given in fairytales can give you hope and meaning. To fulfill your dreams requires hard work and the realization that no dream is unachievable. Who knows, you might even find your own flying ship to success.

Forty years ago, we discovered oil on the Norwegian continental shelf, which was the beginning of the success story of the Norwegian oil industry. The discovery spread enthusiasm and joy to the nation. It was a historic event that changed Norway.

Prime Minister Jens Stoltenberg

ERIK – THE OILMAN

'There is no great mystery. I'm an oilman, ladies and gentlemen. As an oilman, I hope that you'll forgive just good old-fashioned plain-speaking.'

These words could have been uttered by Det norske's Erik Haugane, but the line belongs to Daniel Plainview, an oilman from Hollywood, in 'There Will Be Blood' – an exciting film about the pioneers of the American oil industry.

The actor Daniel Day-Lewis won an Oscar for his performance, but being a real-life oil boss must be so much better. Erik Haugane was even named 'Oilman of the Year' in 2004.

The character in the film was probably not modelled on this oilman from Mo i Rana, but they share the same preference for 'just good old fashioned plain-speaking'. Haugane does not pull his punches and has a clear opinion about most things.

Below is a handful of fresh viewpoints, summarised in an interview with the newspaper Dagens Næringsliv:

'We have politicians who lack vision, leaders who dare not make decisions, we live in a tyranny of the majority, where environmental hysteria is widespread; we are an uncultured nation swimming in plentiful supplies of fish, which, until recently, we boiled dry at excessive temperatures. What we need is unrestricted immigration,

visionary architecture, express trains, bigger cities, bigger ideas, and we definitely have to pump up all the oil we can find.'

He explains:

'The world needs more equitable access to energy. Society and the world still need a lot of commercial oil. It is the sum of all the small contributions that is valuable to society.

In other words, it is a matter of making the most of all these contributions.

Plans have been made for 2010, 2011, 2012 – and far into the future. Det norske oljeselskap is here to stay.

Det norske oljeselskap ASA and Aker Exploration ASA merged right at the end of 2009. Like our CEO, the new majority owner, Aker ASA, takes a long-term view of things.

'We made our breakthrough in 2009. That was when we became Norway's leading exploration company, after Statoil. In the course of 2010, we aim to become the most creative and dynamic development company.

'In the course of a few years, we must start producing. If we work really hard and are fortunate, it is conceivable, though probably not very realistic, that we can start

producing in 2012. But by 2013, we must definitely be in production.'

In just a few years, Det norske has become 'a strong number two' on the Norwegian continental shelf.

'In 2010, we will be responsible for 20-25 percent of Norwegian exploration activities.'

The boss does not have his own office, but works out of a corner of the head office on the banks of the River Nidelva, in the district of Bakklandet in Trondheim.

Except when he is somewhere else. Right now, he sits down on a sofa and takes a minute to reflect on the history of Norwegian oil production:

'In 1971, the first Norwegian oil discovery was put into production. In 1972, Det norske stats oljeselskap was formed. When production on Ekofisk started in 1971, Prime Minister Trygve Bratteli said that this could be the start of a brand new industry and an important financial milestone for Norway. This was based on one commercial discovery on the Norwegian continental shelf, and one field – Ekofisk – which was relatively large. But we didn't know very much. Back then, the price of oil was about three dollars a barrel.

'And then it just grew bigger than the Prime Minister or anyone else could have imagined. Steps were taken to ensure that the Norwegian supplier industry and the Norwegian state would be on the receiving end of most of the oil wealth, not the oil companies. This was a success - and a fantastic industry was developed.

'You were just a boy back then – were you hooked on the oil adventure from the very beginning?'

'I don't think I knew anything about it,' Mr Haugane says, laughing.

'It was quite the opposite: when my friend and I were wondering what to study once we had finished high school, we decided on geology, but it was not the oil industry we had in mind. It was the Norwegian Geological Survey (NGU) and the mining industry. After all, I come from a mining town, plus I had an interest in natural science. Our favourite activities were outdoor pursuits, such as caving, climbing and cross-country skiing. So the early days of the oil industry escaped me.

'But a lot of other people caught on to it, and a number of oil companies were established in this period, including Det norske oljeselskap in 1971. There was huge interest: people subscribed for shares in other people's names and did all sorts of things to be part of the oil adventure.

'That was the beginning. And now people are already saying that the end is in sight...'



'Norway will continue to be a great oil nation for many years to come. However, if the decline in oil production continues at a normal rate throughout this century, we will still produce the same amount as in 1990. We will be back at the 1990 production level sometime between 2065 and 2090. In other words, we are talking about a very long period.

'Many of the future projects will be small ones. Practically every month, a development plan will be submitted to the Ministry. This requires a complete re-thinking of the way we have traditionally done things. Instead of one new project a year, involving huge investments of NOK 30-40 billion, we will have ten projects involving investments of NOK 5 billion each. This calls for other players than those operating in the 1980s and 1990s.'

'Tell us a little more about where we are and where we are headed...'

'Nine years after the policy change that allowed Det norske, Pertra and Aker Exploration to establish themselves on the Norwegian continental shelf, we have established ourselves, as the indisputable number two company in Norway.'

'We are particularly happy that we have been able to secure rig capacity – we have signed major three-year contracts with rig companies. We are identifying good prospects, and the discovery rate has been positive, even though last year's Norwegian Sea programme was a disappointment. In addition to maintaining a high level of activity, and our position as the most important exploration company on the Norwegian continental shelf after Statoil, it is incredibly important that we start production.

Having production goals that involve acquiring cash to purchase production is relatively simple. Doing it in a profitable manner is somewhat more difficult. But the Norwegian economy will only benefit if you manage to put new oil into production.

'In the course of five to ten years, the goal is to have new production of perhaps 50,000 barrels a day, of which we own 20,000 ourselves. This will be the result of our own exploration efforts, meaning oil that would not have been produced if we hadn't done the work.'

'The year 2009 was characterised by uncertainties among the owners, with four general meetings. How unfortunate was this?'

'Having many small owners, who, for financial or strategic reasons, are forced to sell their shares after a few months is not good enough for an oil company with Det norske's ambition level. As we stand today, we are secure. Aker ASA, our biggest owner, owns 40 percent. What we do now will – in two, five or ten years' time – add significant value to society and to the shareholders. That means we can have a more relaxed attitude when people buy and sell in connection with discoveries and other activities on our part. This is part of the dynamics of the stock exchange.

'Today there is also consistency between the strategic thinking of our biggest owners and that of management. That is essential to our ability to recruit and retain skilled workers in the company. It is also important to the Norwegian State, on behalf of which we operate. The State can rest assured that we are not here to speculate in high oil prices and that we are not likely to disappear. Like Statoil, we are here to create value.

That we had four general meetings in 2009 illustrates that there was uncertainty attached to the ownership of the company, but if we look at what our organisation has achieved during that period, it has not affected operational activities. We believe that Aker has a long-term perspective on value creation – the company is a major owner in other industrial corporations in Norway and regards Norwegian expertise and Norwegian industrial jobs as important foundations.'

'What will happen in 2010?'

'We need to land a few development projects, we need to start the Frøy development and, hopefully, we can get started on the development of Draupne and Hanz.'

'You work hard and with enthusiasm for Det norske – how long can you keep it up?'

'King Harald V did not get a proper job before he turned sixty, but at some point, I think it would be wise to let someone younger take over. Even if I were to leave the position of helmsman in Det norske to someone else in a few years' time, my professional career is not over yet,' says Erik Haugane, and emphasises again that the business is all about creating value – for society and for the shareholders.

That is not the view of the greedy oilman in 'There Will Be Blood'.

Daniel Plainview promises to build roads, schools and churches, but instead, he lines his own pocket with the oil money.

Det norske's boss stresses that, in Norway, the reality is quite different:

'Since the start of the oil and gas adventure, the industry has contributed NOK 4,000 billion to the Norwegian public purse.'

'The world's demand for energy continues to increase. In a hundred years, other forms of energy may have taken over. That is why we have to extract the oil now, while it is still worth something.'

'We are an oil nation and we don't mind wearing a woollen hat when its cold, but we do not pull it over our eyes like the Swedes claim. If we have to drill 3,000 metres into the seabed to find the treasure, we will. We don't have to be asked twice. The sea is ours. The treasure is ours.'

Anne B. Ragde

Quotes from 'Vi fant, vi fant' – Norge feirer 40 år som olje- og gassnasjon ('We found, we found 'Eureka' – Norway celebrates 40 years as an oil and gas nation' – in Norwegian only), Font Forlag, 2009.

- THE OIL ADVENTURE CONTINUES



WORDS AND PHRASES

HSE	Health, Safety, and Environment
PDO	Plan for Development and Operation, submitted to the authorities for approval
APA	Awards in Predefined Areas (“TFO” in Norwegian), an annual licensing round in mature areas on the Norwegian Shelf.
NPD	Norwegian Petroleum Directorate
PSA	Petroleum Safety Authority Norway
MPE	Ministry of Petroleum and Energy
SPE	Society of Petroleum Engineers
G&G	Geology and Geophysics
2D seismic	Powerful echo sounders that receive sound reflected from the underground along straight lines
3D seismic	As 2D seismic, but here the sound is captured in a net of receivers, enabling the construction of a three-dimensional picture of the underground. Smaller oil traps can more often than not be mapped only with the use of 3D seismic. Det norske oljeselskap’s prospects have all been mapped using 3D seismic.
SBL	SeaBed Logging, or electromagnetic surveying. An electromagnetic field is set up on the seabed or in the ocean, measuring electric resistance in the underground. Under favorable conditions such measuring will detect whether there are hydrocarbons located on various depths. The method is being used as one of several elements in probability studies conducted prior to drilling operations.
Prospect	A defined volume that has been mapped where it is probable that hydrocarbons are present
Reserves	Proven petroleum that with certainty will be produced, in accordance with the SPE standard
Resources	Petroleum that is proven, but that may not be produced, as well as calculations of petroleum in mapped prospects not yet drilled. Classified according to NPD’s definitions.
P10. P50. P90	Respectively 10%, 50%, and 90% probability
1 Sm ³	One standard cubic meter = 6.293 barrels of oil. 1 Sm ³ oil corresponds to 1000 Sm ³ gas (one oil equivalent; o.e.)
1 barrel	One tierce, corresponding to 1 barrel = 42 gallons ~ 159 liters
IFRS	International Financial Reporting Standards
NGAAP	Norwegian Generally Accepted Accounting Policies

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