DETNORSKE

Report Q4 2012

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TRONDHEIM
Det norske oljeselskap ASA
www.detnor.no
Postal and office address:
Føniks, Munkegata 26
NO-7011 Trondheim
Telephone: +47 90 70 60 00
Fax: +47 73 54 05 00

HARSTAD
Det norske oljeselskap ASA
Office address: Havnebygget
Rikard Kaarbøs gate 2,
NO-9405 Harstad
Postal address:
P.O. Box 854, NO-9488 Harstad

OSLO
Det norske oljeselskap ASA
Office address: Støperigata 2
Aker Brygge, NO-0250 Oslo
Postal address:
P.O. Box 2070 Vika
NO-0125 Oslo

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Fourth quarter summary

The Plan for Development and Operation (PDO) for the Ivar Aasen field, of which Det norske is operator with a 35 percent interest, was submitted to the Norwegian Ministry of Petroleum and Energy in December. This was a major milestone for Det norske and it represents a significant step in the process of transforming the Company from a pure exploration company into a full cycle exploration and production (E&P) company.

Det norske also made good progress on the Jette field development. All subsea installation work has been completed and the field is scheduled for start-up in April 2013.

Two successful appraisal wells were completed in licence PL 265 on the Johan Sverdrup field, bringing the total well count to six on the PL 265 part of the field.

Production from the Atla gas and condensate field commenced. Det norske has a 10 percent ownership stake.

Key events reported in the fourth quarter 2012

- **On December 21st**, Det norske, as operator, submitted a plan for development and operation for the North Sea Ivar Aasen project to the Ministry of Petroleum and Energy.
- **On December 20th**, Statoil, as operator, submitted a plan for development and operation for the North Sea Dagny development to the Ministry of Petroleum and Energy. Prior to this, Det norske signed an unitisation agreement providing the Company with a 3.3 percent interest in the Dagny Unit.
- **On December 5th**, Det norske completed a NOK 1029 million private placement, increasing the number of outstanding shares by 10 percent to 140.7 million shares.
- **On December 3rd**, the operator, Total, reported that oil was discovered in the Garantiana sidetrack appraisal well 34/6-2A in PL 554, where Det norske holds a 20 percent ownership. The operator's preliminary volume range for the discovery is between 25 and 75 million barrels of recoverable oil.
- **In December 2012**, the partners in PL 457, found oil in the 16/1-16 and 16/1-16A wells. PL 457 is located adjacent and to the east of PL 001B. These wells proved additional reserves to the Ivar Aasen field.
- **On November7th**, the operator, Talisman, reported a dry well on the Isbjørn prospect in PL 568, where Det norske holds a 20 percent ownership interest.
- **On October 15th**, Det norske, as operator and with a 35 percent stake, reported a dry well on the Geite prospect in PL 497.
- **On October 8th**, operator Total, announced that production commenced from the Atla gas and condensate field, where Det norske has a 10 percent ownership stake. This has tripled Det norske's production in the fourth quarter, compared to the previous quarter.

Summary of financial results and operating performance

MNOK= NOK million	Q4 12	Q3 12	Q2 12	Q1 12	Q4 11	2012	2011
Oil and gas production (Kboe)	255	72	95	123	138	545	548
Oil price achieved (USD/barrel)	110	111	107	121	111	115	112
Operating revenues (MNOK)	117	49	70	97	92	332	372
Cash flow from production	40	2	22	50	47	114	180
Exploration expenses (MNOK)	195	403	417	595	105	1 609	1 012
Total exploration expenditures (profit & loss and balance sheet)	375	536	189	555	178	1 656	1 810
Operating profit/loss (MNOK)	-358	-2 318	-571	-596	-226	-3 843	-1 191
Profit/loss for the period (MNOK)	-47	-589	-217	-104	-125	-957	-459
No of licences (operatorships)	67(26)	67(26)	70 (27)	65 (28)	67 (28)	67(26)	67(28)

Production per field

Barrels of oil equivalent per day	Share	Q4 12	Q3 12	Q2 12	Q1 12	Q4 11	2011	2010
Atla	10 %	2,070						
Varg	5 %	395	481	556	801	885	846	1,240
Glitne	10 %	75	95	243	286	326	329	440
Enoch	2 %	0	0	0	15	46	48	80
Jotun Unit	7 %	231	206	243	251	237	281	332
Total production		**2,771**	**782**	**1,042**	**1,352**	**1,495**	**1,505**	**2,092**

Field performance and oil prices

Det norske registered record high production in the fourth quarter as gas and condensate started to flow from the Atla field on October 7th. Det norske produced 254,904 barrels of oil equivalent (boe) in the fourth quarter, corresponding to 2,771 (1,495) barrels of oil equivalent per day (boepd).

The average oil price realised was USD 110 (111) per barrel, while the gas was sold at an average price of NOK 2.3 per standard cubic metre (scm).

Atla produced better than expected with a production rate of 2,294 boepd from start of production on October 7th. About 75 percent of the volume was gas. It is not unusual that gas wells produce at high rates initially. Thus, it is premature to revise long term production rate and reserve picture.

Varg produced 395 boepd in the fourth quarter, 19 percent below the production rates in the previous quarter and 55 percent lower than in the fourth quarter of last year. In addition to natural depletion, cleaning sand filters in the main producing wells and the ongoing infill production drilling programme had a negative bearing on the production level. Two infill production wells are planned to be drilled as part of the ongoing well programme. The first well has been drilled and will be put into production in February 2013. Operator Talisman is currently drilling the second infill well as part of the campaign.

Production from Glitne was only 75 boepd in the fourth quarter and the field is operating at a loss. The plan is to cease production permanently during first half this year.

Production from Enoch will remain shut-in until a subsea valve has been replaced.

Production from the Jotun field was stable in the fourth quarter, with an average output of 231 boepd.

Health, safety and the environment

No serious accidents or incidents were reported in relation to Det norske's operations in the fourth quarter.

The main offshore activities included completion of two production wells at Jette, and exploration drilling on the Geite prospect in the North Sea.

Det norske is preparing for operations at both Jette and Ivar Aasen. As part of this, the Company is establishing new HSE documents and routines. The Company is also preparing for training of personnel that will work on Jette and Ivar Aasen.

Projects

Johan Sverdrup – PL 265 (20 % partner)

Two important appraisal wells were completed in PL 265 on the Johan Sverdrup field. Both appraisal well 16/2-14 T2 on the Espevær High and appraisal well 16/2-15 in the Kvitsøy Basin provided very good results.

So far six wells have been drilled on the part of Johan Sverdrup in PL 265. These wells are spread over a distance of about 15 kilometers from 16/2-9S in the north to 16/2-15 in the south. The wells have provided a large amount of data from logging and core samples, improving the understanding of the PL 265 portion of the field and reducing uncertainties.

Based on well data and seismic interpretation, Det norske has performed a detailed subsurface study, including geo-modeling and estimation of resources in place and recoverable resources from the part of Johan Sverdrup that is located in PL 265.

Three more appraisal/exploration wells are planned to be drilled in PL 265 on Johan Sverdrup in 2013. The first well 16/2-17S will appraise the main field south west of the discovery well 16/2-8, in a location close to the basement fault and is thus labeled the Near fault margin well. The well is expected to spud in mid April. Thereafter an exploration well will be drilled west of Geitungen, called Cliffhanger, to examine whether the Johan Sverdrup field extends onto the adjacent basement high. The third well is planned as an appraisal to the 16/2-12 Geitungen segment of Johan Sverdrup.

In addition, an exploration well 16/5-3 is planned in PL 502 (Det norske ownership 22.22 percent) on the potential southern extension of Johan Sverdrup. This well is expected to spud February 2013.

Ivar Aasen – PL 001B/242/028B (35 % operator)
The PDO for the Ivar Aasen field development was submitted, as planned, to the Norwegian Ministry of Oil and Energy on December 21st 2012. The field development includes reserves of about 150 million boe gross from three reservoirs, the Ivar Aasen, West Cable and Hanz structures.

Developing the Ivar Aasen field as an operator will have a major impact on Det norske. It represents a large investment commitment and it will transform the Company from a pure exploration player into a full cycle E&P company, with capacity to operate in the entire value chain, from exploration to project development and operations.

Field development costs are estimated at NOK 24.7 billion, of which approximately NOK 19 billion will be invested prior to production start in 2016. Det norske's 35 percent ownership interest represents an investment of about NOK 8.6 billion.

Ivar Aasen is a two-stage development. Ivar Aasen and West Cable will be developed in phase one, with production scheduled to commence in the fourth quarter 2016 at a rate (net to Det norske) of about 16,000 boepd. Hanz, located further north, will be developed in phase two and is scheduled to start producing in 2019, at which point the production is estimated to reach a peak level of about 23,000 boepd net to Det norske.

In December 2012, the partners in PL 457 found oil in the 16/1-16 and 16/1-16A wells. PL 457 is located adjacent and to the east of PL 001B. These wells proved additional reserves to the Ivar Aasen field. The partnerships are discussing how this should be treated in relation to the Ivar Aasen development.

Dagny Unit – PL 029B/029C/PL048/303 (3.3 % partner)
The Statoil-operated Dagny field extends into PL 029B, where Det norske holds 20 percent. Det norske's net share in the field was determined in December when the Company came to an agreement with the other partners in Dagny, Statoil and Total. According to this agreement, Det norske will have a 3.3 percent ownership interest in the Dagny Unit. Later in December, Statoil submitted a PDO for the Dagny field to Norwegian authorities.

Total investments in the Dagny development are estimated at NOK 31 billion and the field is scheduled to commence production in the first quarter 2017. Dagny reserves are estimated at 225 million boe.

Jette Unit – PL 027D/169C/504 (70 % operator)
Det norske has, as operator for the Jette field development, completed all subsea installation work at the field, including the drilling and completion of the two production wells during the fourth quarter. The project is currently scheduled for production start up in April 2013. The two remaining critical elements are the platform modifications on the Jotun B wellhead platform, that will be carried out by ExxonMobil, and the hook up and testing.

Total investments in the Jette development are estimated at NOK 3.6 billion, of which approximately NOK 3.0 billion was invested by the end of the fourth quarter 2012. Jette is estimated to contribute about 6,000 to 7,000 boepd net to Det norske at peak.

Reserves and resources
Det norske's internal estimates for reserves and most important contingent resources in the planning phase have been certified by AGR Petroleum Services AS in December 2012. This has been carried out in order to comply with the Company's disclosure obligations under the revolving credit facility. Total net proven plus probable reserves that can be recovered with 50 percent certainty (P50/2P) are estimated at 65.3 million boe. The most important contingent resources in the planning phase amount to between 308 and 487 million barrels of recoverable oil equivalents. These arise from seven discoveries, of which around 80 percent from the Johan Sverdrup Field (Det norske's share in PL 265). The calculations of recoverable volumes are associated with significant uncertainties such as reservoir models, working interest, investments and economic fluctuations. The drilling of future wells in Johan Sverdrup will contribute to reducing these uncertainties.

Exploration

Garantiana - PL 554 (20 % partner)
The Garantiana discovery, located to the northeast of the Visund field, was confirmed in the fourth quarter with appraisal well 34/6-2A. This well was drilled as a sidetrack well from discovery well 34/6-2 S.

Total, the operator, has preliminary estimated recoverable volumes to between 25 million and 75 million barrels of oil. The partners are now assessing various development solutions for the discovery.

A second exploration well is planned drilled in this licence during 2013 or 2014.

Isbjørn - PL 568 (20 % partner)
Talisman, completed a dry exploration well, 16/10-5, on the Isbjørn prospect during the fourth quarter. The well was drilled about 15 kilometers southeast of the Varg field in the North Sea.

Geite - PL 497 (35 % operator)
Det norske's Geite prospect, exploration well 7/11-13, was dry. This well was located southwest of the Ula field in the North Sea.

Business development

As part of a continuous program to optimize its exploration portfolio, Det norske relinquishes, and farms in and out of licences on a regular basis. During the fourth quarter, the Norwegian authorities have approved the farm-out of a 10 percent ownership interest in PL 492 to Noreco.

Financials

Fourth quarter accounts
Operating revenues in the fourth quarter increased to NOK 117 million from NOK 92 million in the same quarter in 2011. This was principally the result of revenues from the Atla field, which commenced production in early October. During the fourth quarter, the physical production volumes from Atla were higher than the commercial production volumes. This was caused by the high pressure from the Atla-field which temporarily has stalled the production from the neighbouring field Skirne. This is expected to continue into 2013 and 2014. Income is recognised based on physical production volumes.

The realised oil price for the fourth quarter was USD 110 (111) per barrel, representing a fall of one percent relative to the same period last year. Production surged by 84 percent from 1 495 boepd in the fourth quarter 2011, to 2 771 boepd this quarter.

The Company generated an operating loss of NOK 358 (226) million. This was mainly the result of exploration expenses of NOK 195 (105) million and impairments of NOK 127 (127) million, relating to the Jotun and Glitne fields.

The loss for the period was NOK 47 (125) million after tax income of NOK 325 (142) million.

Net cash flow from operational activities amounted to NOK 1 167 (1 949) million, of which the exploration tax refund amounted to NOK 1 443 (2 324) million, excluding interest. Changes in net working capital and other balance sheet items with NOK -256 million in the Statement of Cash Flow, include accruals for ongoing activities on development projects.

Net cash flow from investment activities amounted to NOK -1 031 (-283) million, largely as a result of exploration expenses and investments in fields under development. Net cash flow from financing activities totalled NOK 284 (-1 662) million where the main contribution was the funds raised a NOK 1 billion private placement of equity.

The value of the Company's liquid assets was NOK 1 154 (842) million as of 31st December. Tax receivables for disbursement in December 2013 amount to NOK 1 274 (1 397) million.

The Company's equity ratio as at end December 2012 was 45 (48) percent. Total assets amounted to NOK 8 364 (7 716) million as at year-end.

Financial matters
In December, Det norske successfully carried out a private placement of new equity, increasing the number of shares by 10 percent to 140 707 363 shares. The issue price was set in an accelerated bookbuilding process at NOK 80.50 per share. This was the same price as the market closing price on the day of the share issue, without any discount. Total proceeds from the issue were NOK 1 029 million. The private placement was made under an authorization granted to the Board of Directors by the General Meeting on the 19th of April 2012.

Also in December, the Company signed a new NOK 3.5 billion exploration facility at improved terms. The new facility carries a coupon of three months NIBOR plus 1.75%. This facility matures in December 2016, and replaces the old NOK 3.5 billion exploration facility.

Events after the quarter

APA 2012

In January 2013, Det norske was awarded eight new licences, of which three as operator, in the annual Awards in Predefined Areas licensing round (APA 2012). All eight licences were in the North Sea.

Outlook

Det norske has a strong asset portfolio. Its 20 percent ownership interest in PL 265, which holds part of the Johan Sverdrup field, is a major factor in the future success and development of the Company. Seen in combination with the Ivar Aasen field development, Det norske is set for significant production growth and the board is focusing closely on project execution and the financing of the Company.

The Company plans to participate in up to ten exploration wells in 2013, of which at least two will be in the Johan Sverdrup field area. Three of the wells will be located in the Barents Sea and are targeting prospects with higher risk. However, if successful they could add significant future value to the shareholders.

CEO Erik Haugane is retiring from the Company and a new CEO is expected to be appointed during 2013.

Det norske oljeselskap

STATEMENT OF INCOME (Unaudited)

(All figures in NOK 1,000)	Note	Q4 2012	Q4 2011	01.01. - 31.12 2012	01.01. - 31.12 2011
Petroleum revenues		113 946	89 172	325 093	361 774
Other operating revenues		2 851	3 212	7 351	10 332
Total operating revenues		**116 797**	**92 384**	**332 444**	**372 106**
Exploration expenses	2	194 924	105 329	1 609 314	1 012 191
Production costs		74 027	42 621	210 962	181 888
Payroll and payroll-related expenses	5	267	9 061	11 000	31 732
Depreciation	4	56 505	21 532	111 687	78 518
Net impairment losses	3	127 155	127 117	2 149 653	197 673
Other operating expenses	5	21 995	12 554	82 799	60 771
Total operating expenses		**474 873**	**318 214**	**4 175 414**	**1 562 774**
Operating profit/loss		**-358 076**	**-225 830**	**-3 842 970**	**-1 190 668**
Interest income	6	13 630	17 502	54 997	69 900
Other financial income	6	26 667	14 798	68 399	26 825
Interest expenses	6	35 084	66 920	128 250	273 824
Other financial expenses	6	18 977	6 808	101 050	23 111
Net financial items		**-13 763**	**-41 429**	**-105 906**	**-200 209**
Profit/loss before taxes		**-371 839**	**-267 259**	**-3 948 876**	**-1 390 877**
Taxes (+)/tax income (-)	7	-324 575	-141 846	-2 991 624	-931 607
Net profit/loss		**-47 264**	**-125 413**	**-957 252**	**-459 270**
Weighted average no. of shares outstanding		136 581 048	123 150 520	128 649 729	115 058 944
Weighted average no. of shares fully diluted		136 581 048	123 150 520	128 649 729	115 058 944
Earnings/(loss) after tax per share		-0,35	-1,02	-7,44	-3,99
Earnings/(loss) after tax per share fully diluted		-0,35	-1,02	-7,44	-3,99

TOTAL COMPREHENSIVE INCOME (Unaudited)

(All figures in NOK 1,000)	Q4 2012	Q4 2011	01.01. - 31.12 2012	01.01. - 31.12 2011
Profit/loss for the period	-47 264	-125 413	-957 252	-459 270
Total comprehensive income for the period	**-47 264**	**-125 413**	**-957 252**	**-459 270**
Break-down of total profit/loss:				
Majority interests	-47 264	-125 413	-957 252	-459 270
Total comprehensive income for the period	**-47 264**	**-125 413**	**-957 252**	**-459 270**

Det norske oljeselskap

STATEMENT OF FINANCIAL POSITION

(All figures in NOK 1,000)	Note	(Unaudited) 31.12.2012	(Audited) 31.12.2011
ASSETS			
Intangible assets			
Goodwill	3,4	387 551	525 870
Capitalised exploration expenditures	3,4	2 175 492	2 387 360
Other intangible assets	3,4	665 542	905 726
Tangible fixed assets			
Property, plant, and equipment	3,4	1 993 269	902 071
Financial assets			
Long term receivables	9	31 995	
Other non-current assets		193 934	18 423
Total non-current assets		**5 447 783**	**4 739 450**
Inventories			
Inventories		21 209	37 039
Receivables			
Account receivables	13	101 839	146 188
Other short term receivables	8	342 566	532 538
Short-term deposits		23 138	21 750
Calculated tax receivables	7	1 273 737	1 397 420
Cash and cash equivalents			
Cash and cash equivalents	10	1 154 182	841 599
Total current assets		**2 916 670**	**2 976 534**
TOTAL ASSETS		**8 364 453**	**7 715 984**

Det norske oljeselskap

STATEMENT OF FINANCIAL POSITION

(All figures in NOK 1,000)	Note	(Unaudited) 31.12.2012	(Audited) 31.12.2011
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital	11	140 707	127 916
Share premium		3 089 542	2 083 271
Total paid-in equity		**3 230 249**	**2 211 187**
Retained earnings			
Other equity		508 113	1 465 364
Total Equity		**3 738 363**	**3 676 551**
Provisions for liabilities			
Pension obligations		55 317	46 944
Deferred taxes	7	134 358	2 042 051
Abandonment provision	18	798 057	285 201
Provisions for other liabilities		647	1 643
Non current liabilities			
Bonds	16	589 078	587 011
Other interest-bearing debt	17	1 299 733	
Derivatives	12	45 971	
Current liabilities			
Short-term loan	14	567 075	379 550
Trade creditors		258 596	274 308
Accrued public charges and indirect taxes		24 536	18 568
Other current liabilities	15	852 722	404 156
Total liabilities		**4 626 090**	**4 039 432**
TOTAL EQUITY AND LIABILITIES		**8 364 453**	**7 715 984**

Det norske oljeselskap

STATEMENT OF CHANGES IN EQUITY (Unaudited)

(All figures in NOK 1,000)	Share capital	Share premium	Other paid-in capital	Retained earning	Total equity
Equity as of 31.12.2010	**111 111**	**1 167 312**	**17 715**	**1 864 035**	**3 160 173**
Private placement	11 111	470 153			481 264
Conversion of bond to shares	5 694	445 806			451 500
Effect on equity related to the liquidation of subsidiary				42 884	42 884
Profit/loss for the period 01.01.2011 - 31.12.2011			-17 715	-441 555	-459 270
Equity as of 31.12.2011	**127 916**	**2 083 271**		**1 465 364**	**3 676 551**
Private placement	12 792	1 006 271			1 019 063
Profit/loss for the period 01.01.2012 - 31.12.2012				-957 252	-957 252
Equity as of 31.12.2012	**140 707**	**3 089 542**		**508 113**	**3 738 363**

Det norske oljeselskap

STATEMENT OF CASH FLOW (Unaudited)

(All figures in NOK 1,000)	Note	Q4 2012	Q4 2011	01.01-31.12. 2012	01.01-31.12. 2011
Cash flow from operating activities					
Profit/loss before taxes		-371 839	-267 259	-3 948 876	-1 390 877
Taxes paid during the period			-5 195		-5 489
Tax refund during the period		1 443 140	2 323 865	1 443 140	2 323 865
Depreciation	4	56 505	21 532	111 687	78 518
Net impairment losses	3	127 155	127 117	2 149 653	197 673
Accreation Expenses		4 502	4 459	17 519	17 009
Reversal of tax item related to shortfall value of purchase price allocation (PPA)	2		-6 000	-57 000	-17 988
Gain on sale of convertible bonds			-10 583		-10 583
Losses on sale of license		-2 500		13 461	
Changes in derivatives	12	1 174		44 847	6 033
Amortization of interest expenses and arrangement fee		14 763	11 161	39 576	59 438
Expensed capitalized dry wells	2,4	126 346	-6 770	1 116 403	534 640
Changes in inventories, accounts payable and receivables		-258 309	100 462	44 467	-57 935
Changes in other current balance sheet items		26 510	-343 487	444 144	-281 653
NET CASH FLOW FROM OPERATING ACTIVITIES		**1 167 448**	**1 949 303**	**1 419 020**	**1 452 653**
Cash flow from investment activities					
Payment for removal and decommissioning of oil fields		12 632	-11	-678	-35
Disbursements on investments in fixed assets	4	-737 426	-215 762	-2 874 627	-388 160
Disbursements on investments in capitalised exploration expenditures and other intangible assets	4	-309 159	-85 753	-1 114 277	-1 440 812
Sale of tangible fixed assets and licenses		2 575	18 141	414 336	110 574
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**-1 031 378**	**-283 386**	**-3 575 247**	**-1 718 433**
Cash flow from financing activities					
Sale of convertible bond			144 433		144 433
Arrangement fee	17	-32 925		-118 219	-16 145
Net equity issue		1 019 063	-50	1 019 063	481 164
Repayment of short-term debt	14	-1 800 000	-2 406 000	-2 000 000	-2 539 850
Repayment of long-term debt		-600 000		-600 000	
Proceeds from issuance of long-term debt	17	1 098 018		1 967 968	
Proceeds from issuance of short-term debt	14	600 000	600 000	2 200 000	2 248 448
NET CASH FLOW FROM FINANCING ACTIVITIES		**284 156**	**-1 661 617**	**2 468 812**	**318 050**
Net change in cash and cash equivalents		**420 225**	**4 301**	**312 584**	**52 269**
Cash and cash equivalents at start of period		733 957	837 298	841 599	789 330
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1 154 182**	**841 599**	**1 154 182**	**841 599**
Specification of cash equivalents at end of period:					
Bank deposits, etc.		1 140 750	828 772	1 140 750	828 772
Restricted bank deposits		13 432	12 827	13 432	12 827
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	**1 154 182**	**841 599**	**1 154 182**	**841 599**

NOTES
(All figures in NOK 1,000)

This interim report has been prepared in accordance with international standards for financial reporting (IFRS), issued by the board of IASB, and in accordance with IAS 34 "Interim financial reporting". The quarterly report is unaudited.

Note 1 Accounting principles
The accounting principles used for this interim report are in accordance with the principles used in the Financial statement for 2011.

Note 2 Exploration expenses

	Q4		01.01. - 31.12	
Breakdown of exploration expenses:	**2012**	**2011**	**2012**	**2011**
Seismic costs, well data, field studies and other exploration expenses	75 173	26 055	335 265	100 384
Recharged rig costs	-60 695	1 734	-31 491	-49 661
Share of exploration expenses from license participation incl. Seismic	47 218	69 520	149 267	267 291
Expensed capitalized wells previous years	2 152	5 473	252 719	13 675
Expensed capitalized wells this year	124 194	-12 242	863 684	520 965
Share of payroll and other operating expenses classified as exploration	2 819	11 384	76 333	142 926
Research and development costs related to exploration activities	4 061	9 406	20 536	34 600
Reversal of tax item related to shortfall value of purchase price allocation		-6 000	-57 000	-17 988
Total exploration expenses	**194 924**	**105 329**	**1 609 314**	**1 012 191**

Note 3 Impairments

An impairmenttest of goodwill and pertaining licences was carried out in the fourth quarter in accordance with the company's accounting principles. The test was carried out as of 31.12.12. Goodwill is capitalised as a consequence of the requirement in IFRS 3 to make provision for deferred tax in connection with a business combination, even if the transactions are made on an "after-tax" basis as a result of a section 10 decision in line with applicable petroleum taxation. The offsetting entry to deferred tax is goodwill.

The valuation unit used for assessment of impairment will depend on the lowest level at which it is possible to identify cash flows that are independent of cash flows from other groups of fixed assets. For oil and gas assets, this is carried out at the field or licence level. The loss in value for capitalised exploration costs is assessed for each well. Impairment are recognised when the book value of an asset or a cash flow-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's net sales value and utility value. In the assessment of the value in use, the expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value and the specific risk related to the asset.

For producing licenses and licenses in the development phase, recoverable amount is estimated based on discounted future after tax cash flows. Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves. The following assumptions have been applied:
* discount rate of 10.7 percent nominal after tax
* a long term inflation of 2.5 percent
* a long term exchange rate of NOK/USD 6.00
* oil prices are based on forward curve, and It is expected that 2017 will be the final year of production for fields that are currently under production.

The following nominal oil price assumptions are applied:

Year	Average USD
2013	107,8
2014	102,5
2015	98,5
2016	95,2
2017	92,7

During the fourth quarter two of the company's producing fields were impaired. The impairment was mainly due to the increase in the estimate of the abandonment provision. In the third quarter the company recorded an impairment charge of NOK 1 881 million before tax related to the Jette field. The remaining impairments for 2012 are related to other producing licences, or exploration licences that have been or are in the process of being relinqushed.

The following impairments have been recorded:

	Q4		01.01.-31.12.	
	2012	**2011**	**2012**	**2011**
Impairment of tangible fixed assets	123 501	30 308	1 963 351	30 308
Impairment of other intangible assets/licence rights	3 863	121 677	226 194	235 278
Impairment of goodwill	1 328	27 677	135 062	70 636
Deferred tax	-1 536	-52 545	-174 955	-138 548
	127 155	**127 117**	**2 149 653**	**197 673**

When a license is sold or relinquished and the company previously has accounted for deferred taxes and goodwill from a business combination, both goodwill and deferred taxes will be included in the calculation of gains and losses. In assessing a potential writedown due to impairment, a similar assumption is made and goodwill and deferred taxes are evaluated together with the value of the corresponding license.

Note 4 Tangible assets and intangible assets

Tangible fixed assets	**Fields under development**	**Production facilities including wells**	**Fixtures and fittings, office machinery etc.**	**Total**
Book value 31/12/11	**803 352**	**47 839**	**50 881**	**902 071**
Acquisition cost 31/12/2011	**803 352**	**457 089**	**102 337**	**1 362 778**
Additions	2 079 471	191 670	14 043	2 285 183
Disposals	417 904			417 904
Reclassification	200 926			200 926
Acquisition cost 30/09/2012	2 665 845	648 759	116 380	3 430 984
Accumulated depreciation and impairments 30/09/2012	1 799 650	488 453	64 885	2 352 988
Book value 30/09/2012	**866 195**	**160 306**	**51 495**	**1 077 995**
Acquisition cost 30/09/2012	**2 665 845**	**648 759**	**116 380**	**3 430 984**
Additions	496 268	583 917	5 275	1 085 460
Reclassification	1 634			1 634
Acquisition cost 31/12/2012	3 163 747	1 232 675	121 655	4 518 078
Accumulated depreciation and impairments 31/12/2012	1 799 650	655 386	69 773	2 524 808
Book value 31/12/2012	**1 364 097**	**577 291**	**51 882**	**1 993 269**
Depreciation Q4 2012		43 431	4 888	48 319
Depreciation 1/1 - 31/12/2012		82 435	18 316	100 751
Impairments in Q4 2012		123 501		123 501
Impairments 1/1 - 31/12/2012	1 799 650	163 701		1 963 351

Capitalized exploration expenditures are classified as "Fields under development" when the field enteres into the development phase. Fields under development are classified as "Production facilities" from start of production. Production facilities, including wells, are depreciated in accordance with the Unit of Production Method. Office machinery, fixtures and fittings etc. are depreciated using the straight-line method over their useful life, i.e. 3-5 years. Removal and decommisioning costs for production facilities are included as "Production facilities".

Disposal is related to Jette transaction as described in note 20. This transaction has no material impact on the income statement.

Intangible assets

	Other intangible assets			Exploration	
	Licenses	Software	Total	expenditures	Goodwill
Book value 31/12/11	**900 072**	**5 654**	**905 726**	**2 387 360**	**525 870**
Acquisition cost 31/12/2011	**1 110 324**	**43 989**	**1 154 314**	**2 387 360**	**648 338**
Additions	181	485	666	804 452	
Disposals /Expensed dry wells	6 266		6 266	995 606	3 768
Reclassification				-200 926	
Acquisition cost 30/09/2012	1 104 240	44 474	1 148 715	1 995 280	644 570
Accumulated depreciation and impairments	431 376	40 639	472 016		255 691
Book value 30/09/2012	**672 864**	**3 835**	**676 699**	**1 995 280**	**388 879**
Acquisition cost 30/09/2012	**1 104 240**	**44 474**	**1 148 715**	**1 995 280**	**644 570**
Additions	185	707	892	308 267	
Disposals /Expensed dry wells				126 422	
Reclassification				-1 634	
Acquisition cost 31/12/2012	1 104 425	45 181	1 149 605	2 175 492	644 570
Accumulated depreciation and impairments	442 782	41 281	484 064		257 019
Book value 31/12/2012	**661 643**	**3 899**	**665 542**	**2 175 492**	**387 551**

Depreciation Q4 2012	7 543	642			
Depreciation 1/1 - 31/12/2012	7 990	2 946			
Impairments in Q4 2012	3 863				1 328
Impairments 1/1 - 31/12/2012	226 194				135 062

Reconciliation of depreciation in the income statement:	**Q4 2012**	**01.01. - 31.12 2012**
Depreciation of tangible fixed assets	48 319	100 751
Depreciation of intangible assets	8 185	10 936
Total depreciation in the income statement	**56 505**	**111 687**

Software is depreciated linearly over the software's lifetime, which is three years.

Note 5 Payroll and other operating expenses

	Q4		01.01. - 31.12	
	2012	**2011**	**2012**	**2011**
Gross payroll expenses	103 069	105 627	371 616	376 923
Share of payroll expenses classified as exploration, development or production expenses, and expenses invoiced to licences	-102 801	-96 567	-360 616	-345 190
Net payroll expenses	**267**	**9 061**	**11 000**	**31 732**

	Q4		01.01. - 31.12	
	2012	**2011**	**2012**	**2011**
Gross other operating expenses	72 127	63 513	281 964	231 938
Share of other operating expenses classified as exploration, development or production expenses, and expenses invoiced to licences	-50 132	-50 959	-199 165	-171 167
Net other operating expenses	**21 995**	**12 554**	**82 799**	**60 771**

Note 6 Financial items

	Q4		01.01. - 31.12	
	2012	**2011**	**2012**	**2011**
Interest income	**13 630**	**17 502**	**54 997**	**69 900**
Return on financial investments	865	10 583	1 628	10 731
Currency gains	25 090	4 215	66 771	16 094
Change in value of derivatives	712			
Total other financial income	**26 667**	**14 798**	**68 399**	**26 825**
Interest expenses	68 512	61 287	217 142	219 913
Capitalized interest cost development projects	-48 190	-5 528	-128 468	-5 528
Amortized loan costs	14 763	11 161	39 576	59 439
Total interest expenses	**35 084**	**66 920**	**128 250**	**273 824**
Currency losses	14 672	6 423	54 022	15 163
Change in value of derivatives	3 828		44 847	6 983
Decline in value of financial investments	478	385	2 181	966
Total other financial expenses	**18 977**	**6 808**	**101 050**	**23 111**
Net financial items	**-13 763**	**-41 429**	**-105 906**	**-200 209**

Note 7 Taxes

Taxes for the period appear as follows:	Q4 2012	Q4 2011	01.01. - 31.12 2012	01.01. - 31.12 2011
Calculated current year exploration tax refund	-312 041	-161 857	-1 299 985	-1 397 420
Change in deferred taxes	-20 048	11 352	-1 729 168	440 437
Reversal of tax item related to shorfall value of purchase price allocation (PPA), accounted as exploration expenses		6 000	57 000	17 988
Prior period adjustments	7 514	2 660	-19 472	7 388
Total taxes (+) / tax income (-)	**-324 575**	**-141 846**	**-2 991 624**	**-931 607**

Calculated tax receivables:	31.12.2012	31.12.2011
Calculated current year exploration tax refund	1 299 985	1 397 420
Prior period adjustments	-26 249	
Total tax receivables	**1 273 737**	**1 397 420**

Deferred taxes:	31.12.2012	31.12.2011
Deferred taxes 1.1.	2 042 051	1 757 481
Change in deferred taxes	-1 729 168	440 437
Deferred tax related to impairment and disposal of licenses	-178 525	28 877
Prior period adjustments		-17 320
Correction of deferred tax on excess values		-167 425
Total deferred taxes	**134 358**	**2 042 051**

A full tax calculation has been carried out in accordance with the accounting principles described in the annual report for 2011. The calculated exploration tax receivable for 2012 is recognised as a current asset in the balance sheet. The exploration tax refund is expected to be paid in December 2013.

Note 8 Other short-term receivables

	31.12.2012	31.12.2011
Pre-payments, including rigs	33 648	53 405
VAT receivable	21 289	9 314
Underlift/ overlift (-)	24 288	44 028
Other receivables, including operator licences	263 341	312 763
Total other short-term receivables	**342 566**	**532 538**

Note 9 Long term receivables

	31.12.2012	31.12.2011
Receivables related to deferred volum at Atla	31 995	
Total long term receivables	**31 995**	

The physical production volumes from Atla were higher than the commercial production volumes. This was caused by the high pressure from the Atla-field which temporarily has stalled the production from the neighbouring field Skirne. This is expected to continue into 2013 and 2014. Income is recognised based on physical production volumes measured at market value. This deferred compensation is recorded as a long term receivable.

Note 10 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and short-term investments that constitute parts of the company's transaction liquidity.

Breakdown of cash and cash equivalents:	31.12.2012	31.12.2011
Cash	5	2
Bank deposits	1 140 745	828 771
Restricted funds (tax withholdings)	13 432	12 827
Short-term placements	**1 154 182**	**841 599**
Unused exploration facility loan	587 759	903 094
Unused revolving credit facility	1 383 498	

Note 11 Share capital

	31.12.2012	31.12.2011
Share capital	140 707	127 916
Total number of shares (in 1.000)	140 707	127 916
Nominal value per share in NOK	1.00	1.00

Det norske completed in the fourth quarter a NOK 1029 million private placement, increasing the number of outstanding shares by 10 percent to 140.7 million shares.

Note 12 Derivatives

	31.12.2012	31.12.2011
Unrealized losses interest rate swaps	45 971	
Total derivatives	**45 971**	

The Company has entered into three interest rate swaps. The purpose is to swap floating rate loans to fixed rate. These rate swaps are market to market and recognized to the Statement of income.

Note 13 Accounts receivables

	31.12.2012	31.12.2011
Receivables related to sale of oil and gas	23 211	32 292
Invoicing related to rigs etc.	78 603	112 641
Unrealized exchange rate	25	1 254
Total account receivable	**101 839**	**146 188**

Note 14 Short-term loans

	31.12.2012	31.12.2011
Exploration facility	600 000	400 000
Up front fees to be amortized	-32 925	-20 450
Total short-term loans	**567 075**	**379 550**

The Company has renewed the exploration facility of NOK 3,500 million, with a group of banks. The current facility was established in December 2012 and the company can draw on the facility until 31 December 2015 with a final date for repayment in December 2016. The maximum utilization including interest is limited to 95 percent of tax refund related to exploration expenses.

The interest rate is three months' NIBOR plus a margin of 1.75 percent, with a utilization fee of 0.25 percent for unused credit up to NOK 2,750 million and 0.5 percent if the utilized credit exceeds NOK 2,750 million. In addition a commitment fee of 0.7 percent is also paid on unused credit. Up-front fees amounted to NOK 33 million.

For information about the unused part of the credit facility for exploration purposes, see Note 10 - "Cash and cash equivalents".

Note 15 Other current liabilities

	31.12.2012	31.12.2011
Current liabilities related to overcall in licences	113 072	60 731
Share of other current liabilities in licences	519 439	155 766
Other current liabilities	220 211	187 658
Total other current liabilities	**852 722**	**404 156**

Note 16 Bond

	31.12.2012	31.12.2011
Principal, bond Norsk Tillitsmann	600 000	600 000
Up-front fees to be amortized	-10 922	-12 989
Total bond	**589 078**	**587 011**

The loan runs from 28 Januar 2011 to 28 January 2016 and carries an interest rate of 3 month NIBOR + 6.75 percent. The principal falls due on 28 January 2016 and interest is paid on a quarterly basis. The loan is unsecured.

Note 17 Other interest-bearing debt

	31.12.2012	31.12.2011
Revolving credit facility	1 399 702	
Up-front fees to be amortized	-68 235	
Unrealized currency	-31 734	
Total other interest-bearing debt	**1 299 733**	

The Company has an agreement of a revolving credit facility of USD 500 million. The revolving credit facility can be increased with USD 100 million on certain future conditions.

The interest rate on the revolving credit is 3 months NIBOR/LIBOR pluss a margin of 3.25 percent, with a utilization fee of 0.5 percent for unused credit up to USD 375 million and 0,75 percent if the utilized credit exceeds USD 375 million. In addition commitment fee of 1.30 percent is also paid on unused credit. Establishment fee for the facility was NOK 85.3 million.

Note 18: Provision for abandonment liabilities

	31.12.2012	31.12.2011
Provisions as of 1 January	285 201	268 227
Incurred cost removal	-677	-35
Accreation expense - present value calculation	17 519	16 863
Change in estimates and incurred liabilities on new fields	496 015	146
Total provision for abandonment liabilities	**798 057**	**285 201**

The company's removal and decommissioning liabilities relate to the fields Varg, Enoch, Glitne, Atla, Jette and Jotun. Time of removal is expected to come in 2014 for Glitne, and 2018 for Jotun, Enoch, Jette, Varg and Atla.

The estimate is based on executing a concept for removal in accordance with the Petroleum Activities Act and international regulations and guidelines. The following assumptions have been applied :
* a long term inflation of 2.5 percent
* a nominal discount rate of 5.03 % before tax for Enoch, Jotun, Varg, Atla and Jette
* a nominal discount rate of 4,93 % before tax for Glitne
The corresponding discout rate for 2011 was 6.24% for Jotun and Enoch, and 5.92% for Varg and Glitne.

Note 19 Uncertain commitments

During the second quarter, the company announced that it had received a notice of reassessment from the Norwegian Oil Taxation Office (OTO) in respect of 2009 and 2010. At the end of the third quarter, the company responded to the notice of reassessment by submitting detailed comments.

During the normal course of its business, the Company will be involved in disputes. The Company provides accruals in its financial statements for probable liabilities related to litigation and claims based on the Company's best judgement. Det norske does not expect that the financial position, results of operations or cash flows will be materially affected by the resolution of these disputes.

Note 20 Investments in jointly controlled assets

Operatorships:

Licence	31.12.2012	31.12.2011
PL 001B	35,0 %	35,0 %
PL 027D	60,0 %	60,0 %
PL 028B	35,0 %	35,0 %
PL 103B	70,0 %	70,0 %
PL 169C****	50,0 %	70,0 %
PL 242	35,0 %	35,0 %
PL 337	45,0 %	45,0 %
PL 341*	0,0 %	30,0 %
PL 356	50,0 %	60,0 %
PL 364	50,0 %	50,0 %
PL 414	40,0 %	40,0 %
PL 414B**	40,0 %	0,0 %
PL 450	60,0 %	75,0 %
PL 460	100,0 %	100,0 %
PL 468*	0,0 %	95,0 %
PL 468B*	0,0 %	95,0 %
PL 482	65,0 %	65,0 %
PL 497	35,0 %	35,0 %
PL 497B	35,0 %	35,0 %
PL 500*	0,0 %	35,0 %
PL 504****	29,3 %	58,5 %
PL 504BS	58,5 %	58,5 %
PL 512	30,0 %	30,0 %
PL 542	60,0 %	60,0 %
PL 548S*	0,0 %	40,0 %
PL 549S	35,0 %	35,0 %
PL 553	40,0 %	40,0 %
PL 573S	35,0 %	35,0 %
PL 593	60,0 %	60,0 %
PL 626**	50,0 %	0,0 %
PL 659**	30,0 %	0,0 %
Number	26	28

Partner-operated:

Licence	31.12.2012	31.12.2011
PL 028S*	0,0 %	40,0 %
PL 029B	20,0 %	20,0 %
PL 035	25,0 %	25,0 %
PL 035B	15,0 %	15,0 %
PL 035C**	25,0 %	0,0 %
PL 038	5,0 %	5,0 %
PL 038D	30,0 %	30,0 %
PL 048B	10,0 %	10,0 %
PL 048D	10,0 %	10,0 %
PL 102C	10,0 %	10,0 %
PL 102D**	10,0 %	0,0 %
PL 265	20,0 %	20,0 %
PL 272	25,0 %	25,0 %
PL 332	40,0 %	40,0 %
PL 362	15,0 %	15,0 %
PL 392*	0,0 %	10,0 %
PL 416*	0,0 %	15,0 %
PL 438	10,0 %	10,0 %
PL 440S	10,0 %	10,0 %
PL 442	20,0 %	20,0 %
PL 453S	25,0 %	25,0 %
PL 492***	50,0 %	30,0 %
PL 494	30,0 %	30,0 %
PL 494B	30,0 %	30,0 %
PL 494C**	30,0 %	0,0 %
PL 502	22,2 %	22,2 %
PL 508S*	0,0 %	30,0 %
PL 522	10,0 %	10,0 %
PL 523*	0,0 %	20,0 %
PL 531	10,0 %	0,0 %
PL 533	20,0 %	20,0 %
PL 535	20,0 %	20,0 %
PL 538*	0,0 %	30,0 %
PL 550***	20,0 %	0,0 %
PL 551***	20,0 %	0,0 %
PL 554	20,0 %	20,0 %
PL 554B	20,0 %	20,0 %
PL 558	20,0 %	20,0 %
PL 561	20,0 %	20,0 %
PL 563	30,0 %	30,0 %
PL 567	40,0 %	40,0 %
PL 568	20,0 %	20,0 %
PL 571	40,0 %	40,0 %
PL 613	35,0 %	35,0 %
PL 619**	30,0 %	0,0 %
PL 627**	20,0 %	0,0 %
PL 652**	20,0 %	0,0 %
Number	41	38

* Relinquised licenses or Det norske has withdrawn from the license.

** Interest awarded in APA-round (Application in Predefined Areas) in 2011. Offers were announced in January 2012.

*** Aqcuired/changed through license transaction

**** Farm out of Jette Unit with 18 % (29.23 % in PL 504 and 20 % in PL 169). Approved by authorities in Q3 2012 and recognised in Financial Statements in Q3 2012.

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Note 21 Results from previous interim reports

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total operating revenues	**116 797**	**49 014**	**69 603**	**97 031**	**92 384**	**81 843**	**96 293**	**101 586**
Exploration expenses	194 924	402 635	417 140	594 616	105 329	119 927	177 791	609 143
Production costs	74 027	45 515	46 154	45 266	42 621	42 894	52 336	44 037
Payroll and payroll-related expenses	267	1 280	703	8 750	9 061	5 905	10 133	6 634
Depreciation	56 505	15 056	19 780	20 346	21 532	17 044	20 618	19 324
Impairments	127 155	1 880 953	140 669	875	127 117		28 045	42 511
Other operating expenses	21 995	21 140	16 050	23 614	12 554	14 785	15 222	18 210
Total operating expenses	**474 873**	**2 366 579**	**640 497**	**693 467**	**318 214**	**200 555**	**304 146**	**739 859**
Operating profit/loss	**-358 076**	**-2 317 565**	**-570 894**	**-596 436**	**-225 830**	**-118 712**	**-207 853**	**-638 273**
Net financial items	-13 763	-45 784	-23 065	-23 293	-41 429	-36 239	-51 758	-70 784
Profit/loss before taxes	**-371 839**	**-2 363 349**	**-593 959**	**-619 728**	**-267 259**	**-154 951**	**-259 611**	**-709 057**
Taxes (+)/tax income (-)	-324 575	-1 774 462	-376 558	-516 030	-141 846	-114 957	-217 450	-457 354
Net profit/loss	**-47 264**	**-588 887**	**-217 401**	**-103 698**	**-125 413**	**-39 993**	**-42 161**	**-251 703**


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