



DET NORSKE

Report Q1 2010

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Det norske is now laying the foundations for rapid growth in production. Our aim is for the Frøy field and the combined development of the Draupne/Hanz/West Cable fields to be in production from 2013 and 2014. The company will maintain a high level of exploration activity concurrently with planning of the development. Det norske plans to participate in about ten exploration wells in 2010.

Important events in the first quarter

- Appraisal well 16/1-11 in the PL 001B Draupne discovery proved that the discovery is greater than previously assumed. Det norske deems the discovery to be commercial.
- Det norske drilled two dry wells in the period: Well 6507/11-10 on the Frusalen prospect in PL 476 and 25/10-10 on the Balder Trias prospect in PL 028S.
- Det norske signed an agreement to acquire 10 percent in PL 392. The licence includes the Dalsnuten prospect, where *Aker Barents* is scheduled to drill a well in the second half of 2010.
- In the APA 2009 round, Det norske was awarded interests in ten licences, including six operatorships.

Key figures

	Q1 10*	Q4 09	Q3 09	Q2 09	Q1 09	2009	2008
Oil and gas production (bbl)	218,191	179,542	155,035	162,576	176,450	673,603	661,732
Oil price achieved (USD/bbl)	76.0	73.4	67.0	58.8	42.9	59.7	87.6
Operating revenues (MNOK)	97.1	73.7	67.4	66.8	57.1	265.0	635.1
Exploration expenses (MNOK)	544.2	409.9	329.0	410.4	59.5	1,208.7	544.5
Operating profit/loss (MNOK)	-574.7	-626.2	-330.2	-410.6	-68.5	1,435.5	-572.0
Profit/loss (MNOK)	-174.3	-379.3	-71.6	-77.1	7.3	520.7	225.5
No of employees	181	176	146	140	135		
No of licences (operatorship)	74 (37)	67 (34)	52 (28)	51 (28)	48 (27)		

MNOK = NOK million

* The group was established 22 December 2009. Aker Exploration was included in the income statement as from that date.

Production

Boepd	Share	Q1 10*	Q4 09	Q3 09	Q2 09	Q1 09	2009	2008
PL 038 Varg	5%	1,386.1	874.2	595.6	619.9	669.6	690.1	611.1
PL 048B Glitne	10%	542.9	587.3	566.7	629.0	694.2	618.9	866.0
PL 048D Enoch	2%	117.1	129.4	130.7	104.3	138.0	125.6	124.0
PL 103B Jotun Unit	7%	378.2	360.6	392.1	433.4	458.7	410.9	494.3
Total production		2,424.3	1,951.5	1,685.2	1,786.5	1,960.6	1,845.5	1,808.0

o.e. = oil equivalents

Production licences

Det norske's production during the first quarter amounted to 218,191 barrels of oil equivalents, (176,450). This works out at an average of 2,424 barrels per day (1,961). The oil was sold at an average price of USD 76.0 per barrel (42.9).

All fields are generating a positive cash flow based on current oil price levels.

PL 038 Varg

The drilling campaign that started at the end of 2009 has now been completed, and the *Maersk Guardian* drilling rig departed from the field on 22 March. The Storeulv prospect proved dry. In January and February, production was stable at about 1,500 barrels per day, but it was somewhat lower in March because of water breakthrough in well A-09A.

Other fields in production

Production from PL 048B Glitne, PL 048D Enoch and PL 103B Jotun has been stable during the period.

Health, safety and the environment

During the first quarter, Det norske has used three drilling rigs and been involved in four exploration wells without any lost-time injuries or other serious injuries having occurred. Shallow gas was encountered in two exploration wells. These events were safely handled in accordance with approved plans and regulations.

Field developments

PL 364 Frøy and nearby licences

The partnership in PL 364 aims to submit an updated plan for development and operation (PDO) of the Frøy field in the third quarter 2010. A number

of technical studies are underway, and commercial negotiations with relevant suppliers of field installations have been initiated. The plan is to award the development contract in the fourth quarter 2010, when the PDO has been approved. Production start is planned for 2013.

PL 001B – PL 028B Draupne-Hanz-West Cable

Appraisal wells 16/1-11 and 16/1-11A in Draupne proved a deeper hydrocarbon column and that volumes were greater than previously estimated. In terms of development solutions, Det norske is considering Draupne in the context of the neighbouring fields Hanz and West Cable. Det norske believes that, together, Draupne, Hanz and West Cable contain between 110 and 150 million barrels and that these fields can be developed profitably.

Discoveries

PL 029B – Ermintrude and Freke

Operator Statoil, is working towards project sanction for the Dagny-Ermintrude field development project in April 2011. The field extends into PL 029B. It has been decided to drill another appraisal well in 2010 with the *Ocean Vanguard*.

PL 442 East Frigg Gamma Delta

The East Frigg Delta oil discovery (well 25/2-17) is being evaluated by operator Statoil. The aim is to get a provisional project sanction of a combined development of East Frigg Gamma, Delta and Epsilon in December 2011.

PL 027D, 169C, 504 Jetta

The project to commercialize the Jetta oil discovery is a collaboration between the three licences PL 027D, PL 504 and PL 169C, with Det norske as operator. The project plans to make a decision on development in 2010.

PL 362/035B – Fulla

The Fulla gas and condensate discovery is under evaluation by the operator Statoil.

Exploration activity

Awards in pre-defined areas (APA) 2009

Det norske was awarded ten licences in the APA 2009 round, including six operatorships. In the North Sea, the company was awarded operatorships for PL 542, PL 548S, PL 549S, PL 504BS and PL 553. Det norske was also awarded an additional area in PL 497B, and a share in PL 554 where Bridge Energy is operator. In the Norwegian Sea, Det norske was awarded interests in PL 558, where E.ON Ruhrgas is operator, and in PL 561, where Wintershall is operator. In the Barents Sea, Det norske was awarded an interest in PL 563, where Lundin is operator.

Return of licences

In the course of the first quarter, Det norske has returned shares in seven licences. The resources previously used in these licences will be put to use elsewhere, where the company believes that the results may be more promising.

PL 380 was returned in January 2010. The licence partners in PL 321 and PL 321B have agreed to return these licences following the negative outcome of well 6606/6-2 in the Geitfjellet prospect. The remaining prospects were downgraded, and there was no basis for drilling another well in this licence. In PL 432 and PL 432B, the deadline for a drilling decision was 16 February 2010 and it was decided to return the licences. In PL 483S, the licence partners agree to return the licence following the negative outcome of exploration well 6609/10-2 in the Trolla prospect. In January 2010, operator E.ON Ruhrgas recommended returning PL 458. This was supported by the licence partners.

The North Sea

PL 028S Balder Trias

Well 25/10-10 was completed in March. The well encountered reservoir rocks of good quality, but they were water-filled. Det norske acted as drilling operator while ExxonMobil is operator for the licence. The well was drilled using the *Aker Barents*.

PL 341 Stirby

Drilling of exploration well 24/12-7 in the Stirby prospect is expected to start on 1 July. Spring and Marathon are new licensees in PL 341 after acquiring a combined 22 percent from other partners in the licence.

The Norwegian Sea

PL 392 Dalsnuten

Det norske has signed an agreement to take over a ten percent interest in PL 392. *Aker Barents* is scheduled to drill an exploration well in Dalsnuten during the second half of 2010.

PL 447 Storhornet

Det norske has reached an agreement with licence partners Noreco and Petro-Canada to take over their interests in the licence. Following this, Det norske holds 80 percent in the licence. The exploration activities will be continued together with VNG as partner.

PL 468 Dovregubben

In February, it was decided to drill an exploration well in this licence. The well is scheduled for in 2011.

PL 476 Frusalen, Trolltind

The drilling of exploration well 6507/11-10 in the Frusalen prospect was completed in February. The well was drilled using the *Songa Delta* and turned out to be dry. The Trolltind prospect is still considered interesting, but further studies are required before a decision can be made as to whether to drill another well or return the licence.

Financial considerations

Operating revenues in the first quarter amounted to MNOK 97.1 (57.1). The 70% increase, is a result of greater production and higher oil prices. This more

than compensated for the weak development of the NOK/USD exchange rate, which fell from 6.86 in the first quarter 2009 to 5.86 in the first quarter 2010. The company had an operating loss of MNOK 574.7 (MNOK -68.5). The loss can largely be ascribed to exploration expenses of MNOK 544.2 (59.5). Exploration expenses are affected by how the dry wells in Balder and Frusalen are treated for accounting purposes. In addition to its own 40% share, Det norske carries a major part of ExxonMobil's 60% share of the expenses relating to Balder Trias in PL 028S. Together with the dry well in Frusalen in PL 476, this explains a major part of the exploration expenses for the period. The result the period was MNOK -174.3 (MNOK 7.3) after a positive tax expense of MNOK 471.1 (49.4).

Net cash flow from operational activities was MNOK -584.1 (616.3). The negative cash flow was a result of the big increase in exploration activities, which increased the loss before tax. The strong, positive cash flow during the first quarter in 2009 was a result of a reduction in receivables, after receiving settlement for the sale of our interest in Yme.

The net cash flow from investment activities was MNOK -286.2 (-233.6) during the first quarter and consisted mainly of exploration expenses and expensed exploration wells. The group's liquid assets amounted to MNOK 894.3 (1,850.9) at the end of the quarter. Tax receivables for disbursement in 2010 have been recognised in the amount of MNOK 2,054.0 (211.4), while tax receivables for disbursement in 2011 have been recognised in the amount of MNOK 618.8 (212.7).

The company is financially strong with an equity ratio of 47% (67%) and cash, cash equivalents and tax receivables amounting to MNOK 3,567.1 (2,275.0) at the end of the period.

Total assets amounted to MNOK 7,814.0 (5,525.0) at 31 March 2010. The group has a credit facility for exploration of MNOK 4,500 with a group of banks headed by DnB NOR Bank.

Events after the end of the quarter

PL 460 Storklakken

In April, Det norske discovered oil in Storklakken through well 25/1-11 in PL 460, which is wholly owned by the company. Recoverable resources are estimated at between seven and 12 million barrels of oil. Frøy, Vilje and Alvheim are possible tie back options for Storklakken.

PL 332 Optimus

Talisman started drilling exploration well 2/2-6 in the Optimus prospect on 22 March 2010 using the *Maersk Guardian* jack-up rig. The results were ready after the first quarter and showed that the well was dry. Det norske owns a 40% interest in the licence. However, Bayerngas will carry some of Det norske's expenses relating to the well in accordance with a former farm-out agreement.

PL 038D Grevling

Drilling of appraisal well 15/12-23 for the Grevling oil discovery was started on 1 April using the *Transocean Winner* drilling rig. Det norske owns a 30% interest in the Grevling discovery. The new well is designed to give more information about the reservoir.

PL 337 Storkollen

The drilling of exploration well 15/12-22 in the Storkollen prospect started on 17 April 2010. The well, which was drilled by the *Bredford Dolphin* rig, was dry. Storkollen is situated five km east of the Grevling oil discovery. Det norske is operator and owns 45 percent.

Outlook

The outlook for the next six months is deemed to be good. The appraisal well of the Draupne discovery, has brought the company closer to a development decision. Det norske will continue its high level of exploration activity in the time ahead.

Det norske oljeselskap - group

INCOME STATEMENT

(All figures in NOK 1,000)	Note	Q1	
		2010	2009
Petroleum revenues		96 214	57 199
Other operating revenues		924	-74
Total operating revenues		97 138	57 125
Exploration expenses	1, 2	544 211	59 497
Change in inventories		-948	3 961
Production costs		41 259	35 612
Payroll and payroll-related expenses		1 080	7 401
Depreciation	3	50 772	11 269
Write-downs	3	15 995	
Other operating expenses	1	19 426	7 873
Total operating expenses		671 795	125 613
Operating profit/loss		-574 657	-68 488
Interest income		16 979	20 026
Other financial income		21 087	17 285
Interest expenses		40 244	4 161
Other financial expenses		68 580	6 762
Net financial items	4	-70 757	26 388
Ordinary profit/loss before taxes		-645 414	-42 100
Taxes (+)/tax income (-) on ordinary profit/loss	5	-471 102	-49 381
Net profit/loss		-174 312	7 282
Weighted average no. of shares outstanding		111 111 111	64 925 020
Weighted average no. of shares fully diluted		111 111 111	64 925 020
Earnings/(loss) after taxes per share (adjusted for split)		(1,57)	0,11
Earnings/(loss) after taxes per share (adjusted for split) fully diluted		(1,57)	0,11

The group was established from 22 December 2009. Aker Exploration is included in the income statement from this date.

STATEMENT OF FINANCIAL POSITION

(All figures in NOK 1,000)	Note	31.03.2010	31.03.2009	31.12.2009
ASSETS				
Intangible assets				
Goodwill	3	694 383	864 339	697 938
Capitalised exploration expenses	3	1 143 159	463 966	893 467
Other intangible assets	3	1 276 727	1 264 078	1 320 484
Tangible fixed assets				
Property, plant, and equipment	3	433 579	308 522	447 553
Financial fixed assets				
Calculated tax receivable	5	618 821	212 679	
Other financial fixed assets		18 001	51 303	17 965
Long-term prepayments	6	208 345		240 442
Total fixed assets		4 393 015	3 164 888	3 617 849
Inventories				
Inventories		13 981	13 475	14 655
Receivables				
Trade receivables		34 871	32 808	30 414
Other short-term receivables	7	402 331	234 141	393 669
Market-based financial investments		21 500	17 400	21 995
Calculated tax receivables	5	2 053 962	211 353	2 060 124
Cash and cash equivalents				
Cash and cash equivalents	8	894 336	1 850 925	1 574 287
Total current assets		3 420 981	2 360 102	4 095 144
TOTAL ASSETS		7 813 996	5 524 990	7 712 992

STATEMENT OF FINANCIAL POSITION

(All figures in NOK 1,000)	Note	31.03.2010	31.03.2009	31.12.2009
EQUITY AND LIABILITIES				
Paid-in capital				
Share capital	9	111 111	12 985	111 111
Share premium		1 167 312	3 519 597	1 167 312
Other paid-in equity		29 526		33 463
Total paid-in equity		1 307 950	3 532 582	1 311 886
Earned equity				
Other equity		2 368 263	165 919	2 538 638
Total Equity		3 676 212	3 698 501	3 850 524
Provision for liabilities				
Pension liabilities		14 516	12 781	19 914
Deferred taxes	5	1 306 061	1 070 590	1 173 477
Provision for removal and decommissioning liabilities		227 470	137 227	224 472
Deferred income and other provisions for liabilities	13	5 588	48 508	5 588
Total provisions for liabilities		1 553 635	1 269 107	1 423 451
Long-term liabilities				
Derivatives	10	7 648		21 805
Bond loan	14	398 367		390 600
Total long-term liabilities		406 015		412 405
Current liabilities				
Short-term loan	11	1 339 576		1 090 258
Trade creditors		157 884	123 007	261 940
Accrued public charges and indirect taxes		11 831	8 614	22 618
Deferred income	13	56 536		53 001
Other current liabilities	12	612 308	425 761	598 795
Total current liabilities		2 178 135	557 382	2 026 613
Total liabilities		4 137 784	1 826 489	3 862 468
TOTAL EQUITY AND LIABILITIES		7 813 996	5 524 990	7 712 992

Det norske oljeselskap - group

STATEMENT OF CHANGES IN EQUITY

(All figures in NOK 1,000)

	Share capital	Premium reserve	Other paid-in equity	Other equity	Total equity
Corrected equity as of 31/12/2008	12 985	3 519 597		158 637	3 691 219
Profit/loss for the periode				7 282	7 282
Equity as of 31/03/2009	12 985	3 519 597		165 919	3 698 501
Reduction of premium reserve		-3 519 597		3 519 597	
Redemption of share capital	-12 985				-12 985
Equity capital / value of acquiring company	20 000	1 167 312	33 463	-618 901	601 874
Share Issue 22/12/2009	91 111				91 111
Total profit/loss for the period				-527 977	-527 977
Equity as of 31/12/2009	111 111	1 167 312	33 463	2 538 638	3 850 524
Totalt profit/loss for the period			-3 937	-170 375	-174 312
Equity as of 31/03/2010	111 111	1 167 312	29 526	2 368 263	3 676 212

TOTAL PROFIT/LOSS FOR THE PERIOD

(All figures in NOK 1,000)

	Q1	
	2010	2009
Profit/loss for the period	-174 312	7 282
Total profit/loss for the period	-174 312	7 282
Break-down of total profit/loss:		
Majority interests	-174 312	7 282
Total profit/loss for the period	-174 312	7 282

Det norske oljeselskap - group

CASH FLOW STATEMENT

(All figures in NOK 1,000)	Note	2010	Q1 2009	01.01.- 31.12 2009
Cash flow from operating activities				
Income/loss before taxes		-645 414	-42 100	-1 399 855
Taxes paid during the period			-1 798	
Tax refund during the period				199 710
Depreciation	3	50 772	11 269	53 469
Write-downs	3	15 995		213 304
Expensed excess/shortfall values		91 555		
Changes in derivatives	4	-14 157		
Amortisation of interest expenses	14	7 767		
Expensed dry wells, capitalised previous years	2			23 689
Changes in abandonment liabilities		2 998	2 615	10 514
Changes in inventories, accounts payable and receivable		-107 839	580 628	688 820
Changes in net current capital and in other current balance sheet items		14 263	65 637	18 546
NET CASH FLOW FROM OPERATING ACTIVITIES		-584 061	616 251	-191 804
Cash flow from investment activities				
Disbursements on investments in tangible fixed assets	3	-31 883	-19 725	-62 299
Disbursements on investments in intangible assets	3	-608 159	-213 888	-682 117
Sale of tangible fixed assets	3	353 866		320
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-286 176	-233 613	-744 096
Cash flow from financing activities				
Purchase of shares				-6 000
Repayment of loan		-549 290		
Short-term debt		739 576		600 000
NET CASH FLOW FROM FINANCING ACTIVITIES		190 286		594 000
Net change in cash and cash equivalents				
Cash and cash equivalents at start of period		1 574 287	1 468 287	1 468 287
Cash and cash equivalents in acquired company at the time of acquisition				447 900
CASH AND CASH EQUIVALENTS AT END OF PERIOD		894 336	1 850 925	1 574 287
Specification of cash and cash equivalents at end of period				
Bank deposits, etc.		886 861	1 148 297	1 559 176
Restricted bank deposits		7 451	5 638	15 087
Short-term placements		24	696 990	24
Total cash and cash equivalents at end of period	8	894 336	1 850 925	1 574 287

Det norske oljeselskap - group

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 IAS, and in accordance with IAS 34 "Interim financial reporting". The quarterly report is unaudited.

Note 1 Accounting principles

The accounting principles used for this report are in accordance with the principles used in the annual accounts for 2009.

In accordance to the comparative figures for 2009, area fee is reclassified from exploration expenses to other operating expenses. In Q1 this amounts to 5 661.

Note 2 Exploration expenses

Specification of exploration expenses:	Q1	
	2010	2009
Seismic costs, well data, field studies and other exploration expenses	102 084	12 655
Share of exploration expenses from license participation incl. seismic	53 725	30 447
Expensed capitalised wells previous years		
Expensed capitalised wells this year	353 866	
Share of payroll and other operating expenses reclassified as exploration expenses	23 211	15 525
Research and development costs related to exploration activities	11 326	870
Total exploration expenses	544 211	59 497

Note 3 Tangible assets and intangible assets

TANGIBLE FIXED ASSETS:	Fields under development	Production plant, including wells	Fixtures and fittings, office machinery	Total
Balance-sheet value 31/12/08	190 430	88 459	19 165	298 054
Acquisition cost 31/12/2008	190 430	276 099	27 566	494 096
Additions/reclassification	4 355	845	14 525	19 725
Disposals/reclassification				
Acquisition cost 31/03/2009	194 785	276 944	42 092	513 821
Accumulated depreciation and writedowns 31/03/2009		194 620	10 679	205 298
Balance-sheet value 31/03/2009	194 785	82 325	31 413	308 522
Acquisition cost 31/12/2009	198 631	391 080	51 549	641 260
Additions/reclassification	17 680	8 728	5 474	31 883
Disposals/reclassification				
Acquisition cost 31/03/2010	216 311	399 808	57 024	673 143
Accumulated depreciation and writedowns 31/03/2010		211 948	27 616	239 564
Balance-sheet value 31/03/2010	216 311	187 860	29 407	433 579
Depreciation Q1		42 085	3 773	45 857

Fields under development, 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 decommissioning cost price of production facilities is included in the above table.

Det norske oljeselskap - group

INTANGIBLE ASSETS	Other intangible assets		Exploration expenses	Goodwill	Total
	Licences	Software			
Balance-sheet value 31/12/08	1 251 637	12 987	251 544	864 339	2 380 507
Acquisition cost 31/12/2008	1 613 468	28 768	251 544	1 129 556	3 023 337
Additions/reclassification		1 466	212 422		213 888
Disposals/reclassification					
Acquisition cost 31/03/2009	1 613 468	30 234	463 966	1 129 556	3 237 225
Accumulated depreciation and writedowns 31/03/2009	361 993	17 631		265 217	644 842
Balance-sheet value 31/03/2009	1 251 475	12 603	463 966	864 339	2 592 384
Acquisition cost 31/12/2009	1 862 555	32 942	893 466	1 128 161	3 987 798
Additions/reclassification		126	608 033		608 159
Disposals/reclassification	38 965		358 341	3 555	400 861
Acquisition cost 31/03/2010	1 823 590	33 068	1 143 159	1 124 606	4 258 992
Accumulated depreciation and writedowns 31/03/2010	554 945	24 985		430 223	1 010 153
Balance-sheet value 31/03/2010	1 268 645	8 083	1 143 159	694 383	3 248 838
Depreciation Q1	3 351	1 566			4 917
Write-downs in Q1	7 965		4 475	3 555	15 995
Reconciliation of depreciation in the income statement:					
Depreciation of tangible fixed assets					45 857
Depreciation of intangible assets					4 917
Total depreciation in the income statement					50 772

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

Reconciliation of depreciation in the income statement:					
Write-downs of intangible assets					15 995
Total write-downs in the income statement for Q1					15 995

The Group has considered whether there are indicators that are essential to the impairment of intangible assets, including capitalized exploration expenses, license rights and associated goodwill. There has been write-downs related to licenses under relinquishment.

Note 4 Financial items

	Q1	
	2010	2009
Interest income	16 979	20 026
Return on financial investments	1 376	4 615
Currency gains	5 554	12 670
Change in value of derivatives	14 157	
Sum renteinntekt og annen finansinntekt	38 067	37 311
Expensed excess value, identified in connection with acquisition	60 555	
Interest expenses	35 131	3 759
Amortisation of loan costs	5 113	402
Currency losses	7 529	6 762
Decline in value of financial investments	495	
Total interest expenses and other financial expenses	108 823	10 923
Net financial items	-70 757	26 388

Note 5 Taxes

Taxes for the period appear as follows:	Q1	
	2010	2009
Calculated tax receivable due to exploration-related costs	-606 533	-212 679
Change in deferred taxes	176 566	163 298
Tax on excess-/shortfall values expensed in the period	-41 135	
Total taxes (+) / tax income (-)	-471 102	-49 381

A full tax calculation has been carried out in accordance with the accounting principles described in the annual report for 2009. The calculated tax receivable as a result of exploration activities in 2010 is recognised as a long-term item in the balance sheet. The tax refund for this items is expected to be paid in December 2011. The calculated tax receivable as a result of exploration activities in 2009 is recognised as a current asset, and the refund is expected in December 2010.

Note 6 Pre-payments and chartering of drilling rig - long term

	31.03.2010	31.03.2009	31.12.2009
Pre-payments relating to upgrades, rig intake and mobilisation	349 034		379 608
Shortfall value of rig charterparties in connection with acquisition	-140 689		-140 689
<i>Total pre-payments, Aker Barents</i>	<i>208 345</i>		<i>238 919</i>
Other pre-payments			1 523
Total pre-payments and chartering of drilling rigs	208 345		240 442

Det norske oljeselskap AS has signed a charterparty for a sixth generation drilling rig (Aker Barents) for a fixed period of three years with an option to extend the charter period by up to two years. The charter period started to run in July 2009. The charterparty is classified as an operational lease.

Pre-paid mobilisation expenses and investments in the rig will be amortised over the three-year charter period. The agreed rig rate per day is USD 520,000, including operating expenses of NOK 900,000, which will be adjusted for inflation during the charter period. Rig costs are charged to income on a running basis and reversed when invoicing the licences that use the rig. The group has split these costs into a long-term and a short-term component, according to when the licences will be invoiced. The long-term component is described in this Note, while the short-term component is described in Note 7.

Note 7 Other short-term receivables

	31.03.2010	31.03.2009	31.12.2009
Pre-payments, including for rigs	33 089	58 231	29 488
VAT receivable	29 480	14 788	17 809
Underlift (earned income)	10 242	566	5 205
Deposit account - deferred income	55 674		49 959
Guarantee account, unsecured pension scheme	5 285	3 923	5 015
Other receivables, including in operator licences	174 821	156 633	192 454
Pre-payments relating to upgrades, rig intake and mobilisation	154 105		154 105
Shortfall value of rig charterparties in connection with acquisition	-60 365		-60 365
<i>Total pre-payments, Aker Barents</i>	<i>93 740</i>		<i>93 740</i>
Total other short-term receivables	402 331	234 141	393 669

Det norske oljeselskap - group

Note 8 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.

	31.03.2010	31.03.2009	31.12.2009
Cash	20		20
Bank deposits	886 841	1 148 297	1 559 156
Restricted funds (tax withholdings)	7 451	5 638	15 087
Short-term placements	24	696 990	24
Total cash and cash equivalents	894 336	1 850 925	1 574 287
Unused revolving credit facility, exploration facility loan	1 037 343	200 785	759 749

Note 9 Share capital

	31.03.2010	31.03.2009	31.12.2009
Share capital	111 111	12 985	111 111
Total number of shares	111 111	64 925	111 111
Nominal value per share in NOK	1,00	0,20	1,00

Note 10 Derivatives

Det norske oljeselskap AS has entered into forward contracts to reduce its currency exposure in USD.

At 31 March 2010, the company had the following financial instruments:

	31.03.2010	31.03.2009	31.12.2009
Structured forward contracts	-7 648	-	-21 805
Estimated fair value	-7 648	-	-21 805

Description of structured forward contracts:

As of 31.03.2009, Det norske oljeselskap AS has six structured forward contracts, each for an amount of USD 12 million, which fall due every three months. The first forward contract matures on 31 mai 2010. These forward exchange contracts are structured so that if the NOK/USD spot exchange rate falls below 5.65 in the course of the last three months preceding the maturity date, the company is obliged to buy USD at a rate of NOK 6.145. If the USD exchange rate is between NOK 5.65 and NOK 6.145, the company pays the normal spot price, and if the exchange rate exceeds NOK 6.145, the rate paid by the company is NOK 6.145.

The forward contracts were signed in 2007 in order to ensure that the former Aker Exploration AS' NOK financing was sufficient to complete the company's activity programme should the strength of the USD increase relative to NOK.

Note 11 Interest-bearing loans

	31.03.2010	31.03.2009	31.12.2009
Exploration facility in DnB NOR	1 344 688	-	1 150 813
Accrued loan costs	-5 113		-1 523
Excess value of overdraft facility identified in connection with acquisition			-60 555
	1 339 576	-	1 088 735

The Group has in January 2010 established a joint revolving credit facility amounted to NOK 4 500 000 000 in a bank syndicate led by DnB NOR BANK ASA. Maximum utilization including interest is limited to 95 percent of tax refunds related to the exploration costs. The companies might utilize on the loan until 31/12/2012 and the final repayment will take place in December 2013. Bank syndicate led by DnB NOR has a pledge on all exploration licenses for the parent company, from 5/3/2010.

The interest rate on the overdraft facilities/revolving credit agreements are 3 months' NIBOR + 2.5%, with an establishment fee of NOK 61.3 million. The interest expense of unused amount available for withdrawal is 1.35%.

For informasjon about unused revolving credit facility, exploration facility loan, see note 8 - "Cash and cash equivalents"

Note 12 Other current liabilities

	31.03.2010	31.03.2009	31.12.2009
Current liabilities related to overcall in licences	137 031	77 894	45 127
Share of other current liabilities in licences	132 371	146 963	364 642
Other current liabilities	342 906	200 904	189 026
Total other current liabilities	612 308	425 761	598 795

Note 13 Deferred income and other obligations

Together with five other oil companies, Det norske is part of a consortium which has secured a three-year rig contract for the drilling rig Bredford Dolphin (1,095 days). Together, the companies have undertaken to employ the rig for 945 days. In co-operation with another company, Det norske has guaranteed for the commitment pertaining to the remaining 150 days. As compensation for this liability, Det norske will receive a payment of USD 10,000 per day for the first 945 days of drilling. The amount is paid into an Escrow Account and serves as security for the obligations under the rig contract. The revenue will be taken to income when it is no longer probable that Det norske has such an obligation. In Q3 2009, this entry is reclassified from long-term liabilities to short-term liabilities.

	31.03.2010	31.03.2009	31.12.2009
Deferred income - long-term	56 536		53 001
Deferred income - short-term		42 920	
Other provisions for liabilities		5 588	
	56 536	48 508	53 001

Note 14 Bond loan

	31.03.2010	31.03.2009	31.12.2009
Principal, convertible loan Norsk Tillitsmann	457 500		457 500
Equity part of convertible loan on initial inclusion	-98 991		-98 991
Accumulated amortisation of equity part of convertible loan	57 982		52 514
Excess value on acquisition	-18 124		-20 423
	398 367		390 600

The loan runs from 18 December 2006 to 16 December 2011 at a fixed rate of interest of 6%. The principal falls due on 16 December 2011 and interest is paid on an annual basis (16 December). Throughout this period, the loan can be converted to shares (5,769,231 shares) at a price of NOK 79.30 per share. No security has been furnished for this loan. Det norske ASA has fulfilled all the loan conditions.

Note 15 Uncertain commitments

In order to secure progress in the Frøy Project (PL 364), Det norske accepted commitments in relation to the engineering services contractor and other commitments relating to the contractor's subcontractors during the period before 1 October 2008. There was a dispute in the licence concerning whether this expense should be covered by Det norske in its entirety or divided between the licensees, Premier Oil Norge AS and Det norske. The matter is resolved by arbitration in April 2010 and Det norske must cover the costs in its entirety. The disputed amount of EUR 13.5 million were included as "Tangible fixed assets - Fields under development" in 2008 and the verdict has therefore no effects on the profit in Q1.

In addition to the above-mentioned amount of EUR 13.5 million, there is a dispute between Det norske and the contractor concerning coverage of contract overruns totalling EUR 3.2 million. The company has not made any provision for this possible liability.

The company is involved in an ongoing dispute with rig contractors relating to the application of rates. Det norske's share of the disputed amount is NOK 20 million. The accounts include provision of NOK 6 million to cover this.

Note 16 Changes in the licence portfolio

	Comments	31.03.2010	31.12.2009
PL 027D		60,0 %	35,0 %
PL 169		70,0 %	57,5 %
PL 259	Relinquished	0,0 %	30,0 %
PL 369		60,0 %	40,0 %
PL 380	Relinquished	0,0 %	70,0 %
PL 432/432B	Relinquished	0,0 %	100,0 %
PL 458	Relinquished	0,0 %	30,0 %

In the annual licensing round APA 2009, Det norske was offered interests in the following licences:

PL 497B	Operatorship	35,0 %
PL 504 BS	Operatorship	58,5 %
PL 542	Operatorship	60,0 %
PL 548S	Operatorship	40,0 %
PL 549S	Operatorship	35,0 %
PL 553	Operatorship	40,0 %
PL 554	Partner-operated	40,0 %
PL 558	Partner-operated	20,0 %
PL 561	Partner-operated	20,0 %
PL 563	Partner-operated	30,0 %

Note 17 Events after the end of the quarter

The results of drilling Storkollen 15/12-22 and Optimus 2/2-6 were published respectively on 10 and 12 May 2010. The wells were dry. The effect on the financial statements for the 1st quarter is immaterial, and is therefore not incorporated.

Note 18 Results from previous interim reports

	2010	2009				2008			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues	97 138	73 714	67 417	66 761	57 125	363 872	102 243	89 471	79 483
Exploration expenses	544 211	392 962	334 547	416 061	65 158	238 551	146 443	102 572	56 907
Change in inventories	-948	-219	-283	665	3 961	-1 266	70	-1 499	-343
Production costs	41 259	31 439	35 848	37 375	35 612	44 289	34 513	23 486	23 369
Payroll and payroll-related expenses	1 080	-4 054	2 270	6 209	7 401	2 177	1 989	1 549	6 919
Depreciation	50 772	16 587	13 583	12 029	11 269	32 823	29 061	24 217	25 255
Write-downs	15 995	213 304				400 376			
Other operating expenses	19 426	49 886	11 682	5 013	2 212	8 282	-1 517	4 160	4 658
Operating expenses	671 795	699 905	397 648	477 352	125 613	725 231	210 559	154 484	116 766
Operating profit/loss	-574 657	-626 193	-330 231	-410 591	-68 488	-361 359	-108 317	-65 013	-37 283
Net financial items	-70 757	5 164	-5 809	9 905	26 388	132 571	32 233	-1 427	-7 508
Pre-tax profit/loss	-645 414	-621 029	-336 040	-400 685	-42 100	-228 788	-76 083	-66 440	-44 791
Taxes	-471 102	-241 725	-264 454	-323 598	-49 381	-464 419	-81 689	-59 705	-35 827
Net profit/loss	-174 312	-379 304	-71 586	-77 087	7 282	235 631	5 605	-6 735	-8 964



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