

CAPITAL MARKETS DAY 2016

DET NORSKE OLJESELSKAP

January 18, 2016



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Agenda

Session 1: 09:00 – 10:30

- **Corporate Strategy** – Karl Johnny Hersvik, Chief Executive Officer
 - **Finance** – Alexander Krane, Chief Financial Officer
 - **Exploration** – Gro Gunleiksrud Haatvedt, SVP Exploration
 - **Q&A**
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- **Coffee Break**

Session 2: 11:00 – 12:15

- **Development projects** – Olav Henriksen, SVP Projects
 - **Producing assets** – Geir Solli, SVP Operations
 - **Concluding remarks** – Karl Johnny Hersvik, Chief Executive Officer
 - **Q&A**
-
- **Lunch**

Today's speakers

Karl Johnny Hersvik, *Chief Executive Officer*



Karl Johnny Hersvik (born 1972) has been CEO of Det norske since May 2014. Prior to joining Det norske, he served as head of research for Statoil.

Mr Hersvik has held a number of specialist and executive positions with Norsk Hydro and StatoilHydro. He holds a number of directorships, including chair of the board of directors of OG21, and is a member of several boards whose objective is to promote cooperation between industry and academia. Mr Hersvik holds a Cand. Scient. (second cycle) degree in Industrial Mathematics from the University of Bergen.

Alexander Krane, *Chief Financial Officer*



Alexander Krane (born 1976) took up the position of CFO with Det norske in 2012. Prior to joining Det norske, he held the position of Corporate Controller with Aker ASA. He has also worked as a public accountant with KPMG, both in Norway and in the US.

Mr Krane holds a Bachelor of Commerce degree ("siviløkonom") from Bodø Graduate School of Business and an MBA degree from the Norwegian School of Economics in Bergen. He is also a state-authorized public accountant in Norway.

Gro Gunleiksrud Haatvedt, *SVP Exploration*



Gro Gunleiksrud Haatvedt (born 1957) joined Det norske in 2014. She came from the position of exploration manager for the Norwegian Continental Shelf with Statoil ASA, where she also served as country manager in Libya.

She has held several positions with Norsk Hydro (head of geology, technology and competence). She has been responsible for business development in Iran, head of Oseberg, and Exploration Manager NCS. Ms Haatvedt holds a master's degree in Applied Geophysics from the University of Oslo.

Olav Henriksen, *SVP Projects*



Olav Henriksen (born 1956) joined Det norske in January 2015. Prior to joining Det norske, Mr Henriksen has been working with large development projects in ConocoPhillips since 1990.

Mr. Henriksen has a degree in engineering from Møre og Romsdal Ingeniørhøyskole (the Møre and Romsdal college of engineering). He has his extensive work experience from both Kværner Installasjon and ConocoPhillips, including work with large projects such as Ekofisk, Statfjord, Gullfaks, Oseberg and Eldfisk.

Geir Solli, *SVP Operations*



Geir Solli (born 1960) comes from the position of deputy CEO with Marathon Oil Norge AS. He has previously served as Operations Manager for the Alvheim area, and Asset Manager for the Gulf of Mexico in the same company.

Mr. Solli has also worked as project manager and offshore installation manager for BP. He holds an MSc degree in Electrical Engineering from NTH, now the Norwegian University of Science and Technology, NTNU.

Investment case

- **Well positioned in a «lower for longer» oil price environment**
 - Strong production base: ~60 mboepd* with production cost below 7 USD/boe*
 - Purely operating on the NCS: Low political risk and attractive fiscal regime
 - Robust and diversified capital structure: USD 1.3 billion undrawn credit
 - Prudent and disciplined financial management
- **Solid operational and development performance**
 - Alvheim area: Well-run assets with multiple growth opportunities
 - Ivar Aasen: Continued derisking of project – on track for first oil in Q4 2016
 - Johan Sverdrup: Progressing according to plan with lowered cost estimates
- **Strong platform for future growth**
 - Visible organic growth from sanctioned projects and discovered resource hopper
 - Year-end 2015 reserves of 498 mmboe and contingent resources of 326 mmboe
 - Operating cash flow in excess of USD 4 billion from 2020 to 2025**
 - Demonstrated ability to acquire NCS assets at attractive prices



Corporate strategy

Karl Johnny Hersvik
Chief Executive Officer

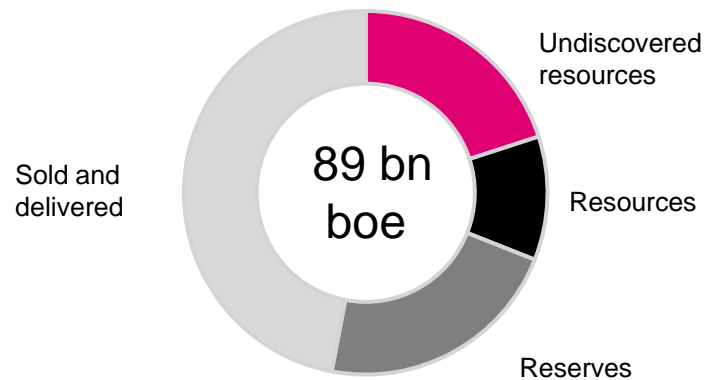


THE BIG PICTURE

A challenging environment that provides opportunities

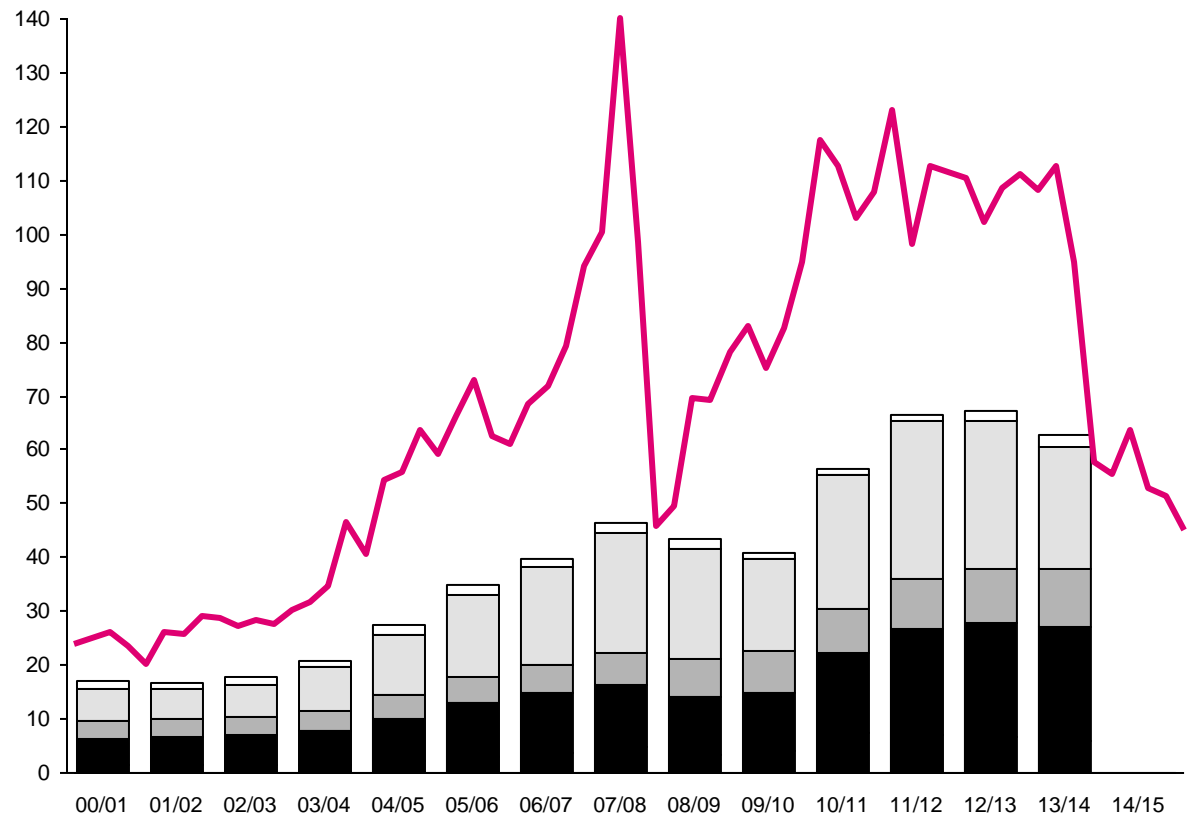
NCS continues to be one of the most attractive hydrocarbon regions globally

- After 45 years of production on the NCS, there are still significant volumes to be discovered and produced



- Strong cost pressure will challenge the Norwegian O&G industry → will also contribute to lower break-even prices
- The downturn will create a new reality and offer opportunities

Upstream costs have nearly tripled over the last 10 years years, similar to oil prices



Utilise current environment to strengthen long-term competitiveness

Goal to sanction new standalone projects at break-even price below USD 40/bbl

Exploration

Maximize the effectiveness of the end-to-end exploration process

*50% reduction in
dry hole costs*

Development

Secure economical viability of standalone fields

*50% reduction in
development costs*

Operations

Achieve sustainable top quartile cost and production efficiency

*20% reduction
in OPEX*

Drilling

Consistent top quartile performance according to Rushmore

*30% reduction
in well costs*

Three building blocks for future success

Execute

- Ivar Aasen project and drilling
- Production, projects and drilling on Alvheim
- Efficient integration of acquisitions

Improve

- Deliver on improvement agenda
- Strengthen improvement capabilities
- Develop new improvement initiatives

Grow

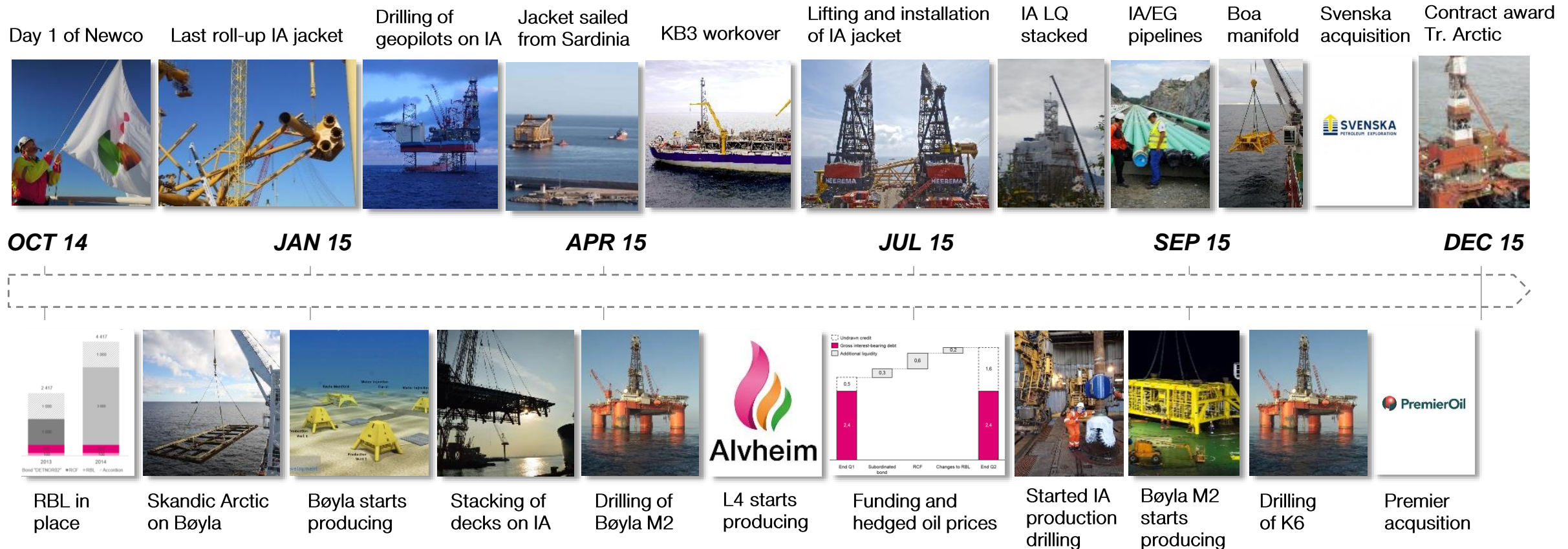
- Be opportunistic and exploit market opportunities
- Achieve selective growth that is value and credit accretive
- Secure new exploration acreage

Continue the trend in execution from 2015

Execute

Improve

Grow



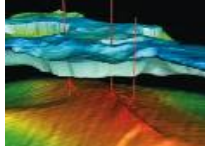
Key improvement themes

Execute

Improve

Grow

Exploration Effectiveness



- Enable **G&G process efficiency**
- Optimize **Exploration well drilling methodology**

Project Delivery



- Develop the next **Project delivery model**

Operations Excellence



- Capture synergies from **Alvheim & Ivar Aasen integration**
- Optimize **Maintenance and modifications**
- Increase **Offshore efficiency**

Drilling Performance



- Maximize **Well delivery performance**
- Enable **Work process efficiency**

Supply Chain Management



- Enable **Supply Chain Management excellence**
- Manage **Supplier Spend**

Organizational Effectiveness



- Increase **Organization efficiency**
- Increase **IT efficiency**

Visible organic growth from existing portfolio

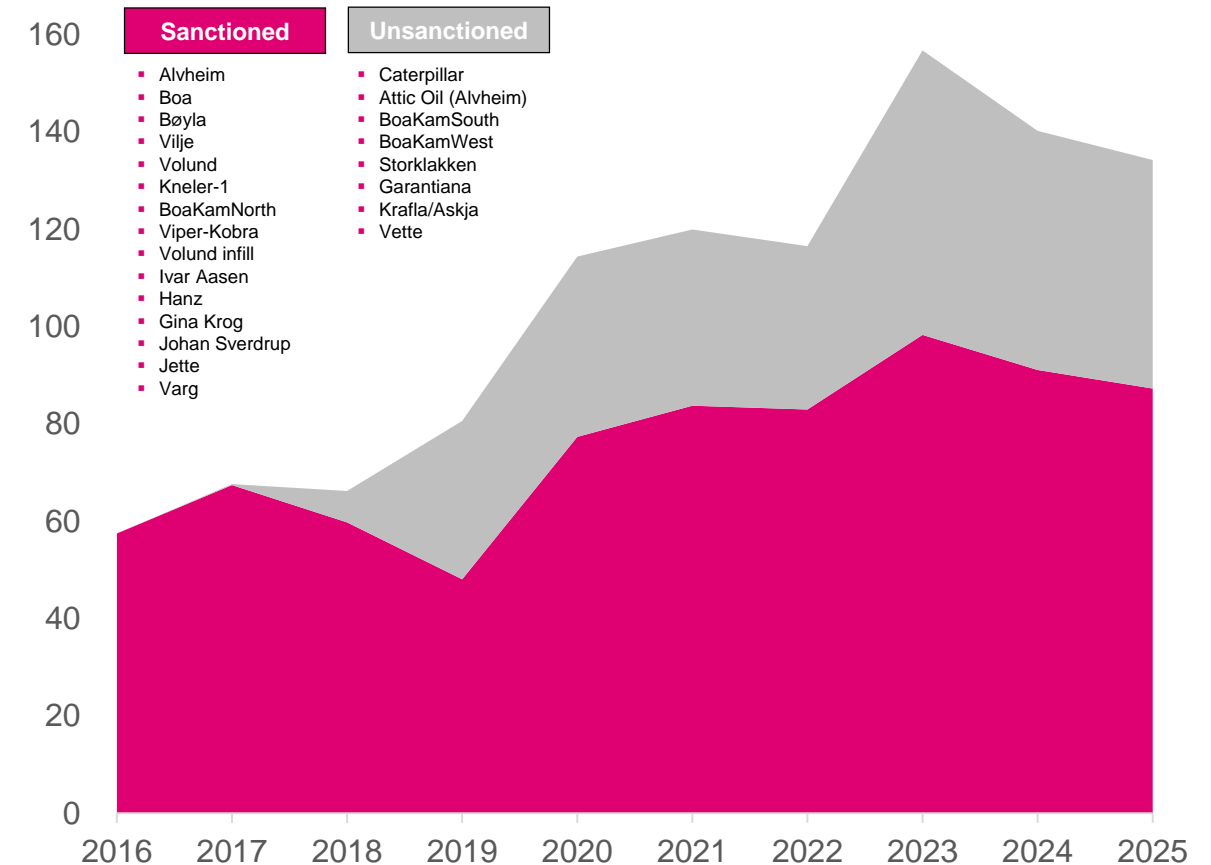
Execute

Improve

Grow

- Strong asset base for further growth
 - High quality development projects with low break even prices
- Identified potential within the portfolio to lift oil & gas production to 160,000 boepd after 2020 in improved market conditions
- Further organic upside from exploration acreage
- **Sanctioned projects have potential to deliver after-tax operating cash flow in excess of USD 4 billion* to Det norske in the period 2020 to 2025 at current forward price**

Indicative production profile (mboepd) – net to DETNOR



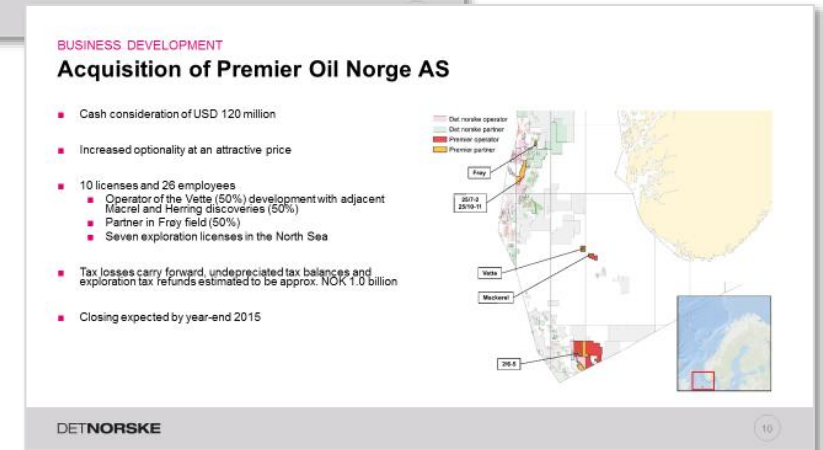
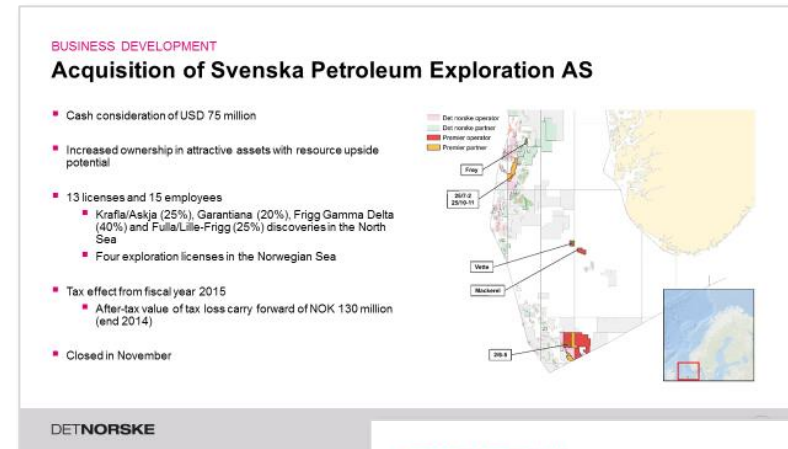
Building longer-term investment options

Execute

Improve

Grow

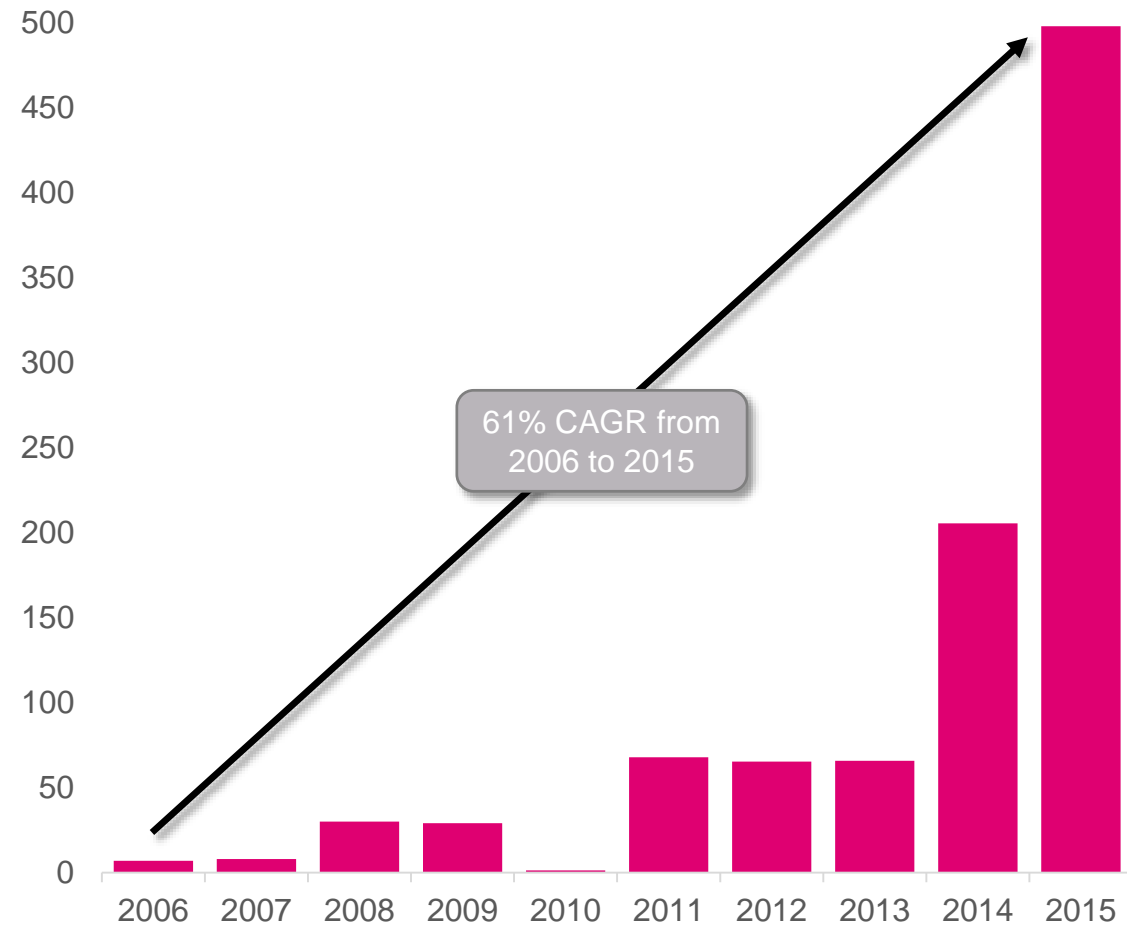
- Demonstrated ability to acquire NCS assets at attractive prices
 - Svenska and Premier Norge acquisitions < USD 1/boe
- Added flexibility to project inventory, but without added CAPEX commitments
- Any acquisitions to be value accretive



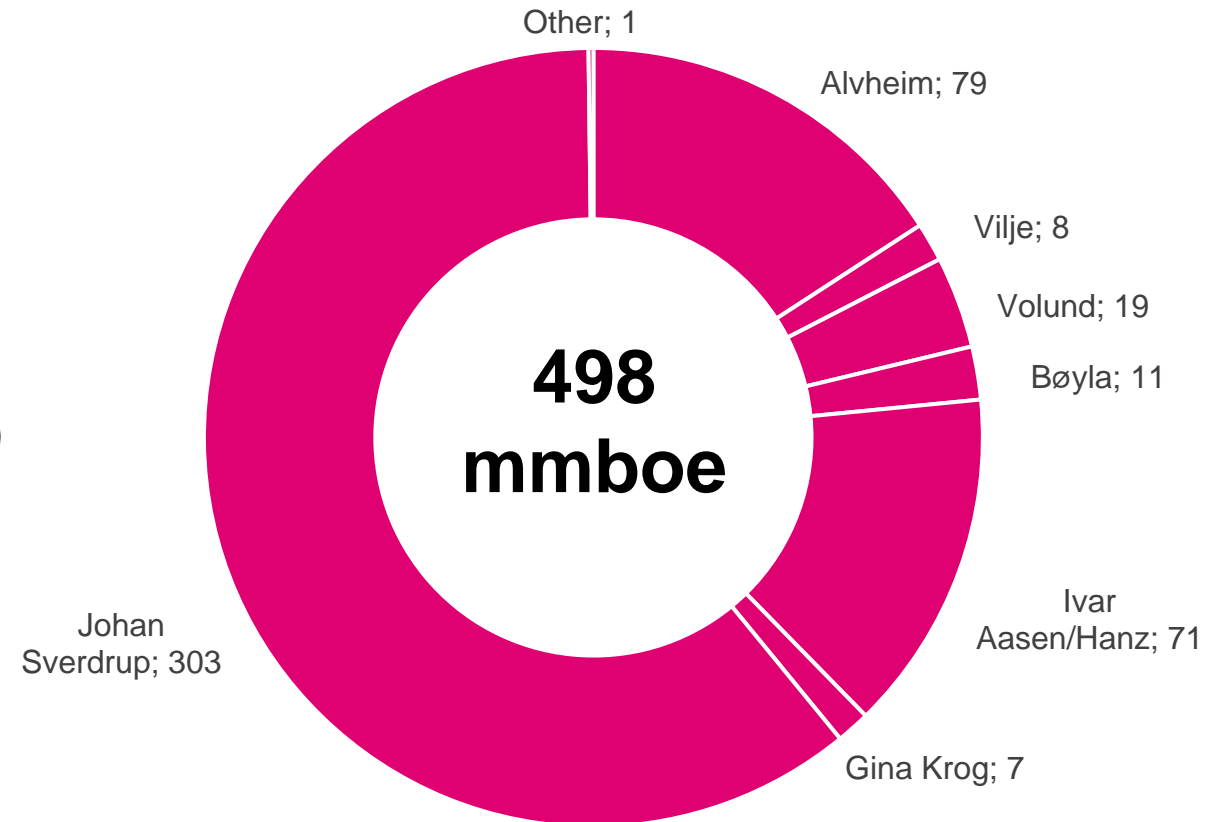
COMPANY OVERVIEW

Year-end 2015 certified* P50 reserves of 498 mmboe

Development in P50 reserves (mmboe)



Proven & probable reserves (P50), end 2015

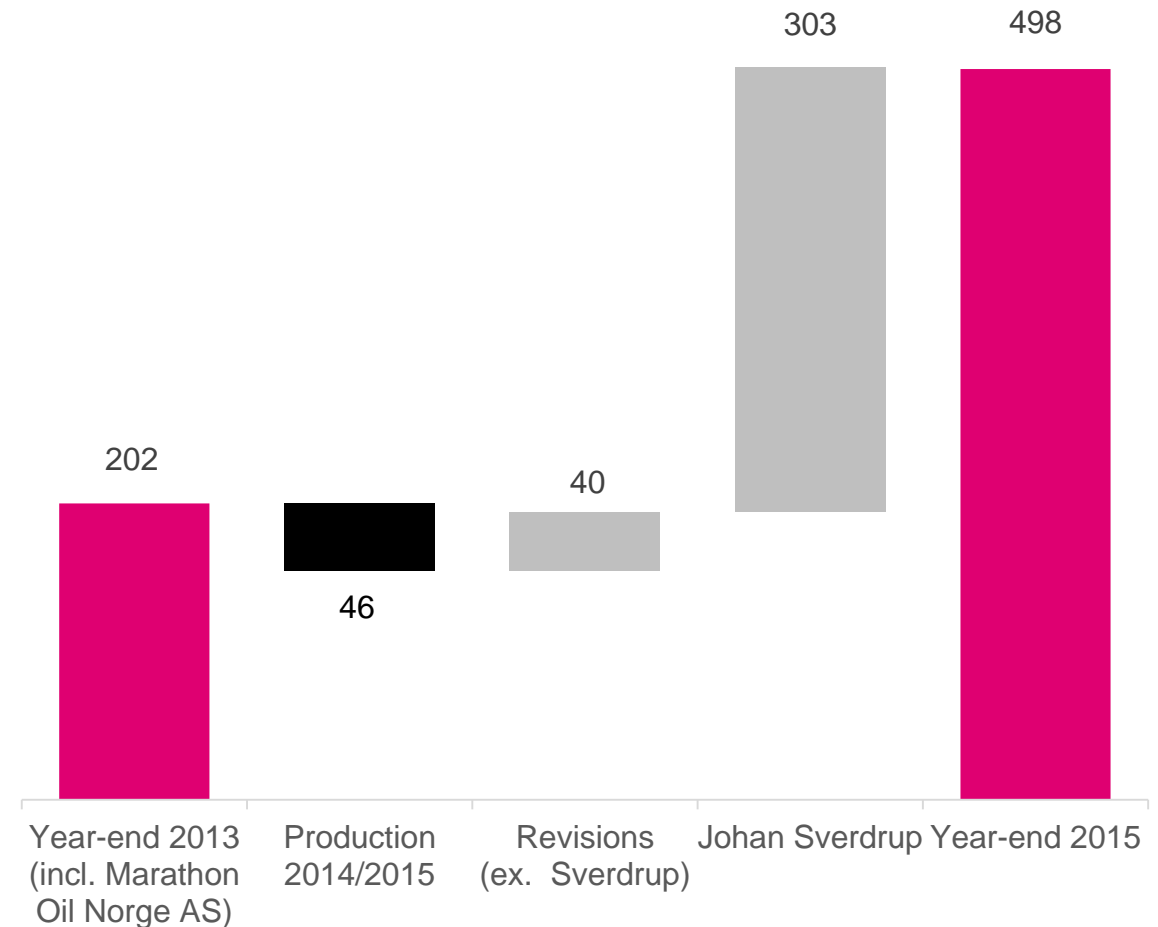


Reserves development since Marathon Oil Norge AS acquisition

- Reserve replacement of 7.5x since the acquisition of Marathon Oil Norge AS
 - Johan Sverdrup
 - Alvheim area IOR efforts
 - Ivar Aasen

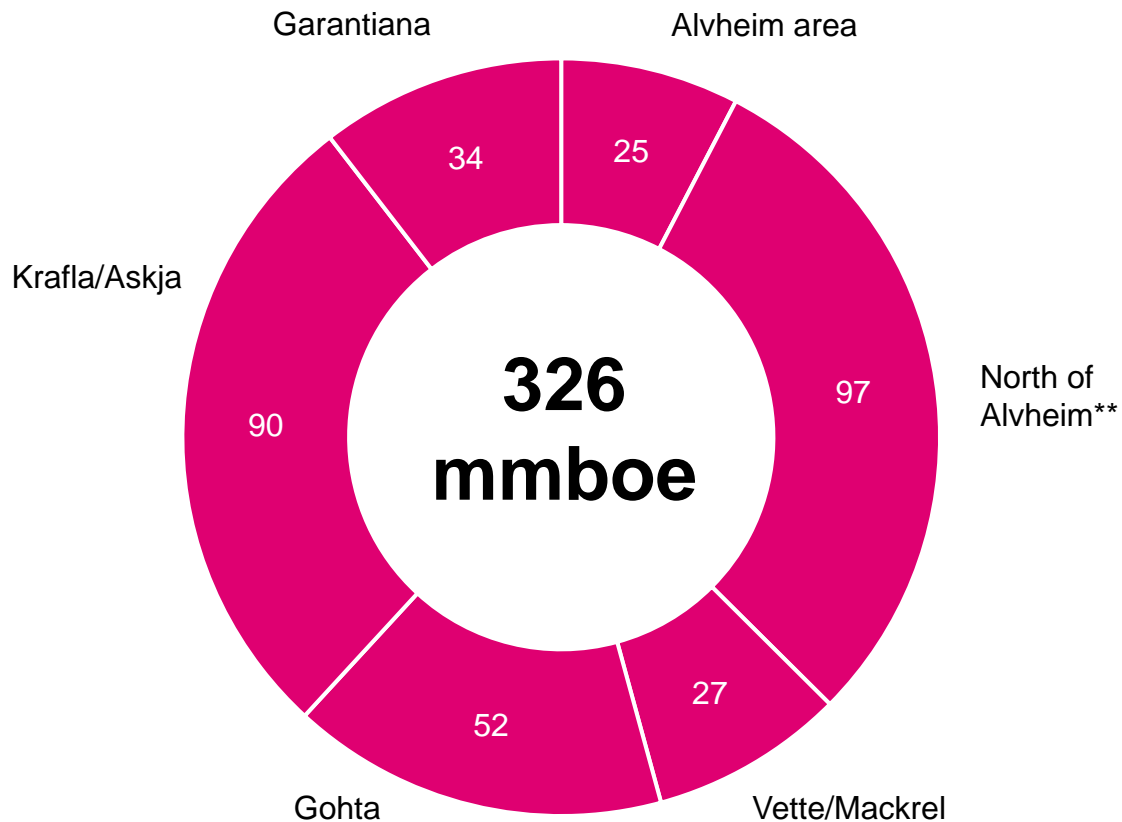
- Reserve replacement of 0.85x (ex. Johan Sverdrup) since the acquisition of Marathon Oil Norge AS

Development P50 reserves (mmboe) 2013 - 2015

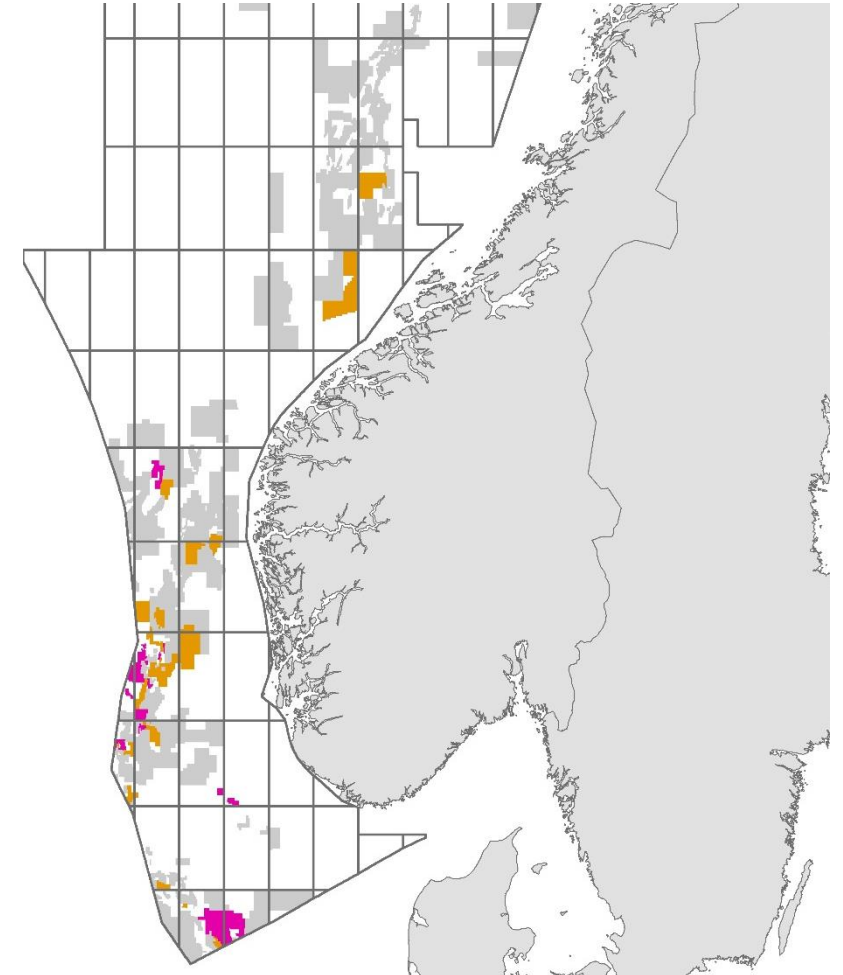


COMPANY OVERVIEW

Year-end 2015 mean contingent resources* 326 mmboe



- Includes categories 4 and 5 according to NPD's classification system



Finance

Alexander Krane
Chief Financial Officer



Det norske's financial strengths

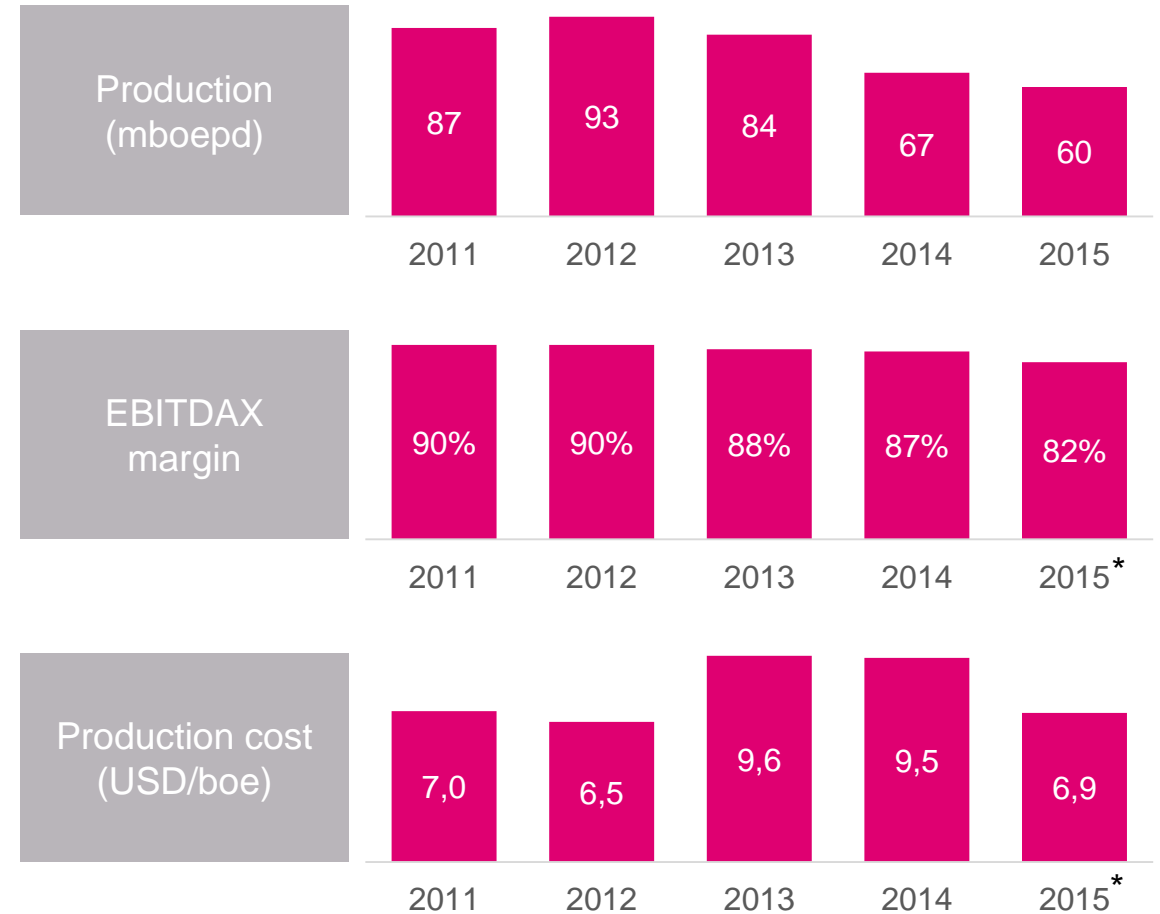


High margin production with low operating cost



- Excellent uptime and reliability record on Alvheim FPSO
 - Production efficiency of 94.2 percent in 2015
- Low production costs combined with a pricing premium to the Brent benchmark
- Det norske has started to market its own crude
 - First cargo was sold in the open market in December 2015, realizing a premium of USD 2.5 per barrel

Pro-forma (unaudited) DETNOR and Marathon Oil Norge AS



Fiscal regime supportive of growth

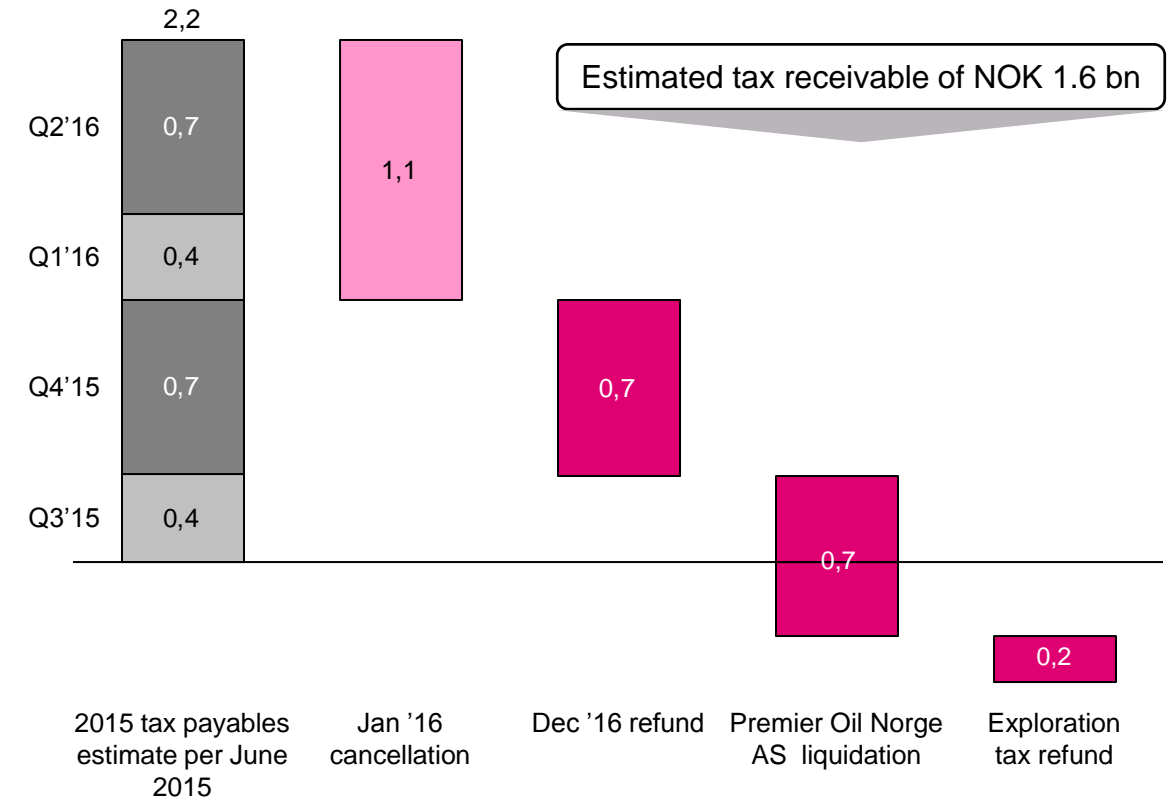


Field development example

Year	1	2	3	4	5	6	SUM
Investment	-100.0						
Tax depreciation (6 yrs)	+13.0	+13.0	+13.0	+13.0	+13.0	+13.0	+78.0
Uplift (4 yrs)	+2.9	+2.9	+2.9	+2.9			+11.7
SUM	+15.9	+15.9	+15.9	+15.9	+13.0	+13.0	+89.7
Government (AAA) receivable (beg-year)	89.7	73.7	57.8	41.9	26.0	13.0	-

- The Norwegian tax regime provides downside protection as tax balances are built in parallel with investments
 - ~90% of investments recovered through tax system
 - No ring fencing
 - The tax value of the tax balance and tax depreciation carried forward will be refunded if petroleum activities are discontinued

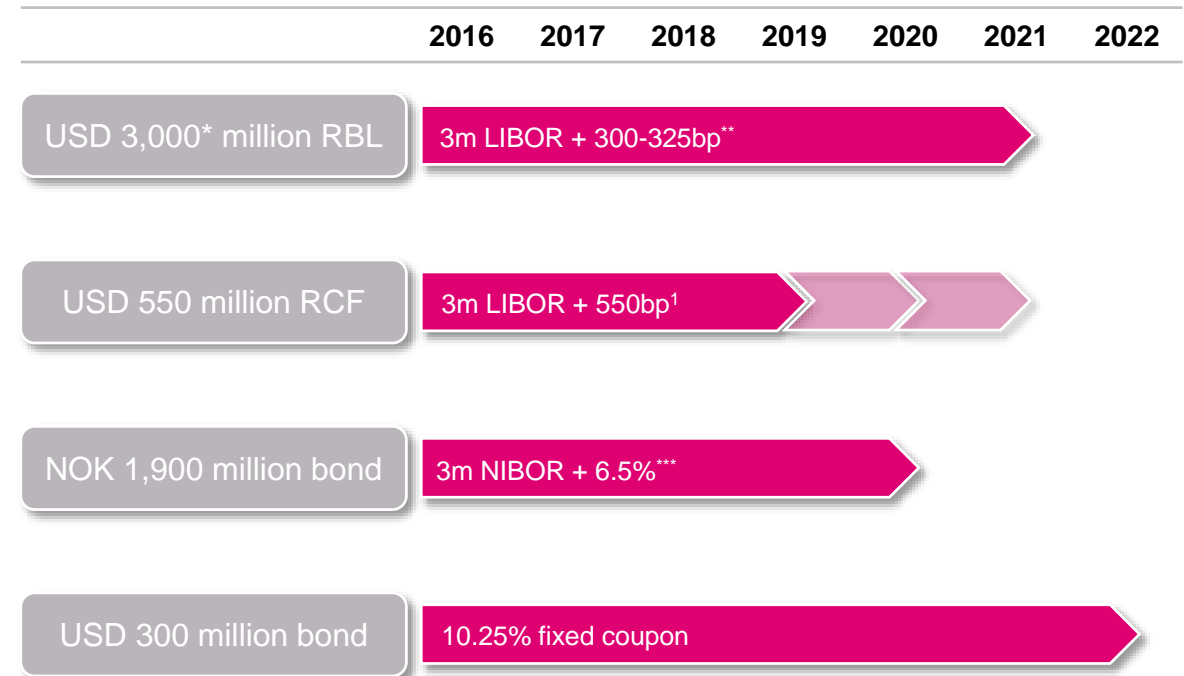
Estimated tax for 2015 (NOKbn)

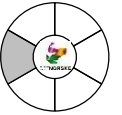


Strong banking relationships and long-term debt maturities

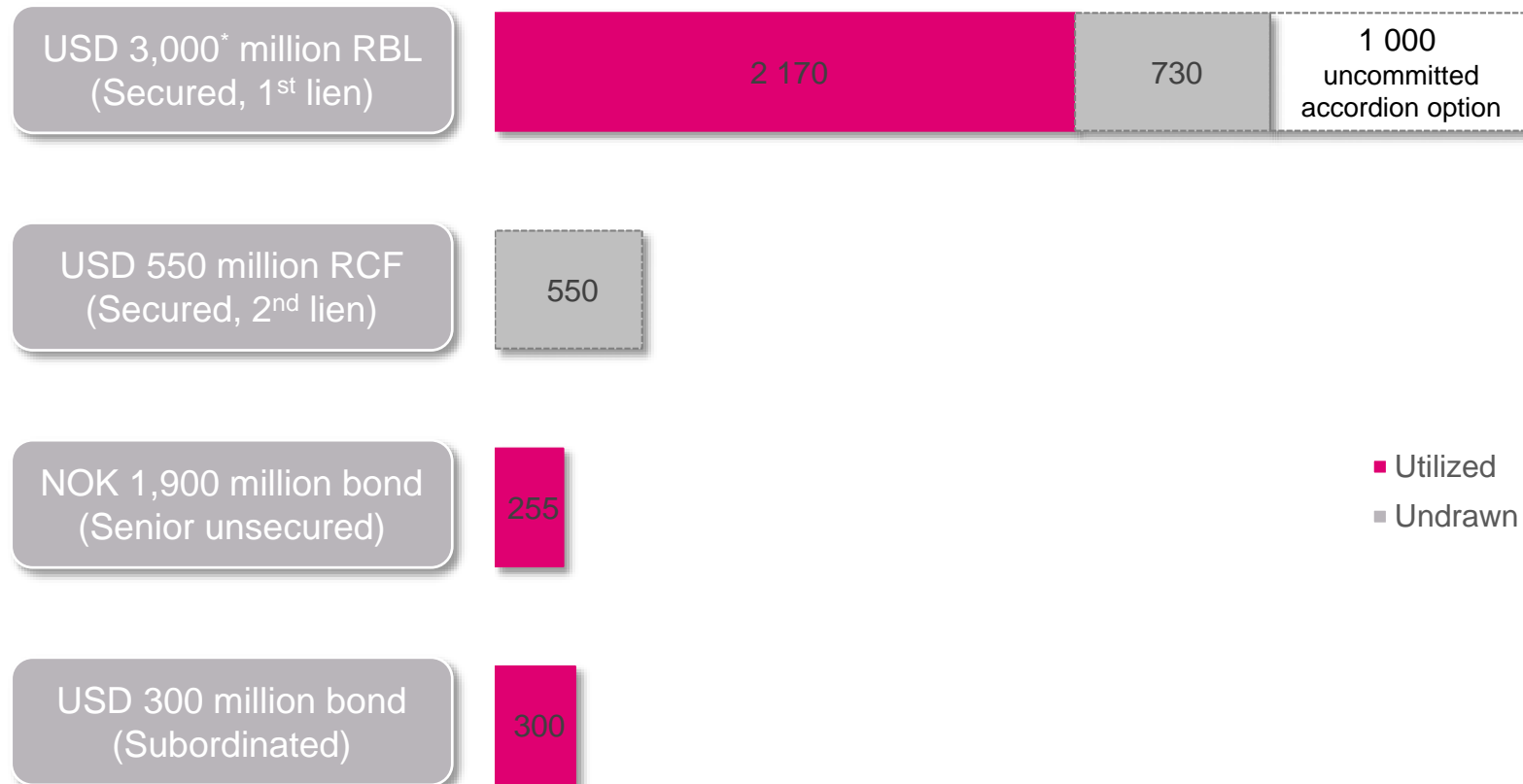


- Cost efficient, long-term diversified capital structure with no debt maturities until after expected first oil at Johan Sverdrup
- Debt facilities in place sufficient to fund current work program until first oil at Johan Sverdrup
- Strong support from 18-bank consortium
- Robust RBL with limited sensitivity to oil price
 - Borrowing base unchanged at year-end 2015 redetermination
 - Johan Sverdrup included on a fixed USD/boe-multiple
 - Tax balances and CAPEX add-back make up a large portion of facility

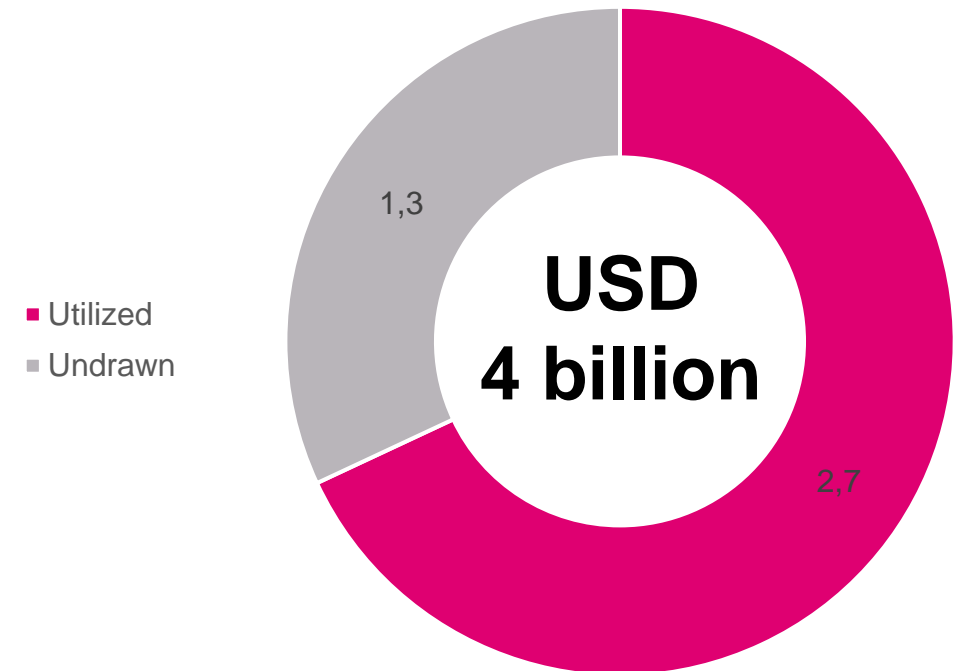




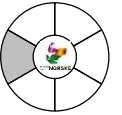
Strong liquidity position and diversified capital structure



Total bank facilities and bonds



Financial covenants

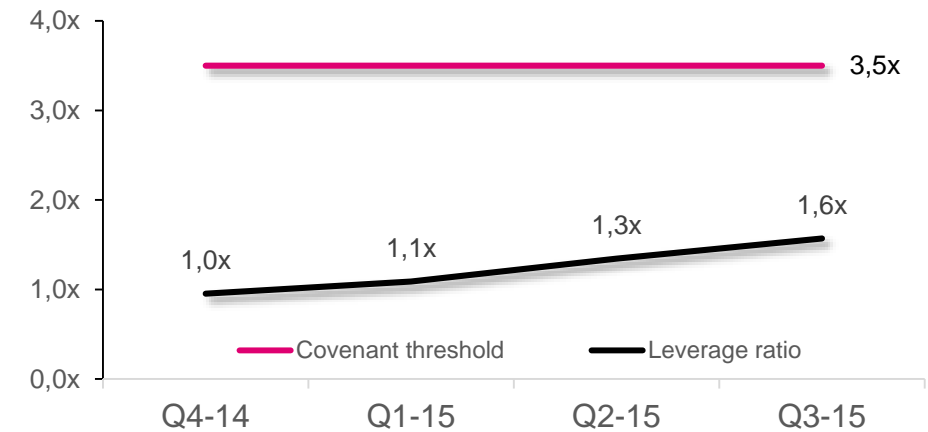


Debt instrument	Main covenants
<ul style="list-style-type: none"> Reserve-based lending facility Revolving credit facility DETNOR02 	<ul style="list-style-type: none"> Leverage ratio < 3.5x Interest cover ratio > 3.5x
<ul style="list-style-type: none"> DETNOR03 (subordinated) 	<ul style="list-style-type: none"> No covenants

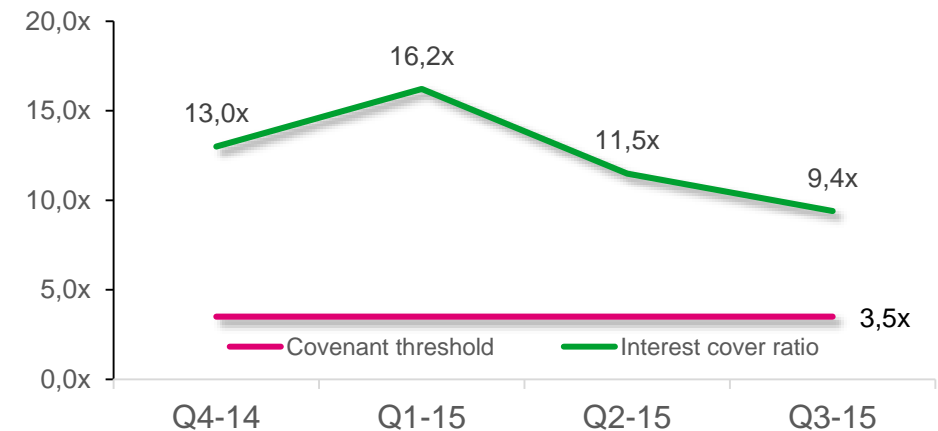
- Leverage ratio is calculated as net interest-bearing debt (excluding subordinated debt) divided by 12 months rolling EBITDAX
- Interest cover ratio is calculated as 12 months rolling EBITDA divided by interest expenses (excluding capitalized interest)
- Reduced oil prices result in relative lower EBITDAX and higher net interest-bearing debt

Historical covenant calculation

Leverage ratio



Interest cover ratio



Prudent financial risk management policies



Hedging

- Various hedging agreements for commodities and FX to mitigate financial risk when pricing and levels are viewed as attractive
- No mandatory hedging requirements in debt facilities
- Det norske is a USD-company, but NOK exposure is high from Sverdrup investments, operating costs and tax payments
- Loss of production insurance for Alvheim FPSO
 - Covers loss of production after 60 days
 - Maximum coverage of 18 months downtime at USD 50/bbl

Overview of current hedges

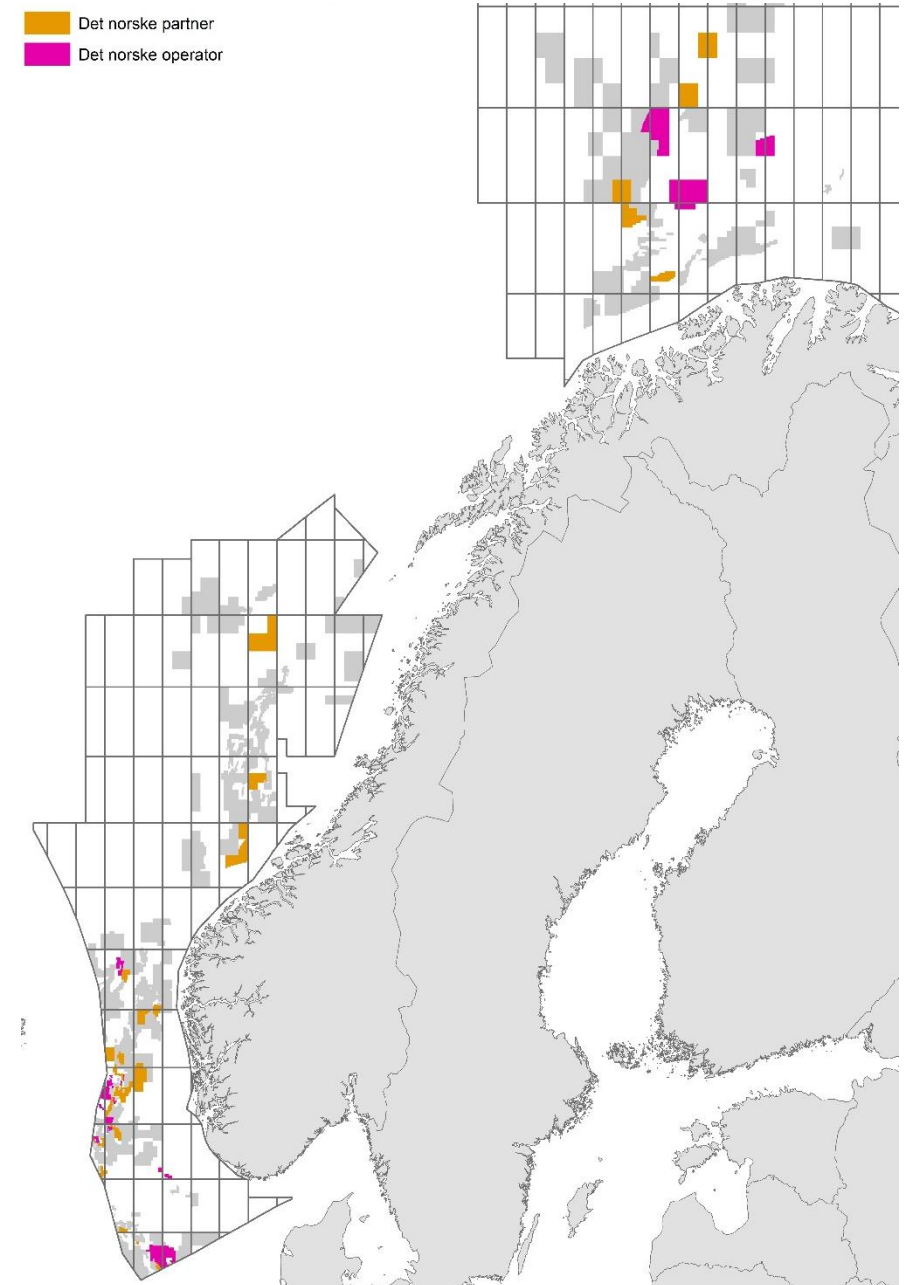
	2016	2017	2018	2019
Foreign exchange hedges				
% hedged of total NOK exposure	55%	50%	33%	15%
Type of structure	Collars + forwards	Collars + forwards	Collars + forwards	Forwards
Average Hedge Rate	7.90 – 8.75	7.88 – 8.97	8.12 – 8.69	8.65
Total Cost (post-tax)	2.6 NOKm			
Commodity hedges				
Oil production volume hedged	~20%			
Put strike price	USD 55/bbl			
Premium (deferred payment)	12.7 USDm			

FINANCE

2016 guidance

Item	Guidance
2016 CAPEX	USD 925 – 975 million
2016 EXPEX	USD 160 – 170 million
2016 Production cost	USD 8 – 9 per boe*
2016 production	55 – 60 mboepd

Based on USD/NOK 8.8



FINANCE

2016 Investment budget of USD 925 – 975 million

■ Ivar Aasen

- Drilling of production wells and water injector wells
- Construction and installation of topside

■ Alvheim area

- Drilling activities BoaKamNorth, Viper-Kobra and Volund West infill
- Subsea installation BoaKamNorth and Viper-Kobra
- LLI's for Attic Oil and BoaKamSouth

■ Johan Sverdrup

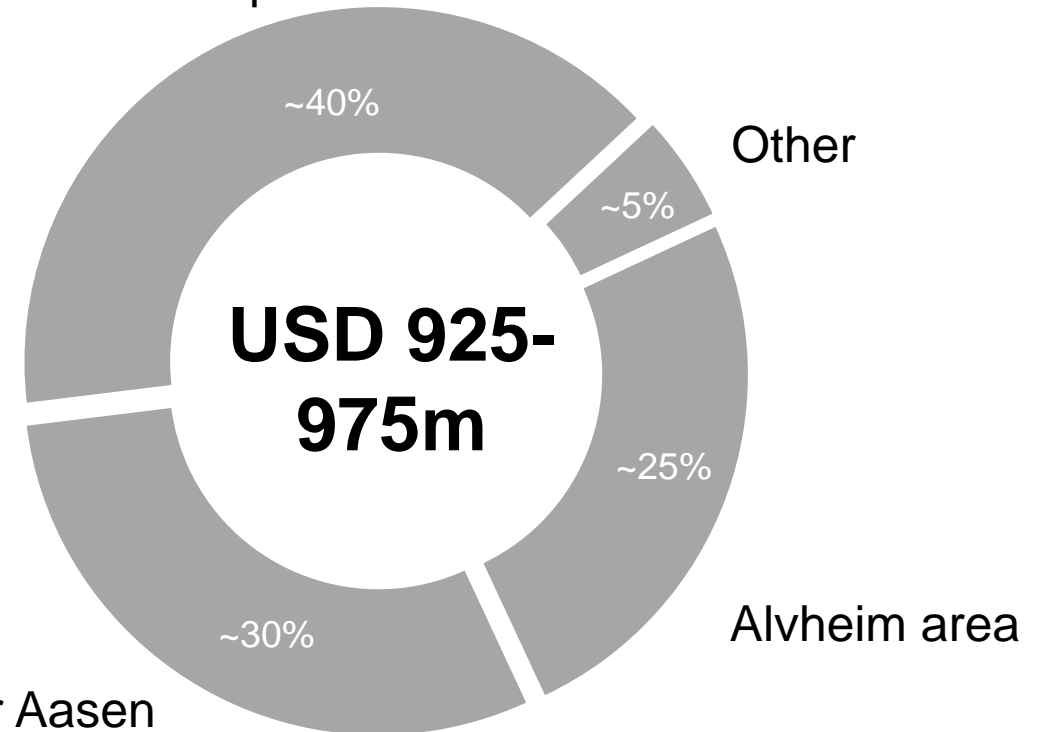
- Engineering and fabrication of 4 jackets and 4 topsides
- Pre-drilling of production wells
- Fabrication of pipelines, power from shore equipment and onshore facilities

■ Other

- Gina Krog, concept studies, IT, misc.

Johan Sverdrup

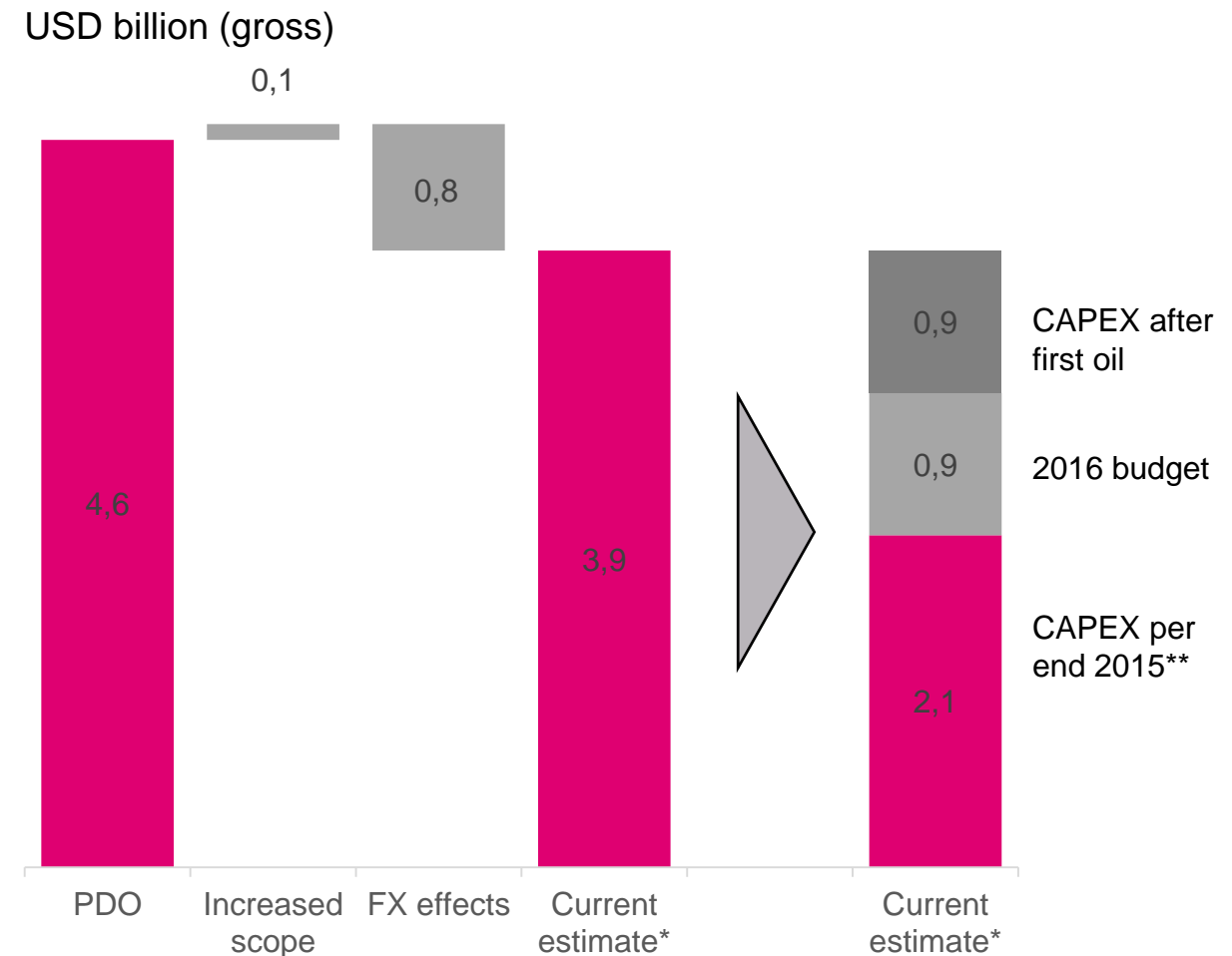
Ivar Aasen



Assumes USDNOK = 8.80

Ivar Aasen CAPEX guidance (life of field)

- Project progressing well and within budget
 - At constant FX, current full field CAPEX estimate is in line with the PDO estimate
- Full field CAPEX has come down by 15 percent in USD-terms
- About 25% of CAPEX to be spent after first oil
 - Mainly related to Hanz and continued drilling at Ivar Aasen



Exploration

Gro Gunleiksrud Haatvedt
SVP Exploration



EXPLORATION AMBITION

By 2020: A leading explorer on the Norwegian Continental Shelf

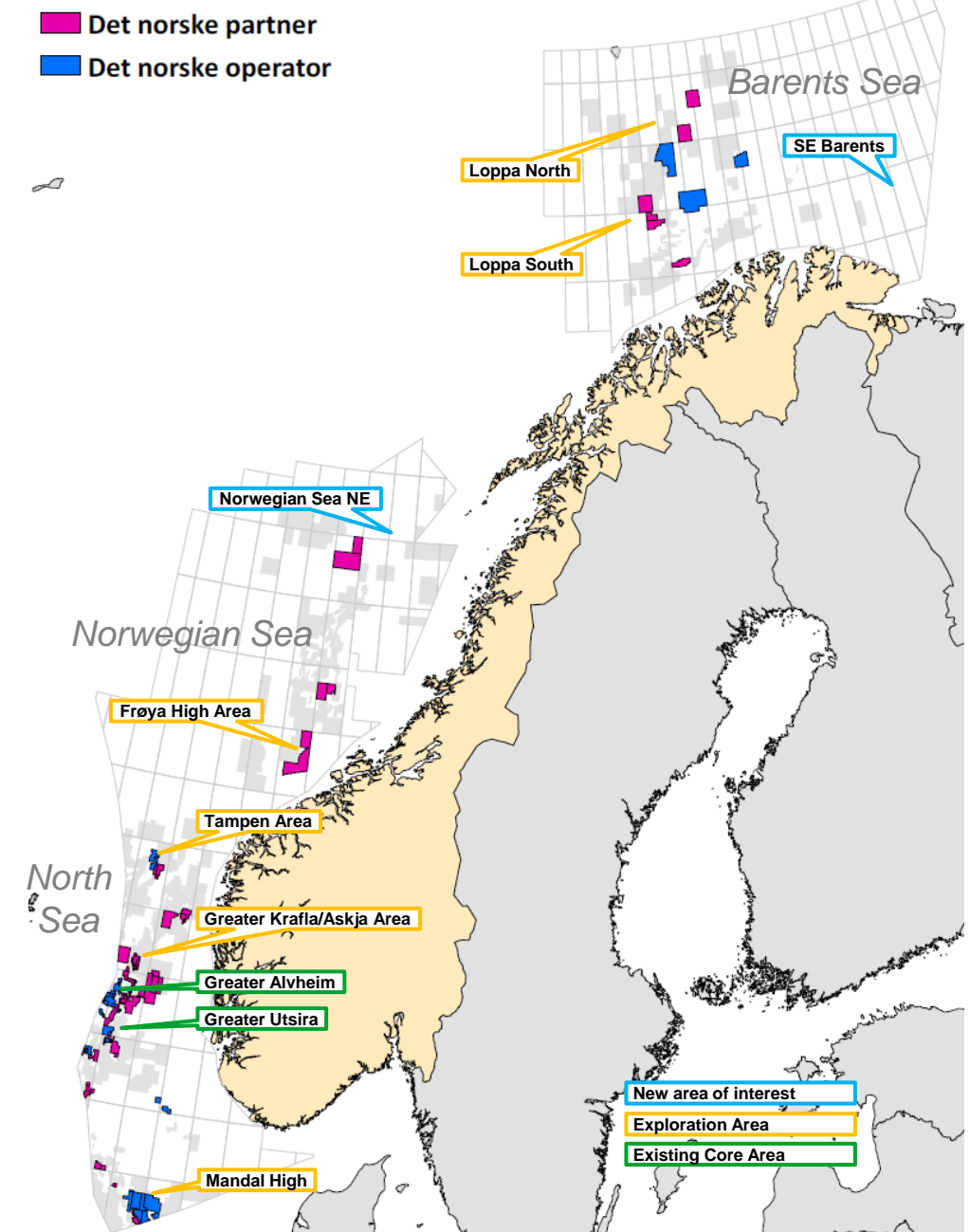
- Ensure long term reserve replacement and value creation
- Establish new core areas
- Discover 150 mmboe net to Det norske in 2016 - 2020
- Continuous positioning for significant additional discoveries
- Improve data and technology to create a competitive edge



EXPLORATION STRATEGY

Strategic direction

- Oil primary target, secondary wet gas with large volume potential
 - Timely ILX within core areas
 - Regional projects for identifying new growth areas
 - Secure operatorship
-
- North Sea
 - Build new core areas
 - Maintain balance between ILX and growth prospects
 - Norwegian Sea
 - Shallow water
 - Positioning for Norwegian Sea NE
 - Barents Sea
 - Exploring large oil potential both mature and frontier
 - Explore Permian play model



EXPLORATION

Drilling schedule 2016

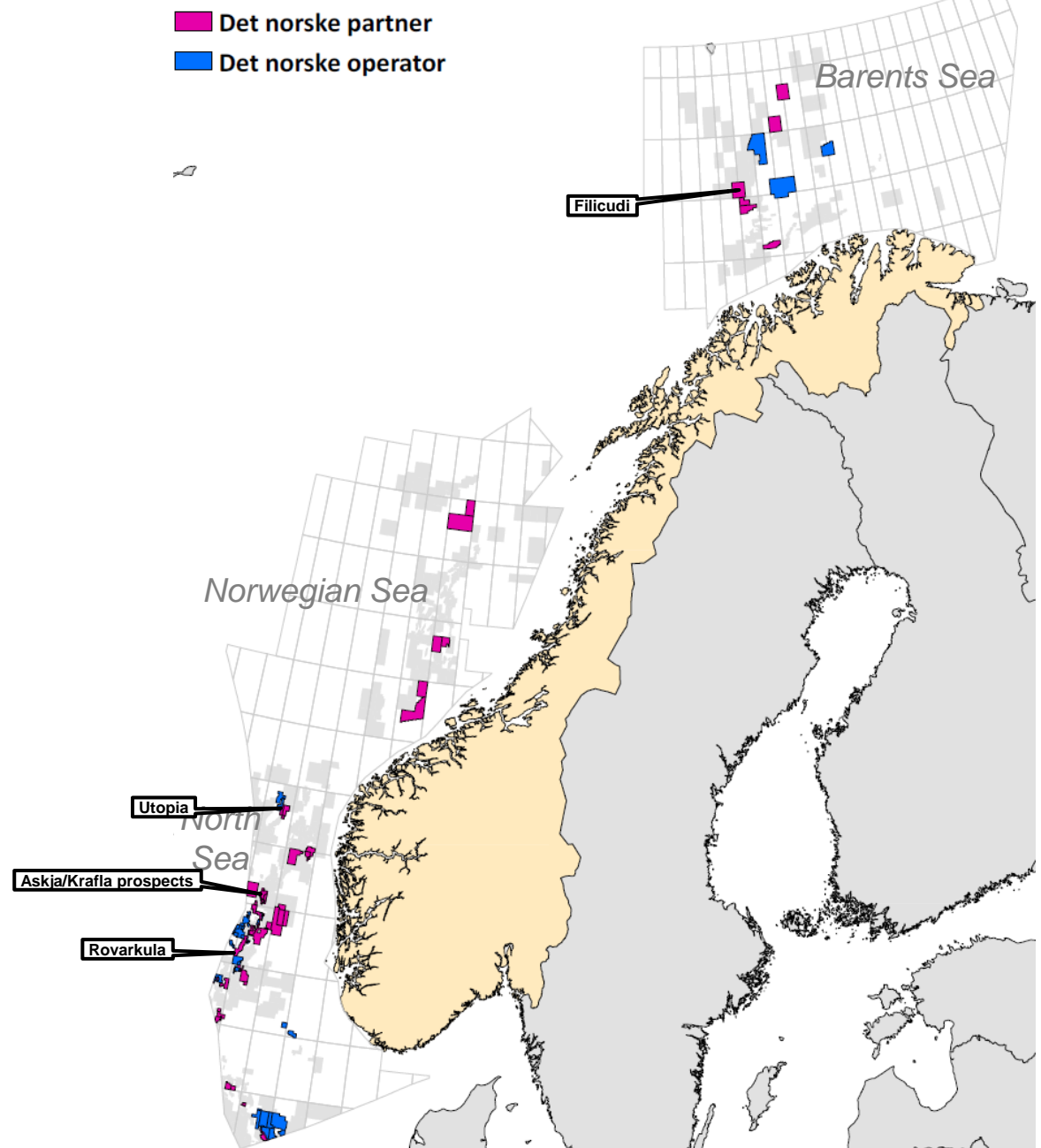
■ North Sea: Core area development

- Drill ILX prospect near Ivar Aasen field
- Confirm volumes in Askja/Krafla area
- Explore upsides near Garantiana discovery

■ Barents Sea: From volume to value

- Explore for volumes to establish a core area on Loppa High
- Drill prospect on Johan Castberg trend

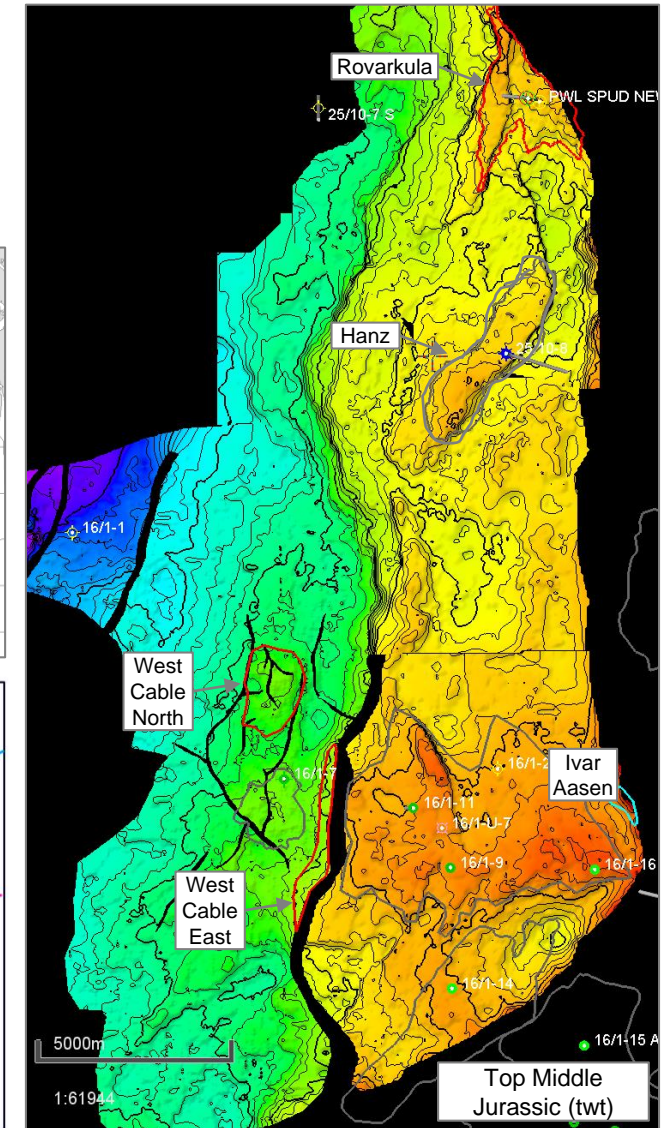
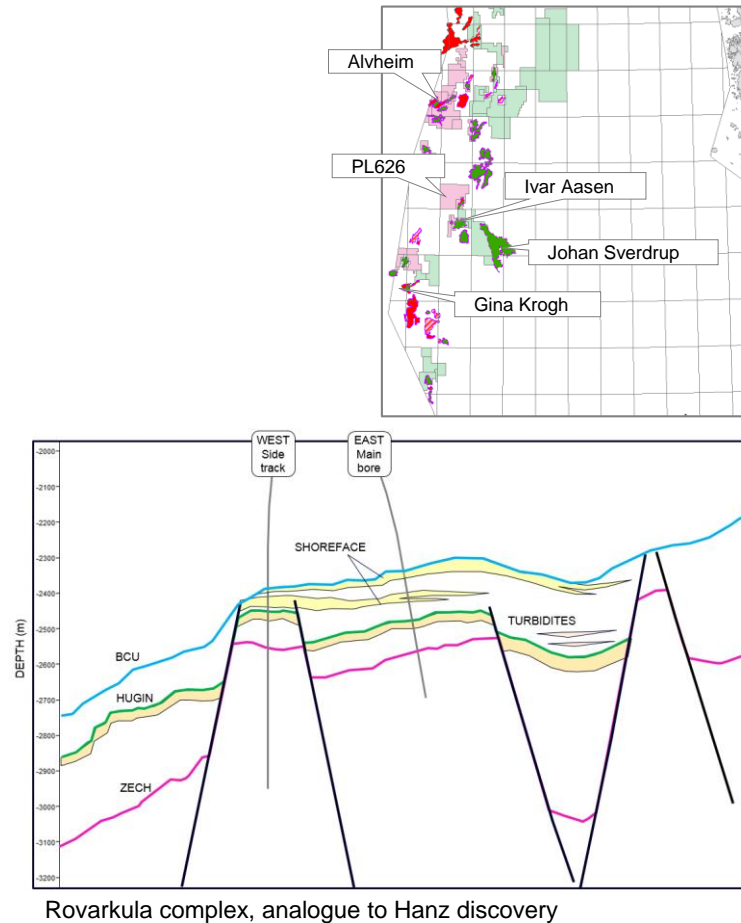
License	Prospect	Operator	DETNR Share	Pre-drill mmboe*	Rig	Time
PL554B&C	Uptonia	Total	30%	11 - 38	Leiv Eriksson	Q1
PL626	Rovarkula	DETNR	50%	8 - 79	Maersk Interceptor	Q2
PL272/035	Madam Felle	Statoil	50%	20 - 49	TBA	Q2
	Askja SE			24 - 79		
	Beerenberg			13 - 46		
	Slemmestad			29 - 86		
PL533	Filicudi	Lundin	20%	24 - 146	TBA	Q3



Rovarkula – Extending the Utsira core area

Operated exploration well close to infrastructure

- Upside potential, side track if positive results
- Possible tie-in of Rovarkula to Ivar Aasen with production start 2022
- West Cable East prospect in Ivar Aasen unit is a future drilling candidate
- The Rovarkula well will clarify resource potential in:
 - Main target: Hanz sandstones
 - Middle Jurassic Hugin sandstones
 - Pre-Jurassic, Triassic/Zechstein/Rotliegend



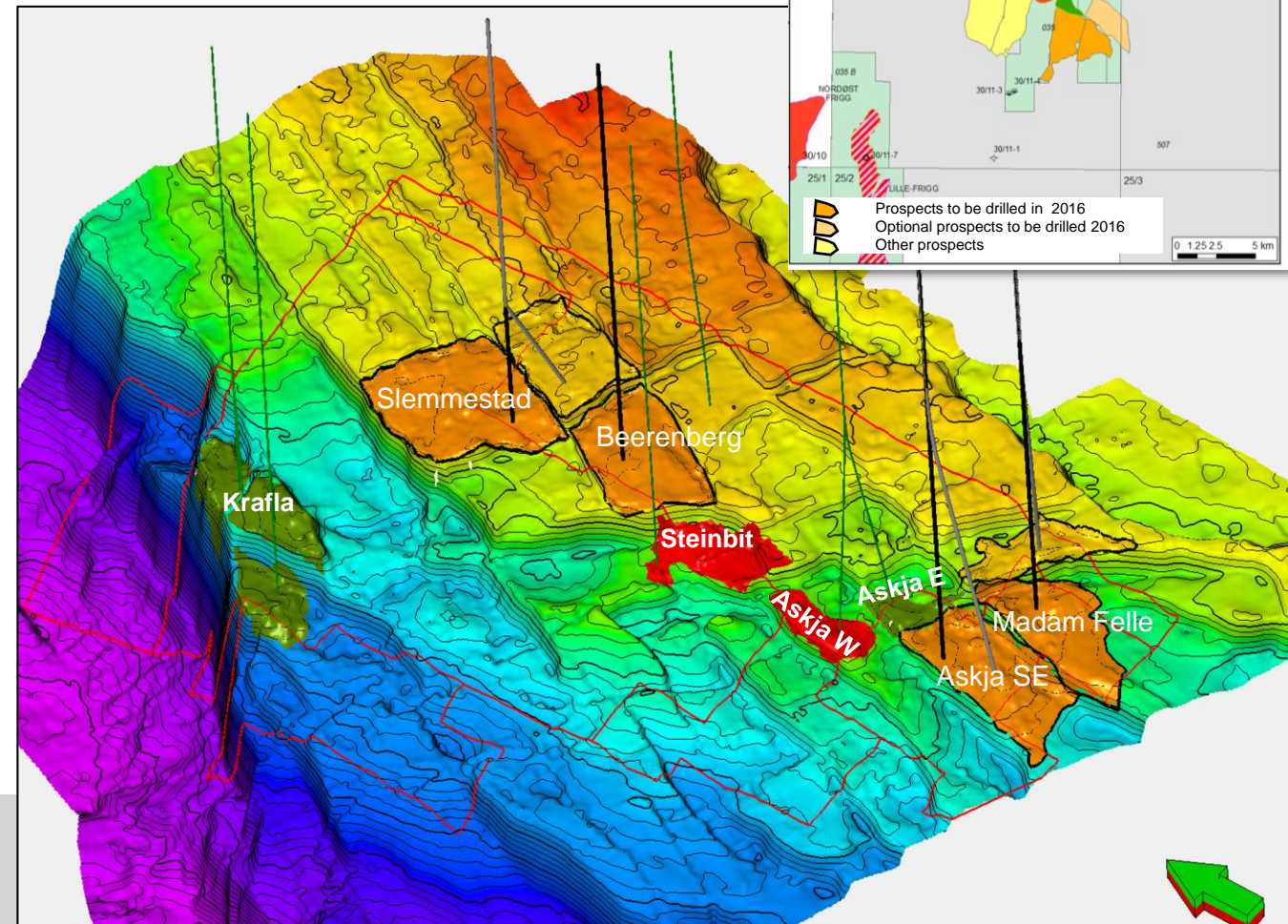
Ivar Aasen field, West Cable North and East, Hanz and Rovarkula. West Cable is a potential new drilling candidate after Rovarkula.

PL035C AND PL272 (50%, PARTNER) – NORTH SEA

Askja/Krafla – a potential new core area

Drilling campaign 2016

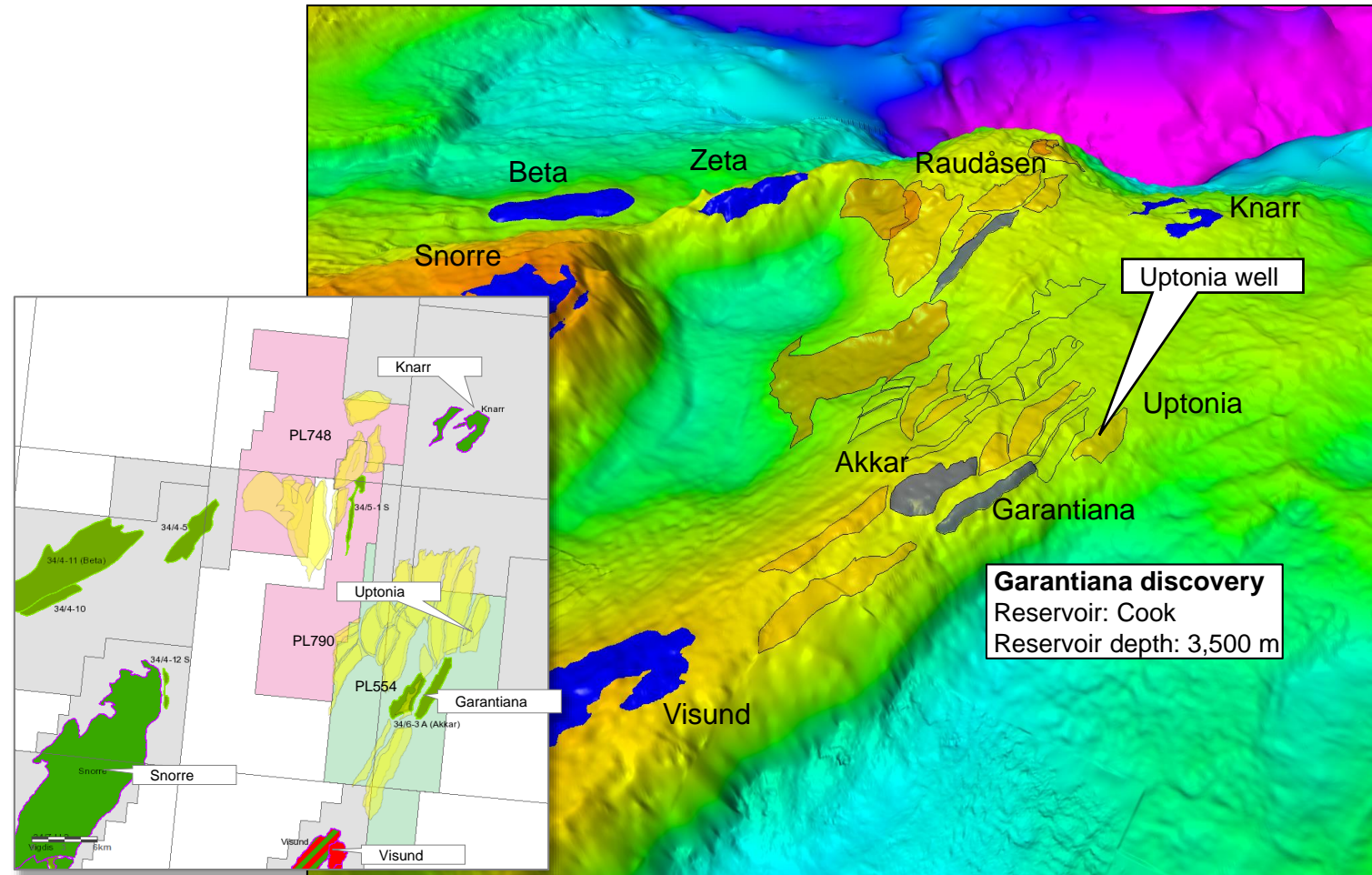
- 4 vertical wells
- Several optional side tracks
- Aiming at proving up the main resource potential in the area
- Gross proven resources: 140 – 220 mmboe*
- 2016 wells: Risked gross resource addition: 31 – 150 mmboe*
- Greater Askja/Krafla area has an upside potential even after the 2016 drilling campaign, with several prospects and leads



PL554 (30%, PARTNER) / PL748 (30%, OPERATOR) / PL790 (30%, OPERATOR) – NORTH SEA

Tampen: Unlocking the potential

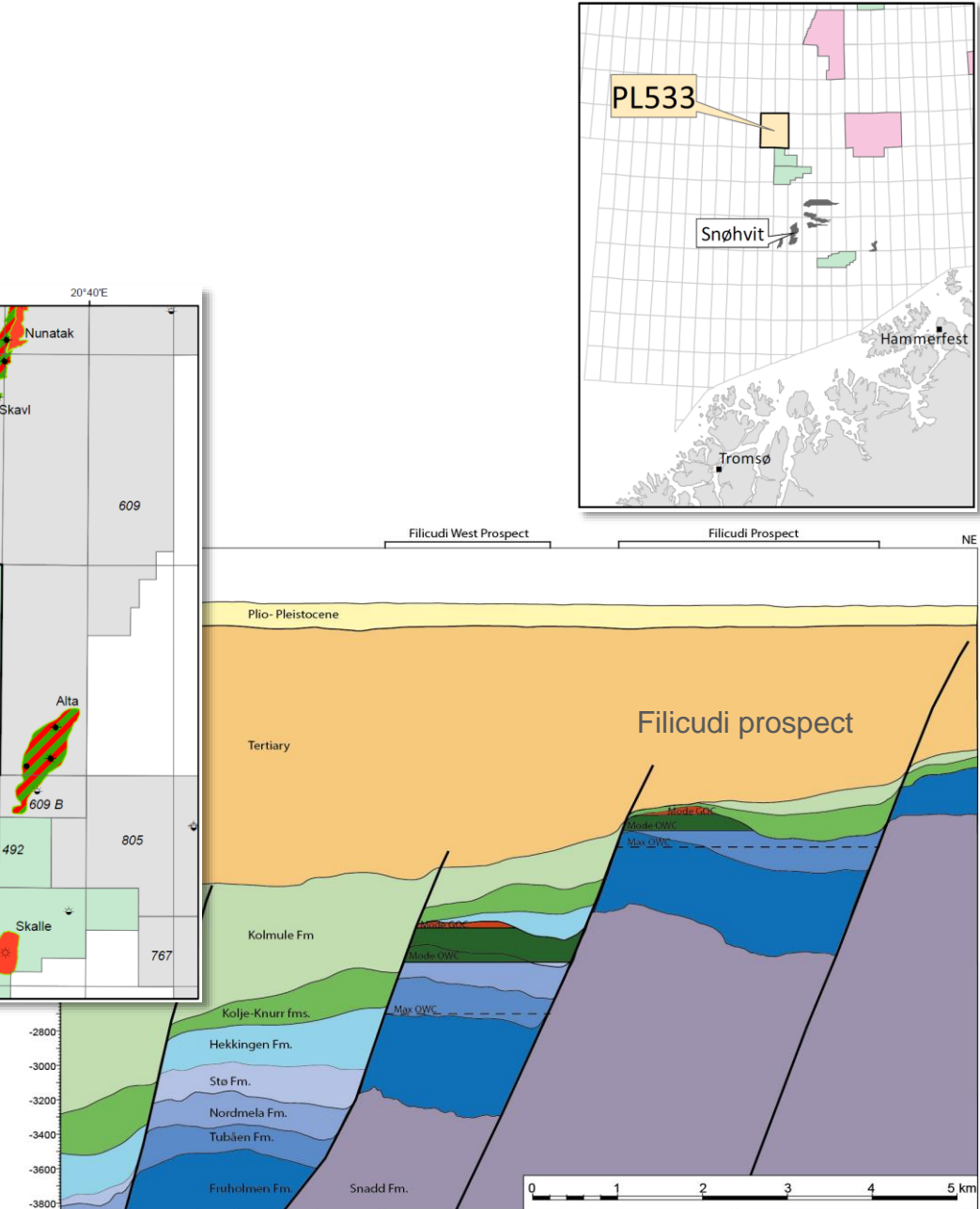
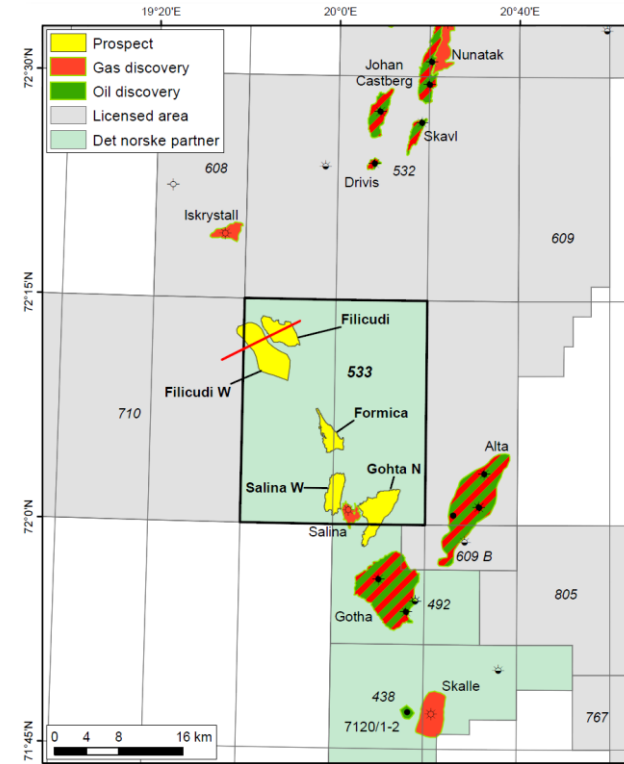
- Segmented area
- Uptonia exploration well currently drilling
- Proven Garantiana volumes: 63 - 165 mmboe*
- Potential exploration well in PL748/790 in 2017



PL533 (20%, PARTNER) – BARENTS SEA

Loppa South – building core area

- Filicudi prospect to be drilled in 2016
- Testing the prospective trend, analogue to Johan Castberg
- Opening for more opportunities if successful

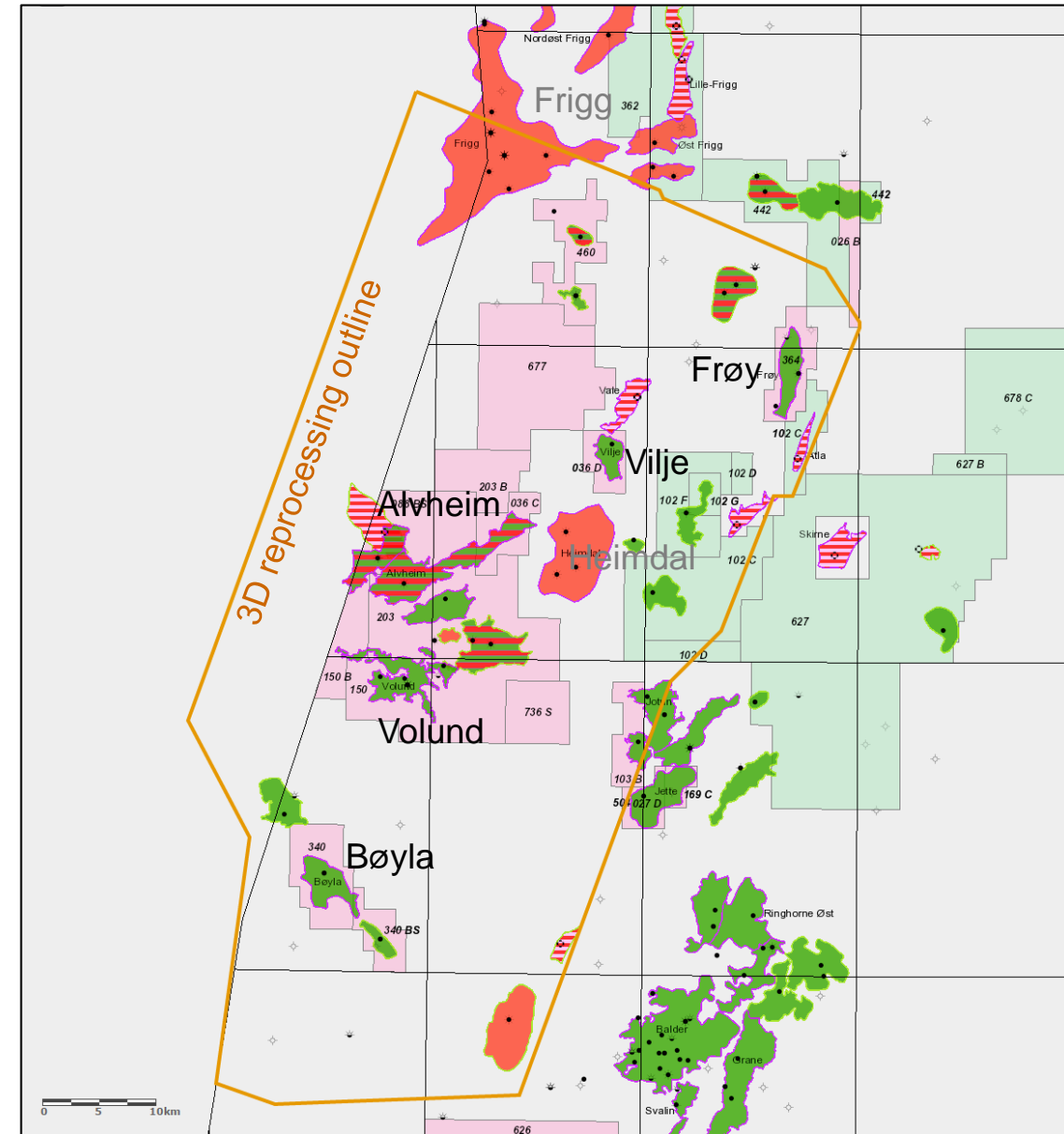


FROM R&D TO EXPLORATION TO PRODUCTION

Greater Alvheim area

ILX: High equity tie-in to Alvheim

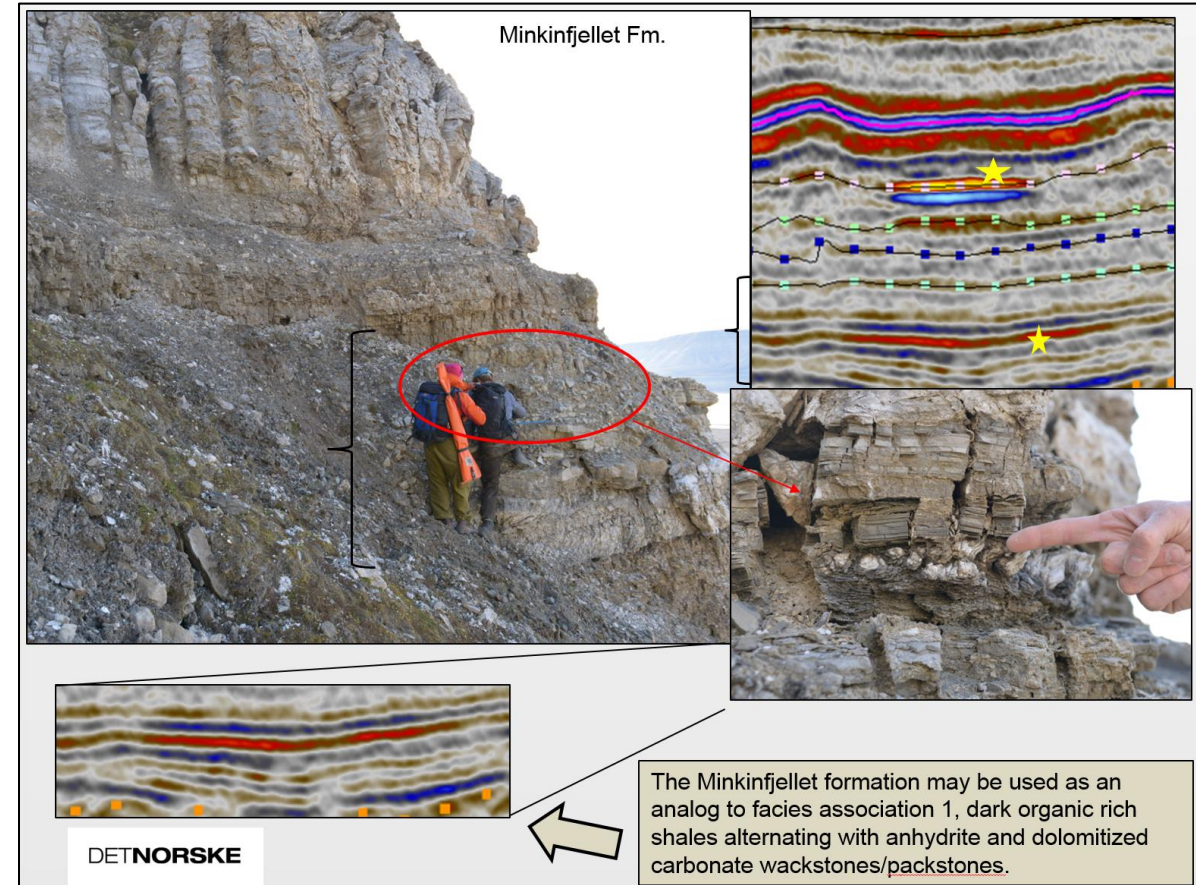
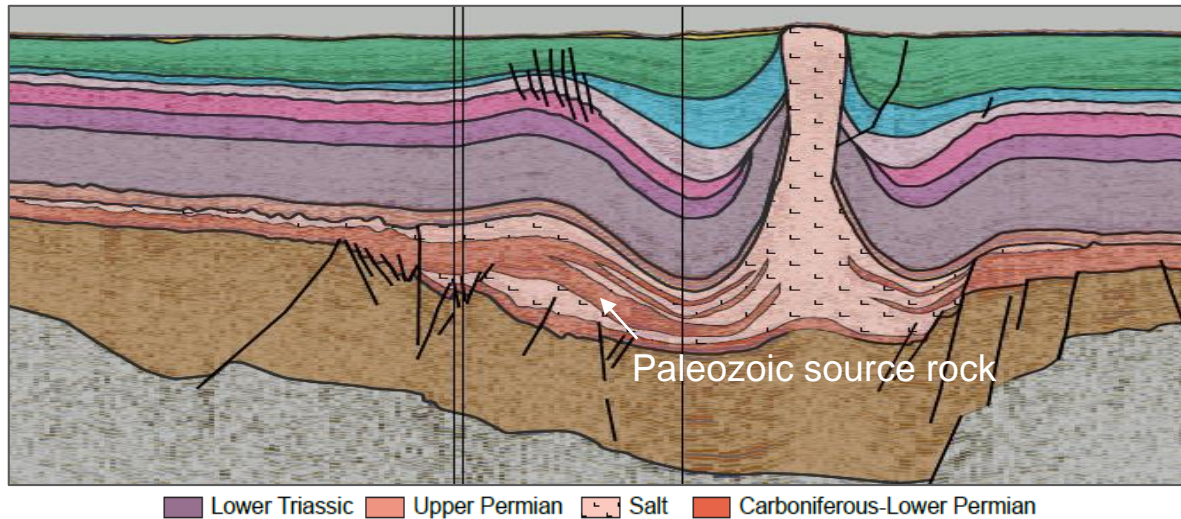
- Technical limit seismic reprocessing
 - Massive 3D reprocessing project with improved resolution and imaging
 - Consistent seismic data set over the Greater Alvheim area
 - Identify new prospects, evaluate discoveries for tie-in to Alvheim
- Data strategy to be implemented over other exploration areas
- Developing business model for value creation of state of the art data



The HydroKARBON project

Direct influence on Exploration decisions

- Extensive field work on the source rock potential of the Paleozoic succession on Svalbard
- Tested oil sample in one well from Svalbard together with NPD, proving Paleozoic origin of the oil
- Used as direct analogy in evaluating the Paleozoic play for Det norske's prospects in the Barents Sea



Reduce exploration costs and increase quality

Exploration Effectiveness

Project Delivery

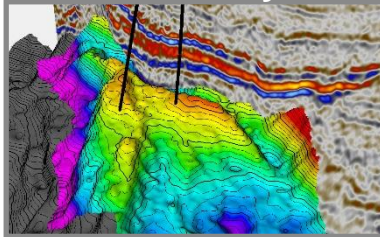
Operations Excellence

Drilling Performance

Supply Chain Management

Organizational Effectiveness

G&G process efficiency



■ Enable G&G process efficiency through multiple initiatives:

- Improving formal and informal exploration processes
- Improving strategic long term planning and prioritization in projects and everyday work
- Improving approach to identification of new technology and external cooperation / alliances

Exploration well drilling methodology



■ Optimize exploration well drilling methodology by:

- Developing dry hole design methodology
- Implementing standard well designs
- Improving planning process and key interfaces

Development projects

Olav Henriksen
SVP Projects

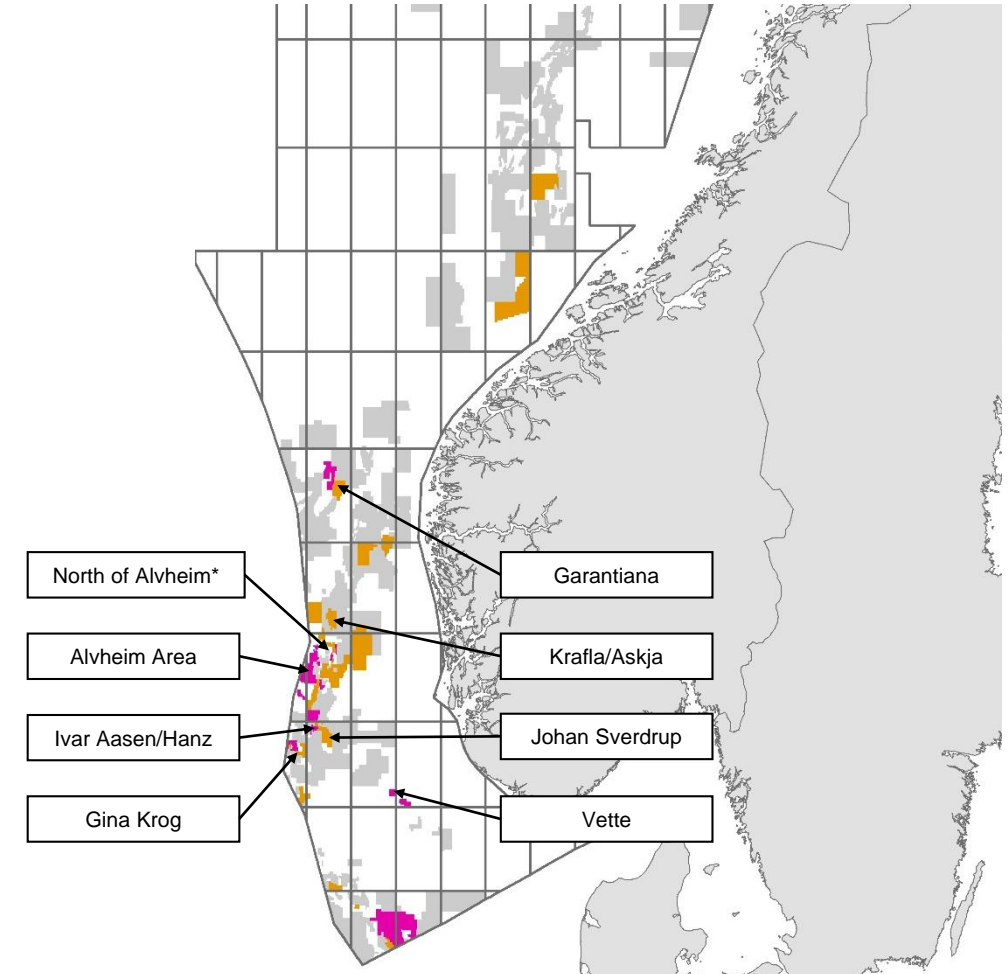


DEVELOPMENT PROJECTS

Project inventory provides flexibility

Project	DET NOR Equity	Gross mmboe	Plateau production (gross)	Estimated first oil
BoaKamNorth	62.4%	10	~9 mboepd	2016
Ivar Aasen	34.8%	186	~67 mboepd	2016
Viper-Kobra	65.0%	8	~8 mboepd	2016
Gina Krog	3.3%	216	~67 mboepd	2017
Volund infills	65.0%	12	~13 mboepd	2017
Attic Oil 1	57.6%	7	-	2017
BoaKamSouth/West	60.6%	6	-	2018
Johan Sverdrup	11.6%	2 615	550-650 mboepd	2019
Vette/Mackrel	50.0%	54	-	2019
Caterpillar	65.0%	8	-	2019
Hanz	35.0%	18	~13 mboepd	2021
Garantiana	30.0%	114	-	2021
Krafla/Askja	50.0%	180	-	2022
North of Alvheim*	Various	138	-	TBD

☒ Sanctioned
 ☐ Not sanctioned



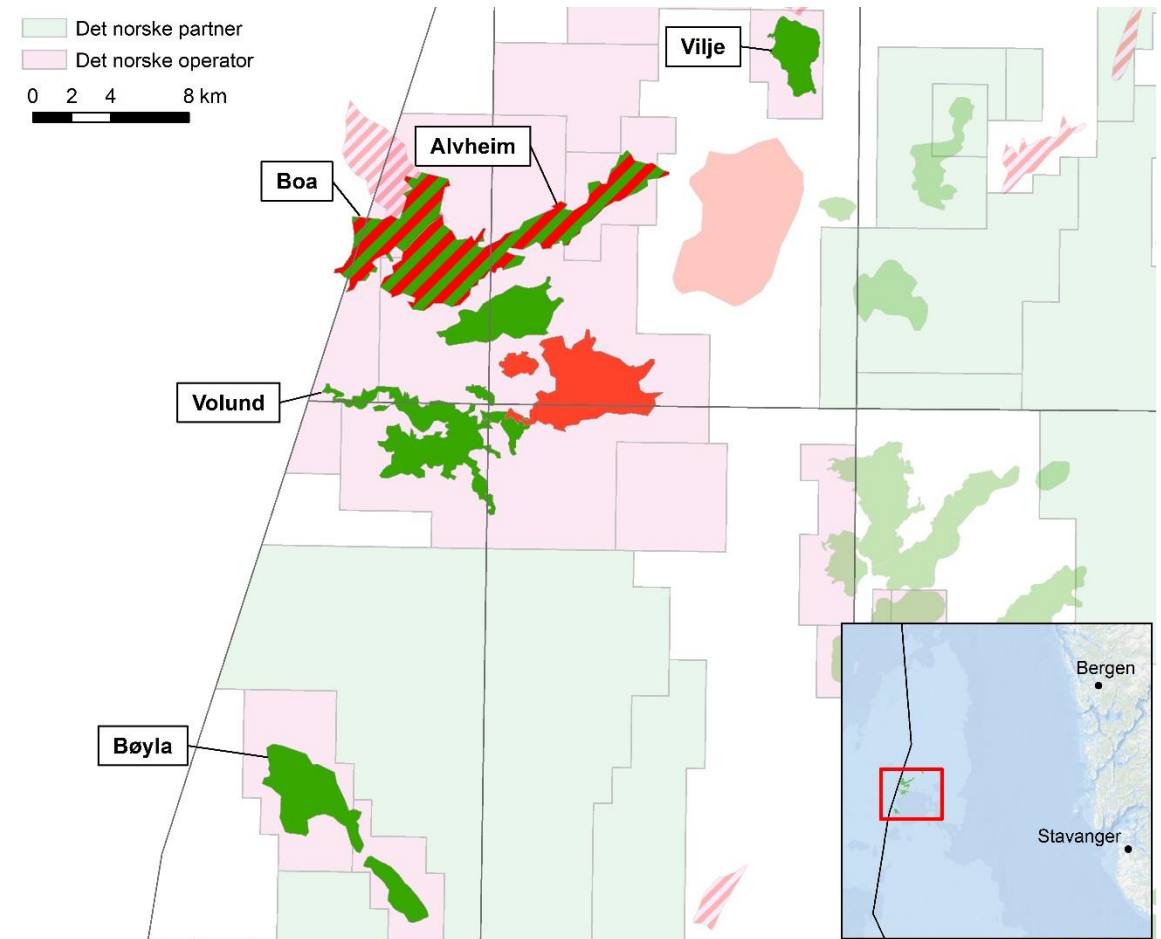
GREATER ALVHEIM AREA

Asset profile

Operated, ~65%* working interest

- Production from the Alvheim field started in June 2008
- Oil is transported from the field with a shuttle tanker, and associated gas is exported to Scotland
- Additional resources added with subsea tie-in from Vilje (first oil 2008), Volund (first oil 2009) and Bøyla (first oil 2015)
- More infill wells are being matured to arrest the decline in production

License:	PL203, PL088BS, PL036C, PL036D, PL150, PL340
Discovery year:	1998
End 2015 2P reserves (net):	117 mmboe
Production start:	2008
Partners:	ConocoPhillips, Lundin, Core Energy (PL340), Statoil (PL036D), PGNiG (PL036D)

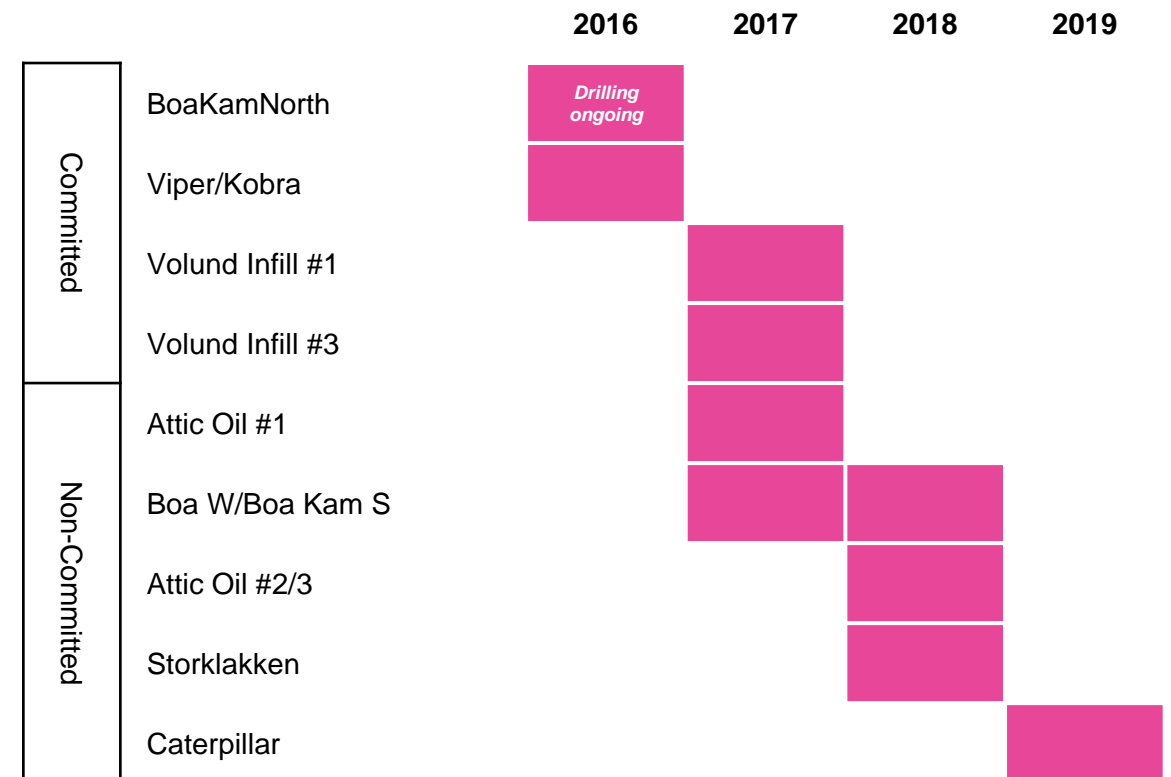


Next projects in the Alvheim area

Planning for the next projects

- Secured rig capacity for wells after Viper/Kobra
 - Transocean Artic with commencement in December 2016
 - Options to extend to 2019
- Acquiring long lead items for likely wells
 - Ordered LLI's for the infill wells on Volund
 - In the process of approving orders for LLI's for Boa West/Boa Kam South and Attic Oil
- Reusing, not reinventing
 - Proven technology
 - Utilizing the same teams
 - Standardized development concepts
 - Learning and improvement processes

Illustrative timing of new wells in the Alvheim area



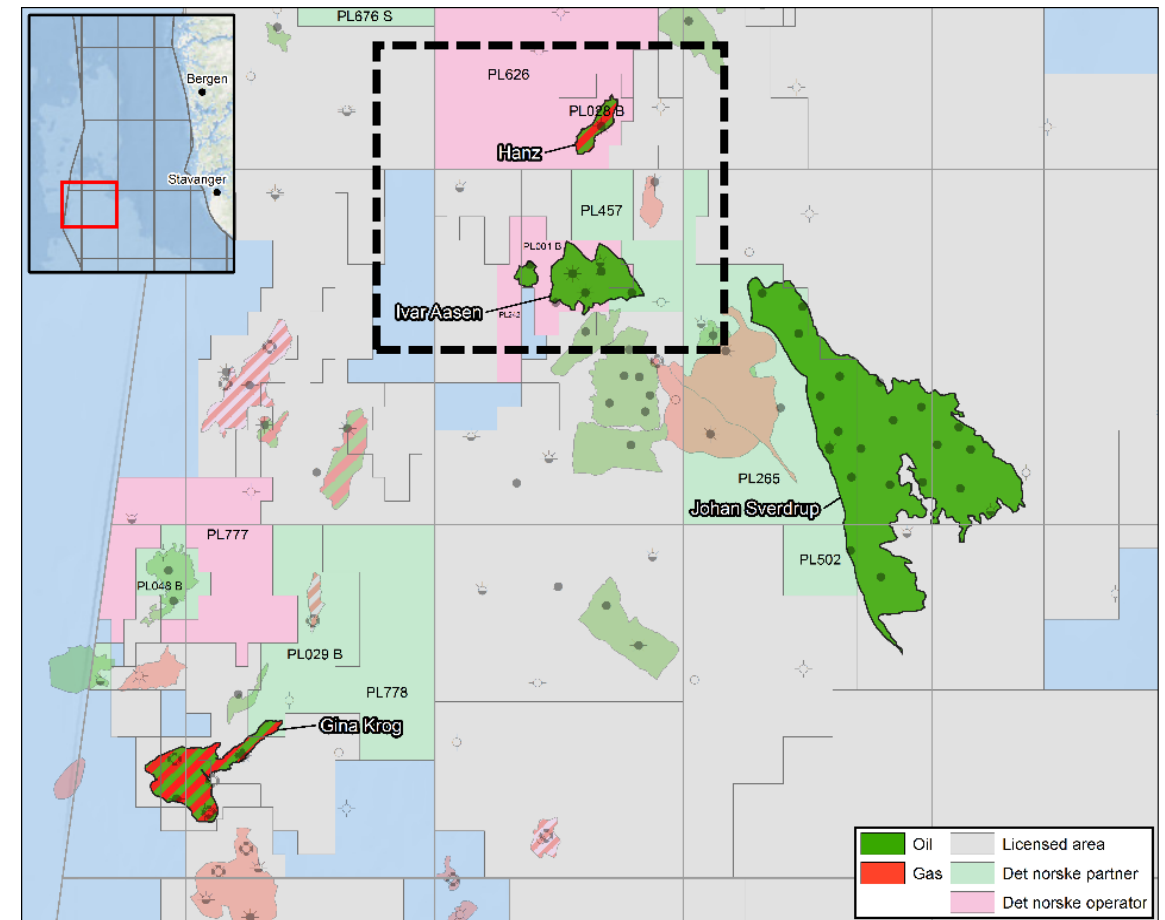
Asset profile

Operated, ~35%* working interest

- PDO for Ivar Aasen was approved on May 21, 2013
- Gross P50 reserves of 204 mmboe
- Production of ~67,000 boepd at plateau
- Final processing and export of oil and gas at the Edvard Grieg platform
- Oil export to Sture via the Grane pipeline
- Gas to St Fergus via the SAGE pipeline
- Project on track for first oil in Q4 2016

License:	PL001B, PL242, PL457 (Unit), PL028B (Hanz)
Discovery year:	2008
End 2015 2P reserves (net):	71 mmboe
Production start:	Q4 2016
Partners:	Statoil, Bayerngas, Wintershall, VNG, Lundin, OMV

Area map



Health, safety and the environment comes first

- Our commitment and that of our partners:
 - Zero HSE incidents
 - Engaged and committed leadership
 - Work actively with HSE
 - Open and honest culture

- The right to stop unsafe work
 - Responsibility and authority to intervene
 - Respect rules
 - Taking good care of ourselves

- Extensive operational activities with no major incidents in 2015



HSE Commitment

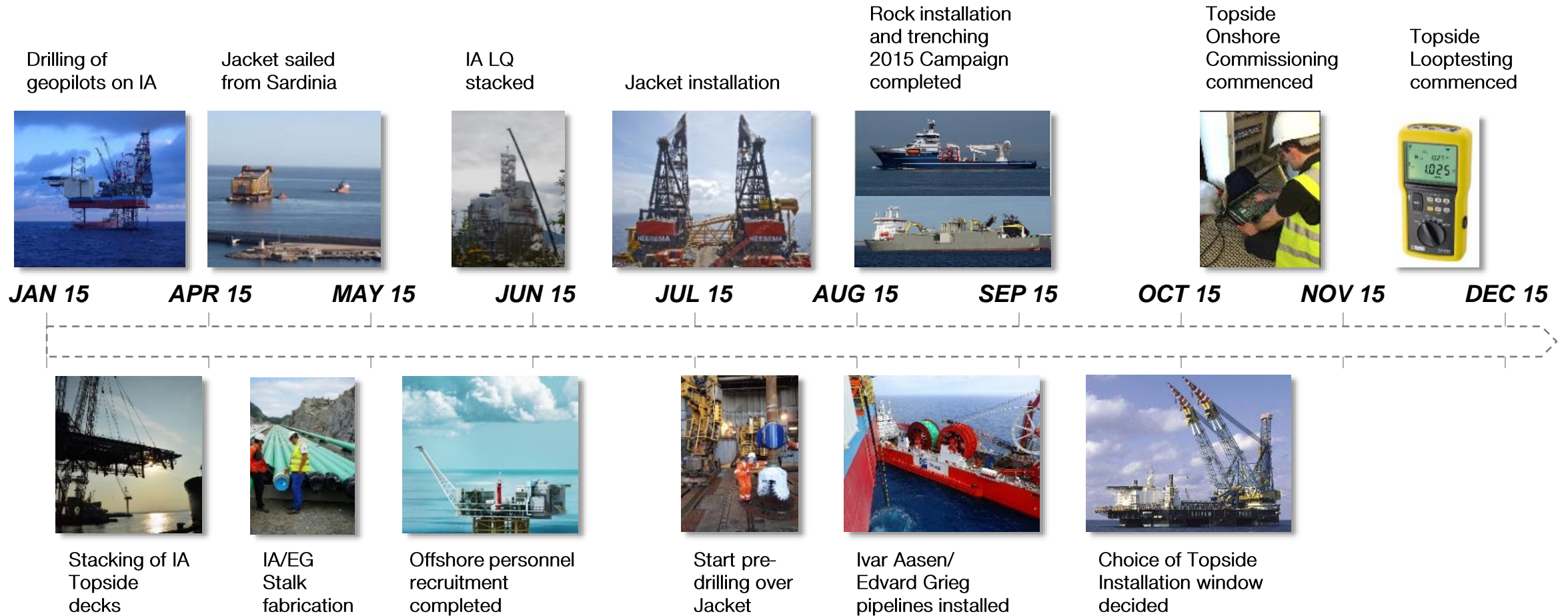
Zero HSE incidents
 Engaged and committed leadership
 Reliable and proactive HSE knowledge sharing
 Open and honest culture

Cardinal HSE Rules

- I always stop work if it is unsafe
- I always take responsibility for rectifying unsafe acts and conditions that I observe
- I always report all incidents and accidents
- I always follow procedures - silent deviations are never acceptable
- I always respect safety signs, barriers and instructions
- I always use correct personal protective equipment



On track to secure first oil Q4 2016



Upcoming milestones

Topside Loop-/
N2He-test Complete



Topside MC
Complete



Topsides Loadout/
Sailaway



Flotel Safe
Zephyrus



First Oil
Target



JAN 16

MAR 16

MAY 16

JUL 16

SEP 16

NOV 16

DEC 16



LQ onshore Company
standalone Commissioning



SURF
Power cable Installation



LQ
Sailaway



Topside
Installation



Continue
production drilling

IVAR AASEN

Jacket installed on the field last summer

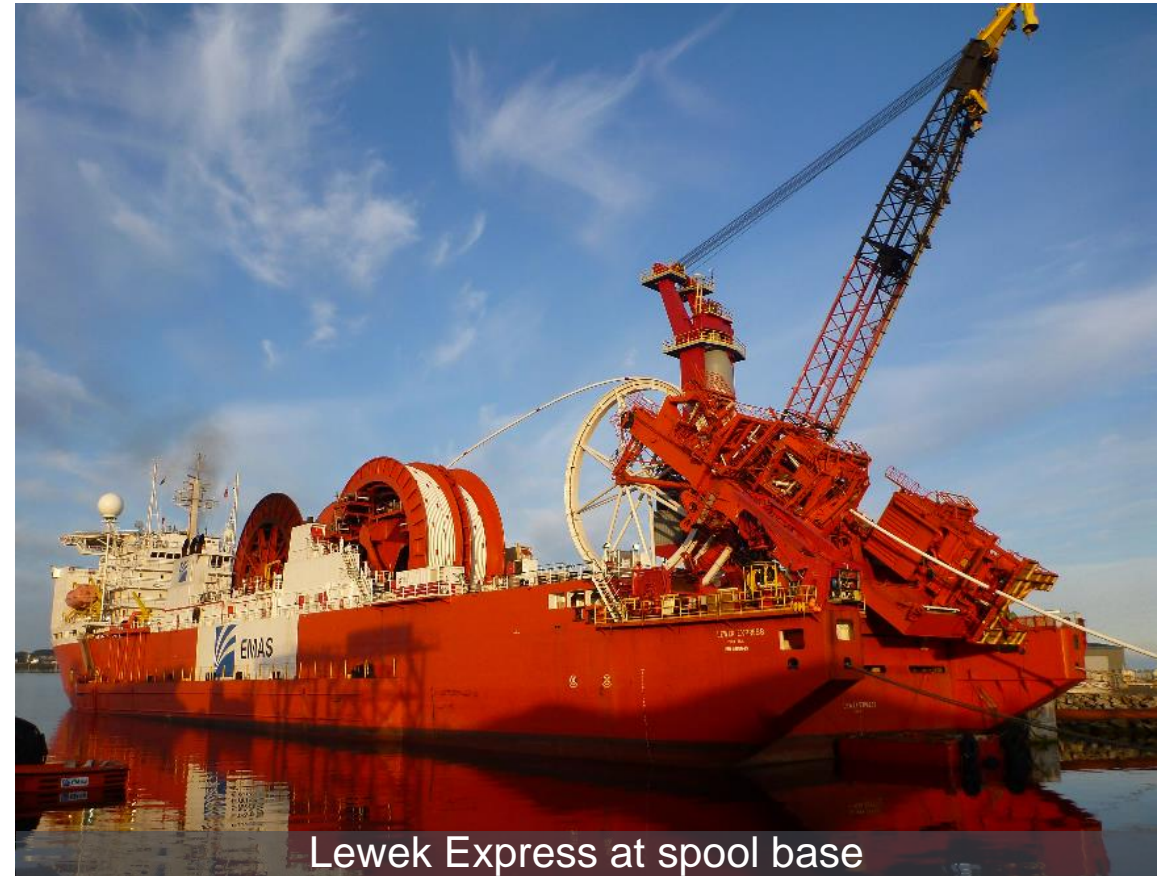
- The steel jacket was constructed by Saipem on Sardinia, Italy
- The jacket was lifted in place on the seabed 112 meters below sea level on 10 June
- Piling and grouting activities were concluded and the jacket installation finished in mid July



Subsea, Umbilical, Riser and Flowline (SURF)

SURF scope on track

- **2015 scope completed**
 - Installation of three pipelines between Ivar Aasen and Edvard Grieg were completed in September
 - Rock dumping on pipeline for Ivar Aasen
 - Metrology, pre-commissioning and trenching are completed
- **2016 scope of work**
 - Installation of power cable
 - Spool and cover installation
 - Trenching power cable
 - Finalize rock dumping
 - Commissioning pipelines and power cable



Lewek Express at spool base

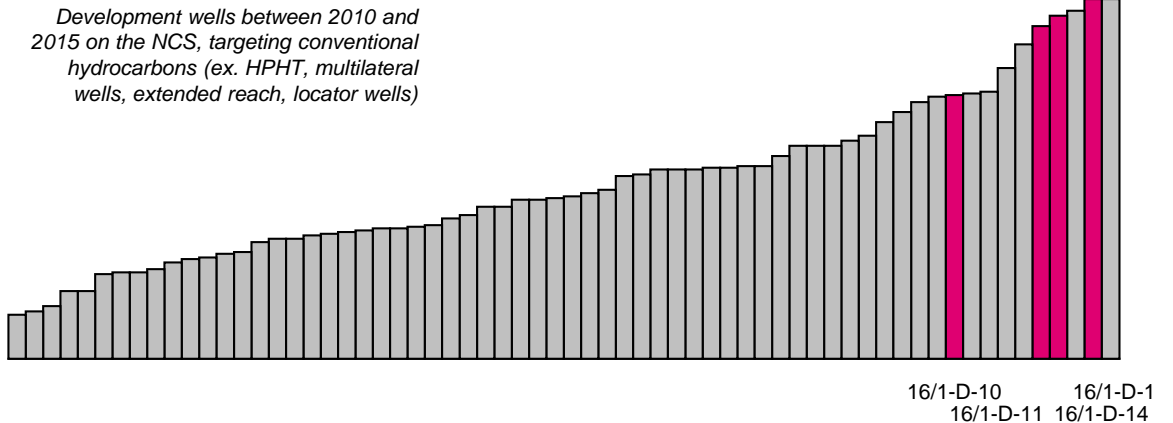
Excellent Drilling Performance

- Initiated drilling of production wells through jacket in mid-July
 - Batch set five conductors
 - Three producers drilled and completed
 - First injector drilled and completed

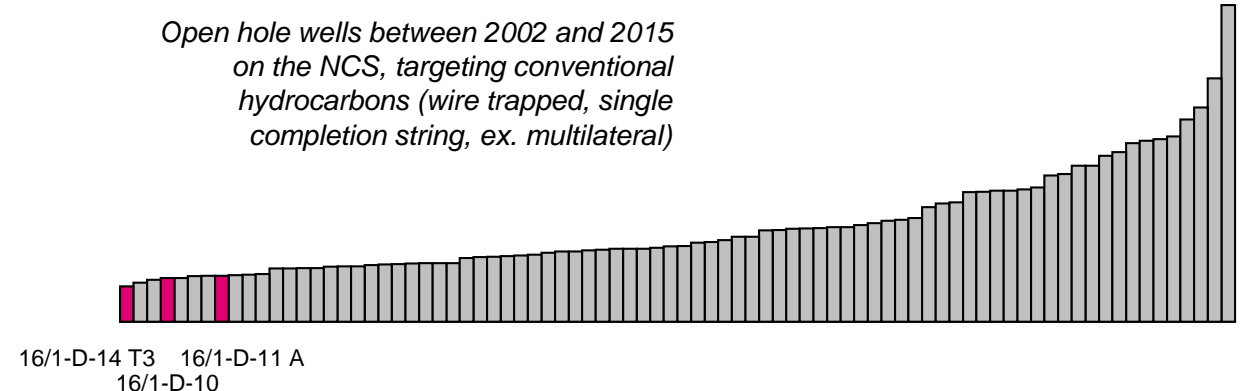
- World class drilling performance
 - Rig move and preparations for drilling completed in six days
 - Batch setting of five conductors well ahead of plan and budget
 - Top drilling and completion performance

- Targeting further performance improvements

Meters/dry hole day (ex. core&log) by well *



Total Completion Days *



Topside at 92.5% completion

Minimizing offshore hook-up & commissioning scope

- Integrated Design Review to verify the design
- Timely delivery of EICT inputs to Construction and Commissioning
- Close cooperation in integrated team with Det norske and contractors
- Construction and Commissioning actively involved in handover process to Commissioning
- Mitigation of risks to secure first oil including:
 - Construction manning
 - Safety systems
 - Fire or sabotage at construction site
 - Interface with Edvard Grieg



Make platform ready for first oil

- Completion
 - Aibel hired and mobilized as hook-up contractor
 - Integrated team – Det norske, Aibel people in Singapore
 - 450 bed Floatel to accommodate offshore work force
- Ivar Aasen readiness team established with mandate to secure 1st oil Q4 2016
 - One team' approach for effective working and coordination
 - Assurance and alignment across sub projects and between Ivar Aasen and Edvard Grieg
- Edvard Grieg ready for Ivar Aasen summer 2016 as per agreement

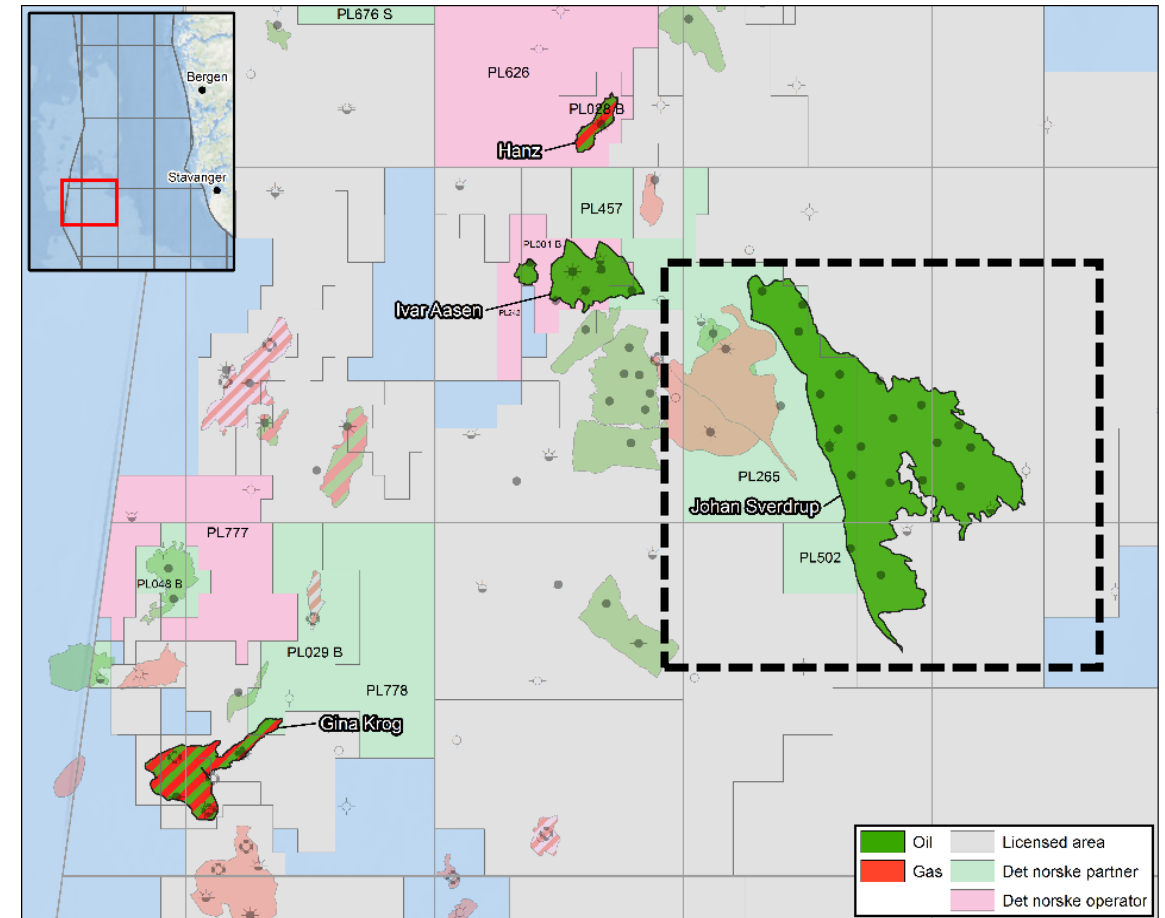


Asset profile

Partner, 11.5733 % working interest

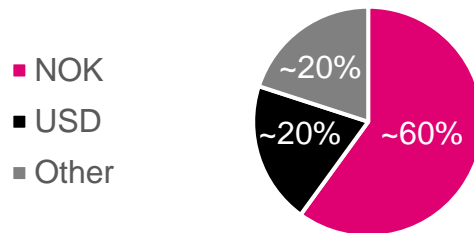
- Johan Sverdrup is one of the largest fields on the NCS
- PDO for Johan Sverdrup phase 1 was approved on August 21
- Recoverable reserves of 1.7-3.0 billion boe
 - ~80% to be extracted from first phase investments
- Production to reach 315 – 380 mboepd at plateau (Phase 1)
- Oil export to Mongstad, gas export to Kårstø
- Power from shore
- Project on track for first oil in Q4 2019

License:	PL265, PL501, PL502
Discovery year:	2010
End 2015 2P reserves (net):	303 mmboe
Production start:	Q4 2019
Partners:	Statoil Petroleum AS (operator), Lundin Norway AS, Petoro AS, Maersk Oil Norway AS

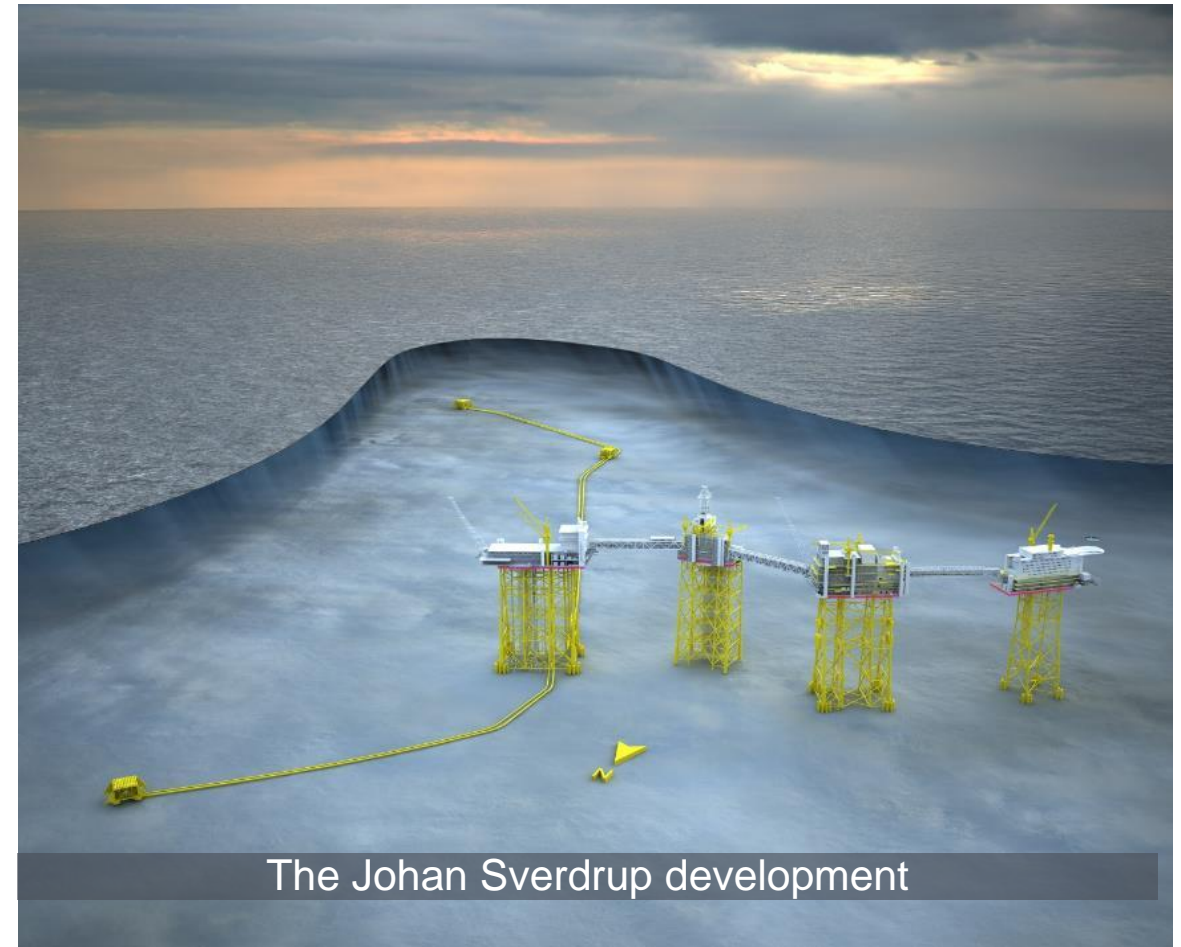


Project progressing as planned

- Most major contracts have been awarded
- Cost estimates continue to come down
 - Phase 1 CAPEX (Operator's latest estimate) reduced from NOK 123 billion (nom.) at PDO to NOK 108.5 billion (nom.)*
- Operator's Phase 1 indicative FX split on CAPEX

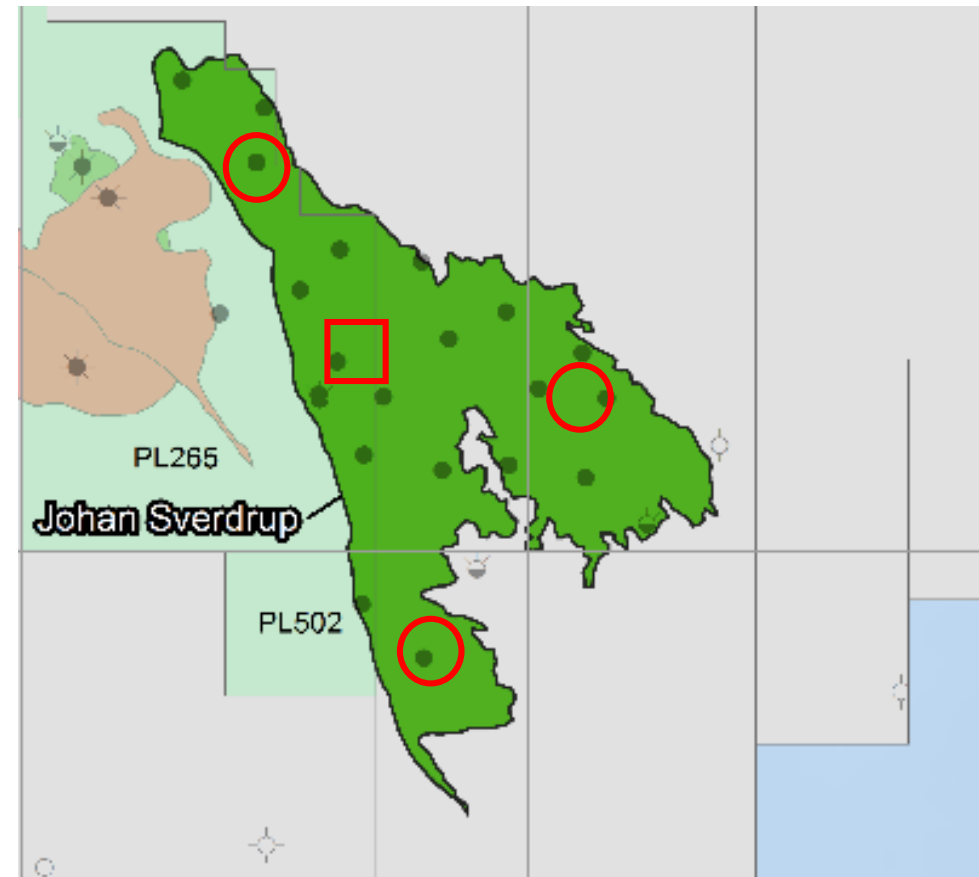


- Debottlenecking measures decided with aim to increase Phase 1 production capacity



Full field development

- **Planned milestones**
 - Concept selection / DG2 Q4 2016
 - Development plan Q4 2017
 - Production start-up 2022
- Developing the periphery of the field
 - Additional wells
 - Additional subsea installations and/or unmanned wellhead platforms
 - Increase process capacity to 550 – 650 mboepd
- Including power from shore to the Utsira High fields Ivar Aasen, Edvard Grieg and Gina Krog
- Full field CAPEX (Operator's latest estimate) NOK 160 – 190 billion (real)*



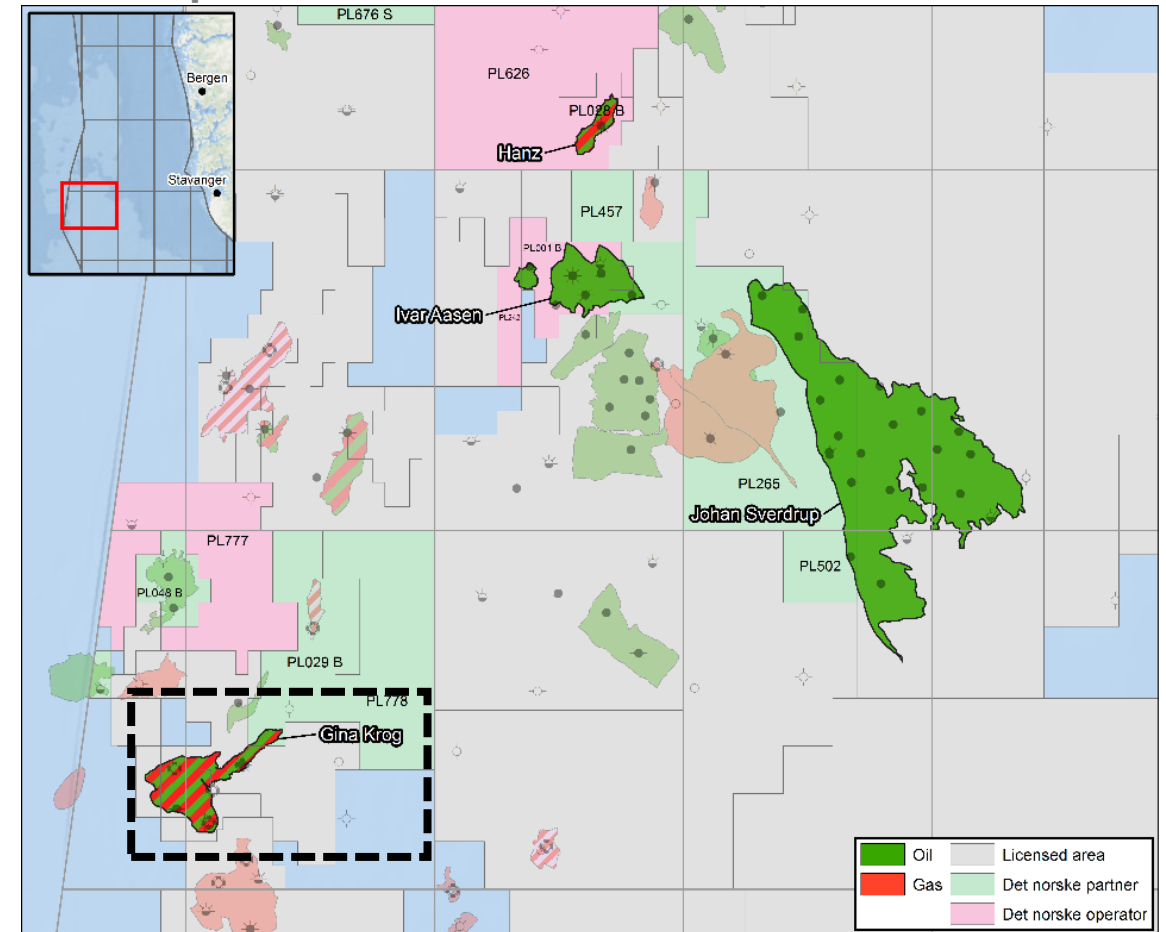
Asset profile

Partner, ~3.3% working interest

- Located about 30km northwest of Sleipner, and will be developed to the Sleipner field
- PDO approved in 2013, first oil expected in 2017
- Field is developed with a platform resting on the seabed, while the wells will be drilled with a mobile jack-up drilling rig.
 - Liquid will be transported via a tanker, while the gas via the Sleipner field

License:	PL029B, PL029C, PL048, PL303
Discovery year:	1974
End 2015 2P reserves (net):	7 mmboe
Production start	2017
Partners	Statoil (operator), Total, PGNIG

Area map



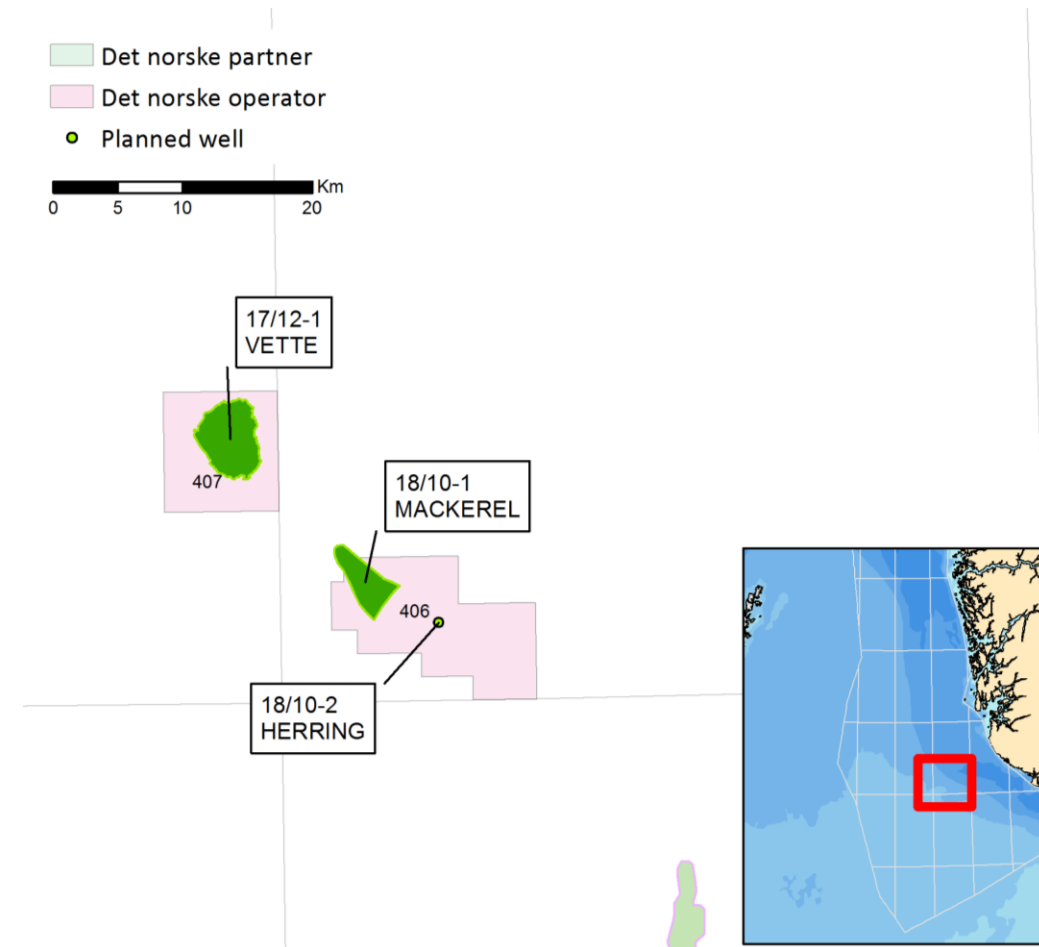
Asset profile

Operated, ~50% working interest

- Discovered in 1972 and appraised in 2009
- Three development concepts being evaluated:
 - Use of jack up drilling rig with production facilities
 - Subsea wells connected up to a FPSO
 - Wellhead platform with processing capability
- Deadline for submission of PDO is extended to Q1 2017 by the Ministry of Petroleum and Energy
- Mackerel and Herring represent potential future upside

License:	PL407
Discovery year:	1972
End 2015 contingent resources (net):	24 mmboe
Production start	2019 (estimate)
Partners	Kufpec Norway AS, Tullow Oil Norge AS

Area map



Developing a new project delivery model

Exploration
Effectiveness

**Project
Delivery**

Operations
Excellence

Drilling
Performance

Supply Chain
Management

Organizational
Effectiveness

Project delivery
model



- **Establish a new project delivery model including:**
 - Developing a new project model covering tie-back, subsea and development projects
 - Securing front end loading and project continuity
 - Revising operations strategy and functional requirements
 - Revising LCI and technical requirements



GOALS:

50% reduction in engineering hours per ton produced platform

Cut total execution time with minimum 25%

Sanction stand-alone projects at a break even price below 40 USD/bbl

Producing assets

Geir Solli
SVP Operations



Strong HSE performance

- There were no serious incidents in 2015:
 - No serious personnel injuries
 - No acute spills to the environment
 - No incidents with high potential
- Experienced personnel and a mature organization at Alvheim contribute to good HSE results
- Several initiatives are implemented to ensure continued improvement in HSE performance:
 - HSE culture sessions held for the entire organization
 - Program for major accident prevention continued from previous years
 - Emphasized focus on risk management tools and process
 - Transferring of best practice to Ivar Aasen Operations



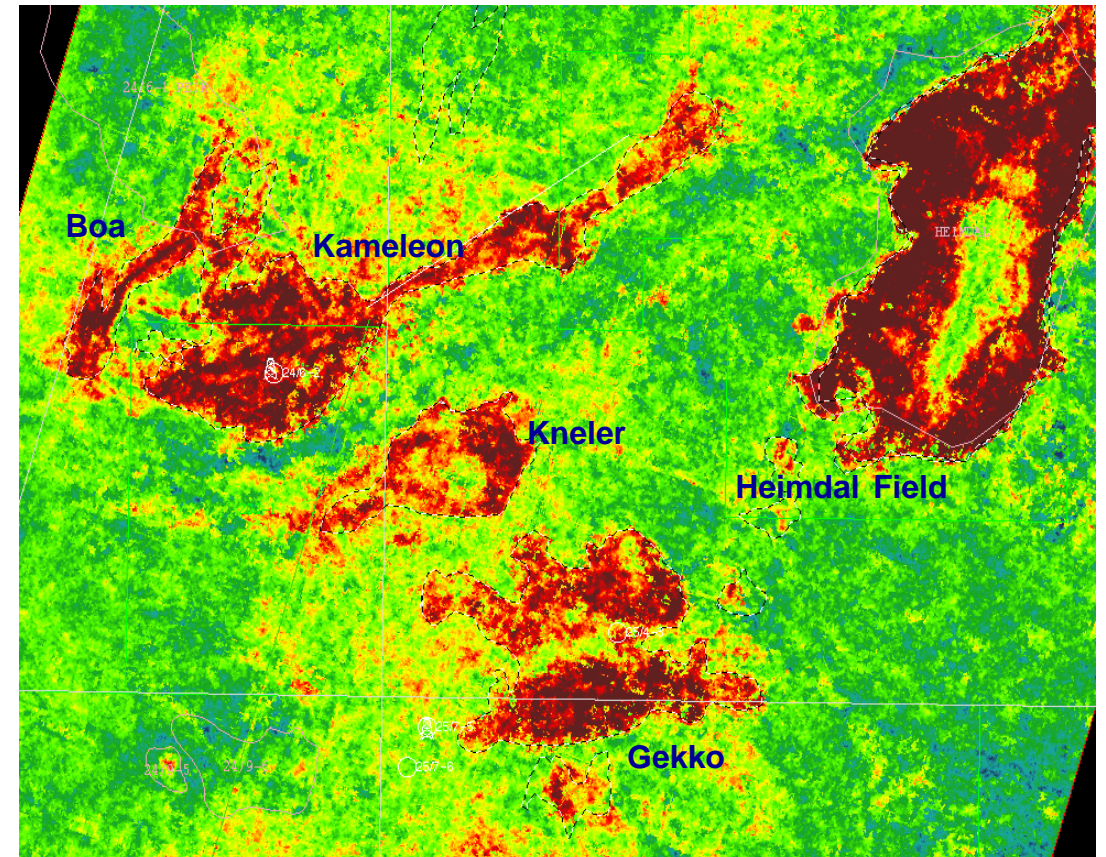
The Alvheim story - exploration

Area consolidation 2001-2002

- Known hydrocarbon presence but complex mixture of licenses and owners
- Resource potential commercial only with an area development approach
- Area extended over 3 licenses - Reduced number of owners from 9 to 3
- License coordination agreement with common ownership

Exploration campaign in 2003 proved up commerciality

- 3 discoveries - expected gas, but found oil
- 3rd party field Vilje also discovered same year



GREATER ALVHEIM AREA

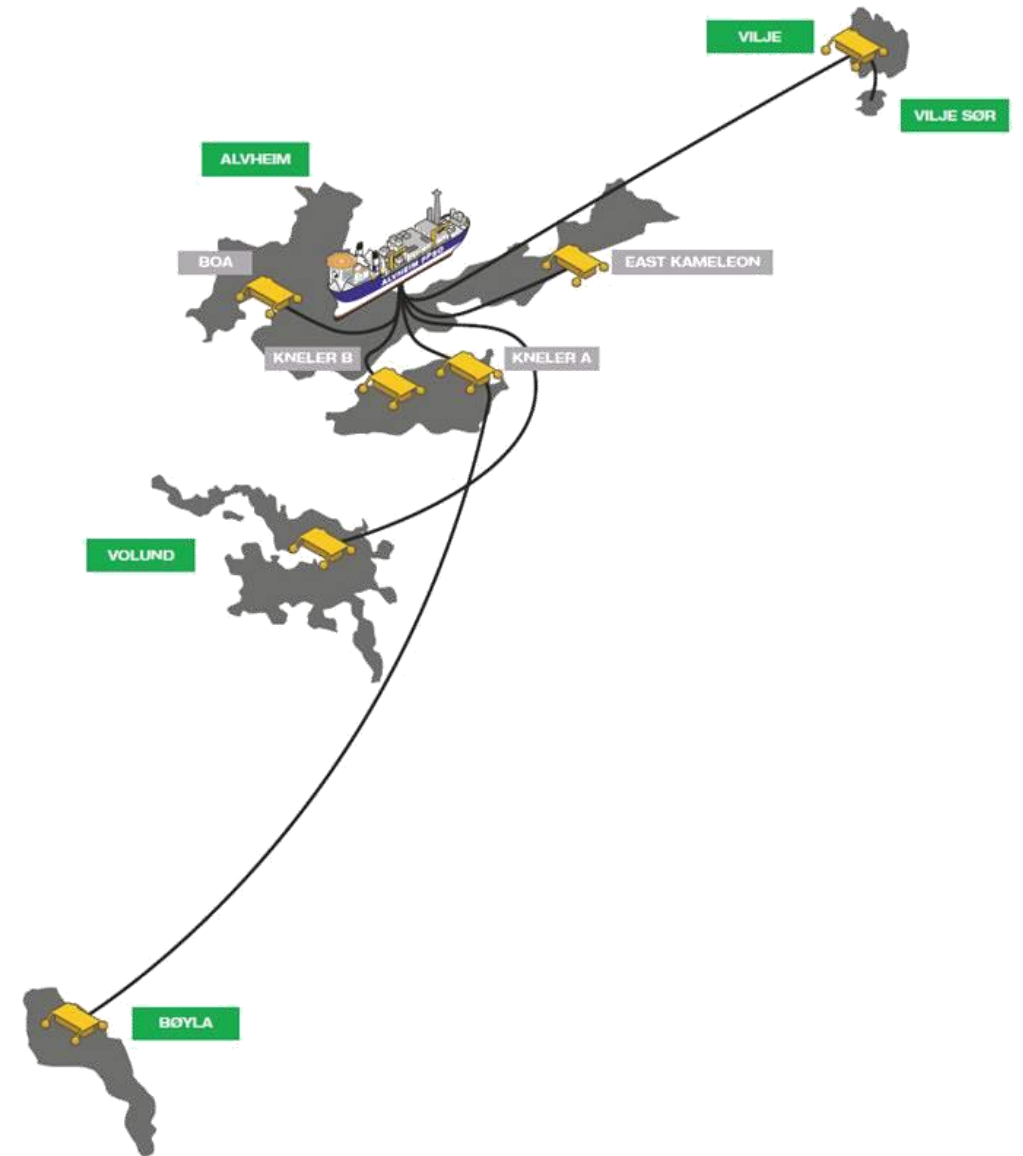
The Alvheim story - development

Fast track development of an Area Oil Hub

- Q4 2003 Concept Selection based on converting the "MST Odin" to an FPSO
- Q3 2004 Alvheim and Vilje PDOs submitted
- 2005 Hull conversion at Keppel Shipyard in Singapore
- 2006 - 2007 Topsides and Integration, Vetco Aibel in Haugesund
- Q2 2006 Pre-drilling of wells commenced
- June 2008 First production

Further Area development

- Q3 2008 Vilje first oil
- Q3 2009 Volund first oil
- Q1 2015 Bøyla first oil



GREATER ALVHEIM AREA

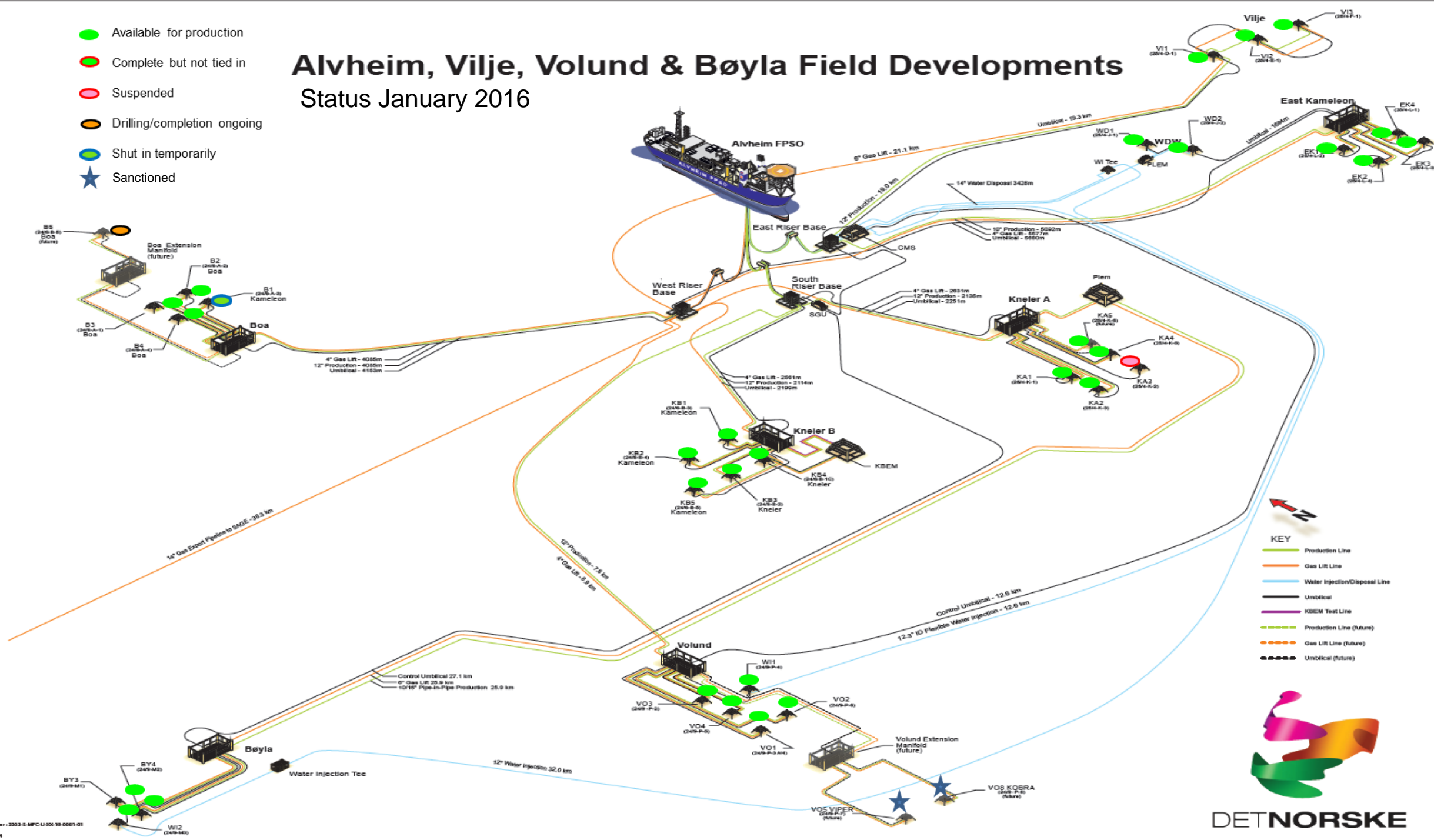
The Alvheim FPSO



- Available for production
- Complete but not tied in
- Suspended
- Drilling/completion ongoing
- Shut in temporarily
- Sanctioned

Alvheim, Vilje, Volund & Bøyla Field Developments

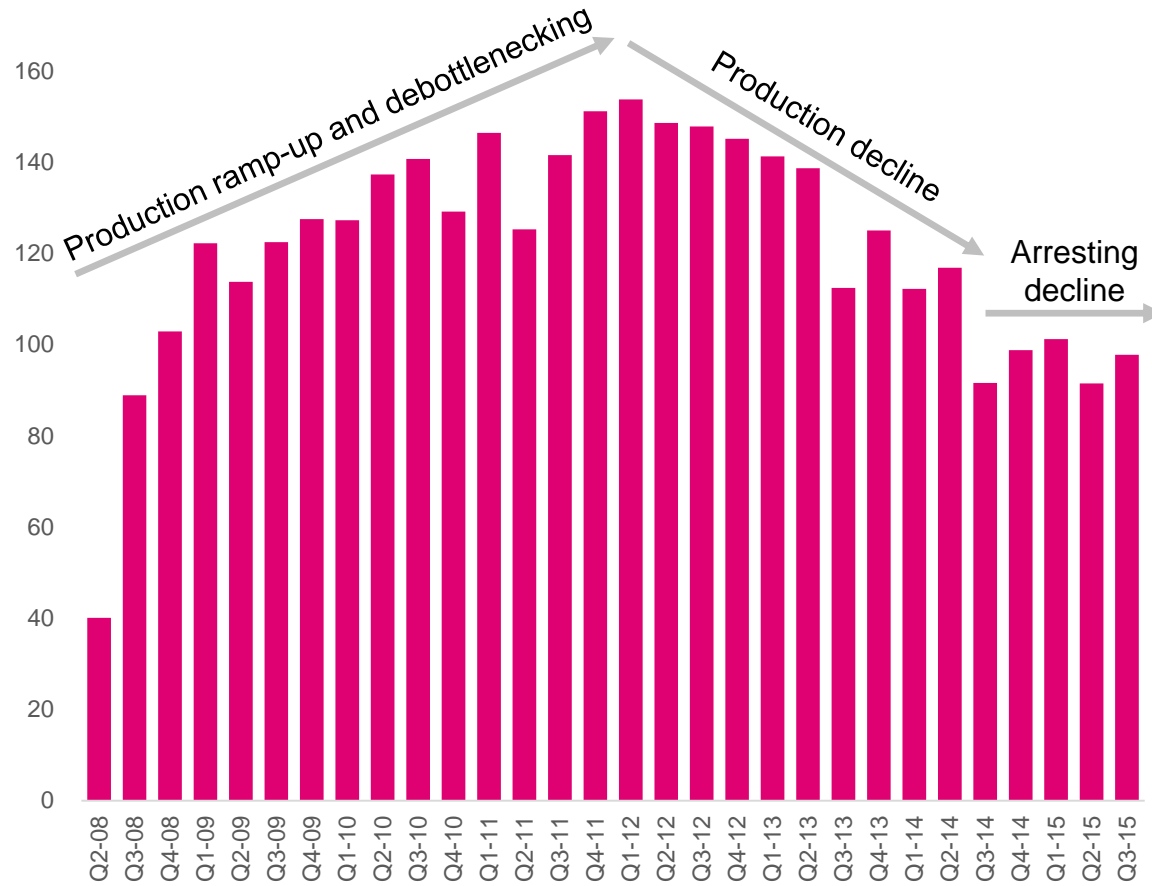
Status January 2016



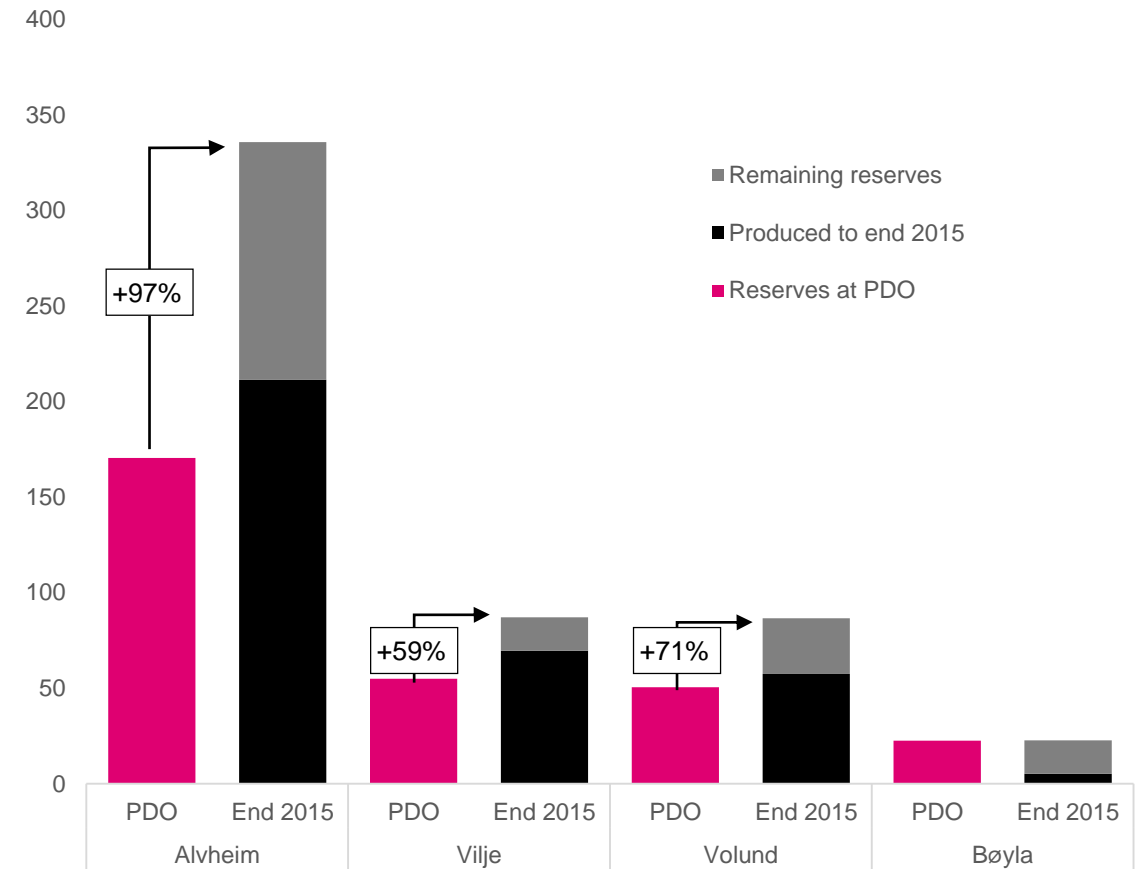
GREATER ALVHEIM AREA

The Alvheim FPSO production and Alvheim area reserves

Alvheim FPSO historical production (mboepd gross)



Reserves vs. PDO (P50 gross), mmboe



GREATER ALVHEIM AREA

Excellent uptime and reliability record

Alvheim Area

- Mid-life Detnorske operated FPSO currently producing ~100 mboepd (gross)
- ~310 million barrels of oil (gross) produced to date
- Strong operational performance, with a well embedded continuous improvement culture
 - Year-on-year improvement in production efficiency
 - Top quartile operating cost and production efficiency performance in 2014 McKinsey benchmarking
- Continued strong focus on managing unplanned and planned losses

Alvheim FPSO



Way forward

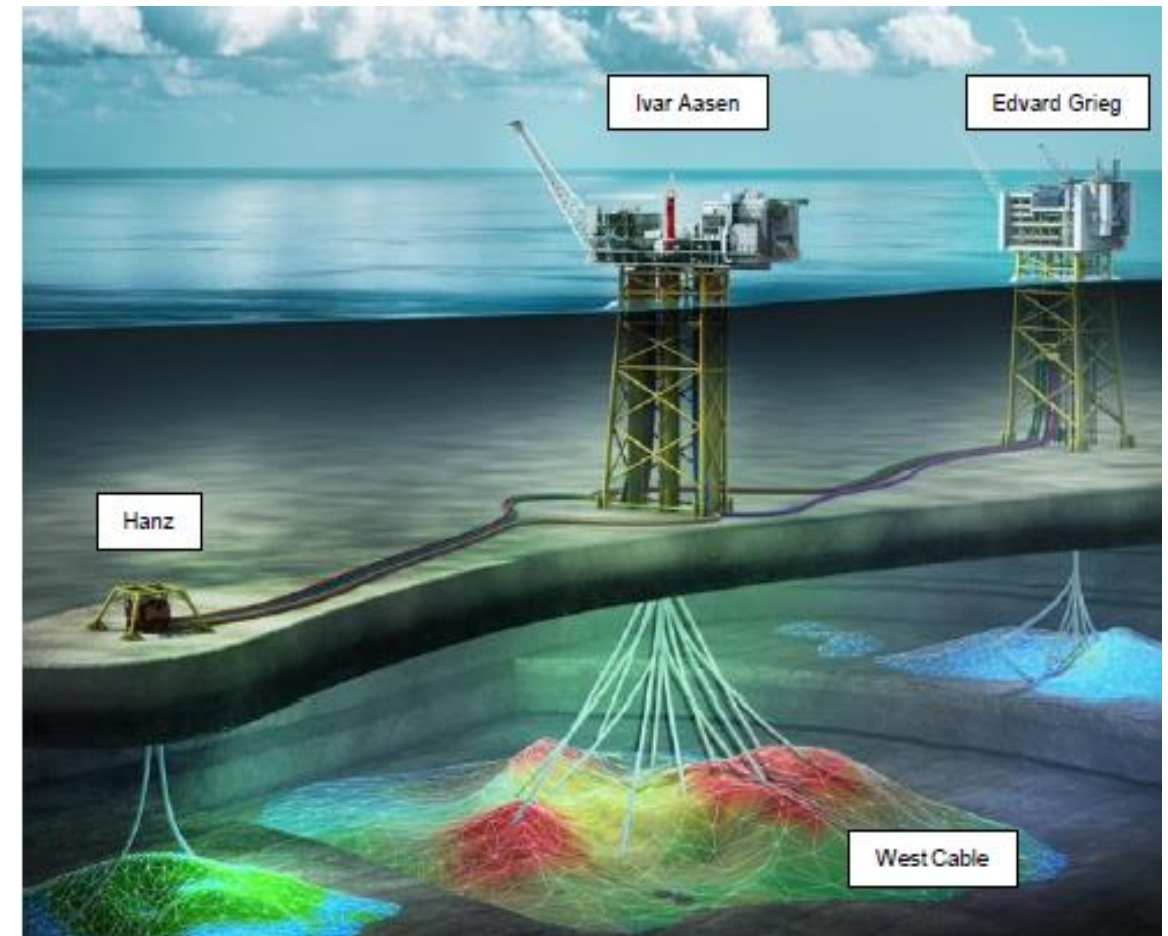
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Operational readiness

Status update

- Ivar Aasen readiness team established
 - One overall integrated team securing effective planning, execution and start-up Q4 2016
- Asset based operation and fully integrated technical support for the Alvheim and Ivar Aasen assets
- Aligned competence mapping and training requirement for Alvheim and Ivar Aasen
- Operation service contracts aligned with Alvheim
- Work processes being finalized - Management system
- Equipment criticality assessment and Maintenance program planning being developed
- Edvard Grieg ready for Ivar Aasen start-up summer 2016 as per agreement
 - Integrated plan for tie-in activities being established

Ivar Aasen and Edvard Grieg



Optimize Alvheim and transfer knowledge to Ivar Aasen

Exploration
Effectiveness

Project
Delivery

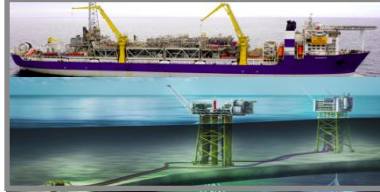
Operations
Excellence

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Effectiveness

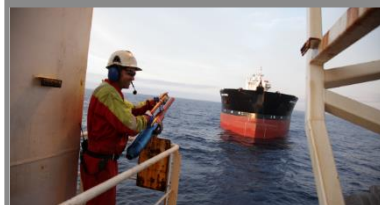
Alvheim & Ivar
Aasen integration



Maintenance and
modifications



Offshore efficiency



- **Capture synergies across assets by:**
 - Implementing common work processes
 - Sharing technical support and services
 - Implementing efficient area emergency solutions
 - Ensuring organizational efficiency
- **Optimize maintenance and modifications through:**
 - Reduction of preventive maintenance in low criticality areas
 - Insource activities performed by suppliers/contractors
 - Optimizing modifications and use of MMO contract
 - Review and revise spare parts management
- **Increase tool time through implementation of lean principles:**
 - Optimizing work processes and the planning process
 - Improving workplace organization
 - Reviewing documentation process and quality

Concluding remarks

Karl Johnny Hersvik
Chief Executive Officer



Three building blocks for future success

Execute

- Ivar Aasen project and drilling
- Production, projects and drilling on Alvheim
- Efficient integration of acquisitions

Improve

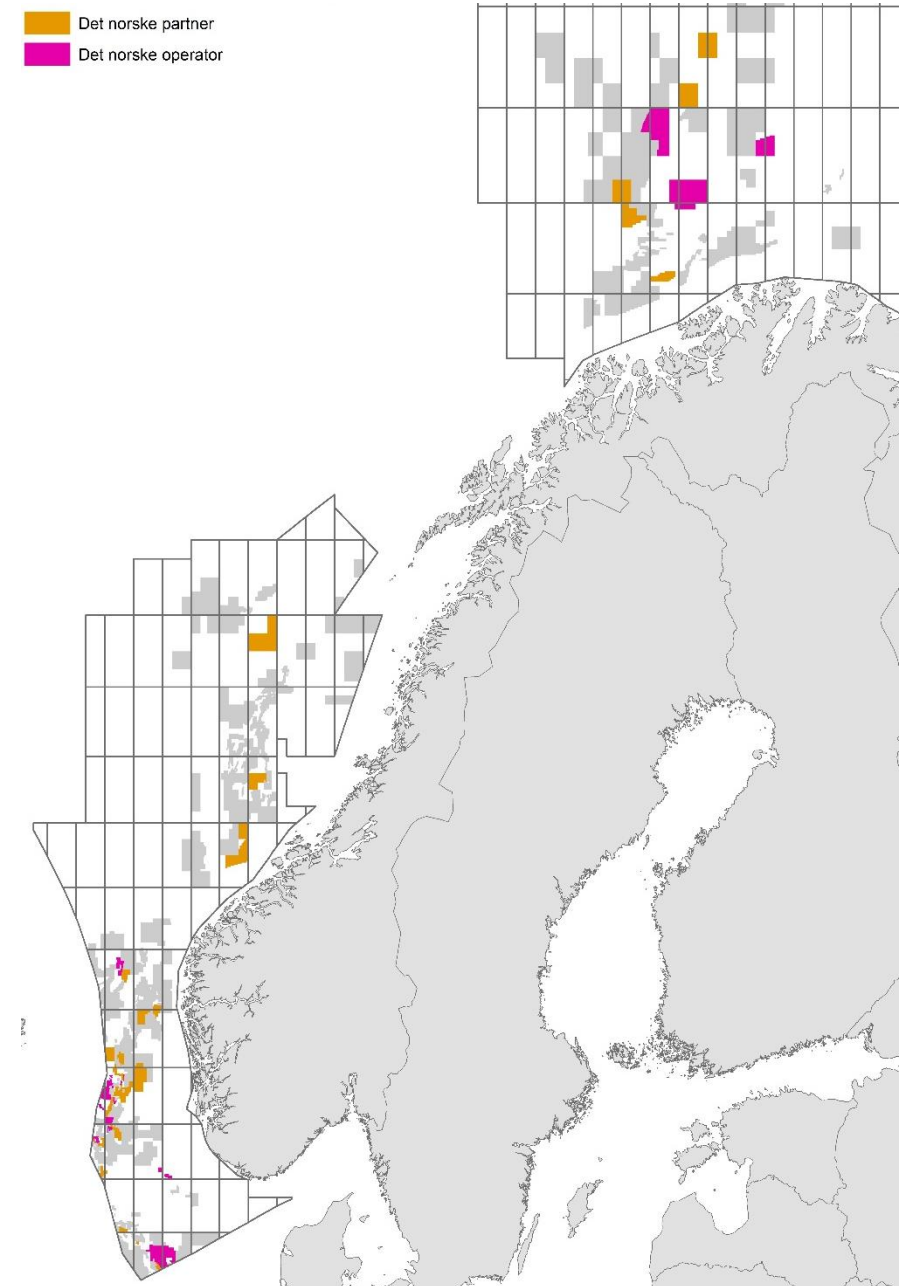
- Deliver on improvement agenda
- Strengthen improvement capabilities
- Develop new improvement initiatives

Grow

- Be opportunistic and exploit market opportunities
- Achieve selective growth that is value and credit accretive
- Secure new exploration acreage

Concluding remarks

- Strong current production base and operational cash flow
- World-class project portfolio with low break even oil price levels
- Identified potential within the portfolio to lift oil & gas production to 160,000 boepd after 2020 in improved market conditions
- Significant free cash flow from 2020 onwards as Johan Sverdrup is brought on stream
- Robust capital structure with sufficient funding for current work program
- Utilize current environment to strengthen long-term competitiveness and cost base
- Improvement program to be an enabler to ensure competitive edge in a low oil price scenario





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