Northern Oil ASA

Report for the 1st Quarter of 2002

The Business of Northern Oil ASA
Northern Oil ASA ("NOI" or the "Company") is involved in the exploration and production of oil and gas. Its main focus is on the acquisition, development and production of proven reserves.

As of March 31st, 2002, the Company's main assets were 90,046,000 shares in Naftex Energy Corporation ("Naftex"), representing 95.7% of its outstanding shares, and 42,687,098 shares in Petrolex Energy Corporation ("Petrolex"), representing 62.92% of its outstanding shares.

Basis for presentation of financial statements
NOI is reporting financial results in USD based on accounting principles generally accepted in Norway.

Naftex is in the process of selling its interests in Egypt. All assets, liabilities, revenues and expenses associated with this business are recorded net as a one line item in the Company's consolidated income statement and the balance sheet. The Board emphasizes that the results of the operations in Egypt are based on estimates from Naftex's management which contains substantial uncertainties. Prior periods' numbers have been reclassified for the purpose of comparison.

Up to and including 2001, all drilling expenses, sales revenues and cost of sales and operating expenses related to Petrolex's interest in Colombia have been charged or credited towards the petroleum properties. As a result of the development in Colombia during 2002 as described under «Petrolex – Rubiales Colombia» below, the Board has decided to restate the accounts for 2001 to reflect a full write down of the value of the Rubiales assets. Petrolex's operating expenses, net of sales revenues, have for the f1st quarter 2002 been charged to net profit as part of other operating expenses. Due to lack of reliable financial reporting from the operator the results of the operations in Petrolex are, to a great extent, based on estimates from Petrolex's management and thus contain substantial uncertainties.

Results for the first quarter of 2002
The results for the first quarter of 2002 (comparative numbers for 2001 in brackets) show a loss of USD 552,000 (USD 400,000) before minority interest, and of USD 546,000 (USD 285,000) after adjustment for minority interests.

Financial matters
During the quarter a total of 96,525,000 shares in the company were outstanding. On March 14 the Company raised an additional NOK 10.2 million (Approximately USD 1.3 million) in equity through a private placement of approximately 2.2 million shares at NOK 4.50 each. The share issue was registered in April 2002, and was thus not recorded as of March 31, 2002.

A total of 98,785,936 shares are presently outstanding in the Company.

Petrolex
Rubiales Colombia
On 30th April NOI informed Petrolex and its indirectly wholly owned subsidiary Petrolex Colombia Holdings Limited («PCHL») that further funding for their ongoing activities and investments would no longer be provided. NOI also demanded repayment of its loans to Petrolex and PCHL. The amounts outstanding under these loans were approx. USD 2.85 million to Petrolex and approx. USD 3.25 million to PCHL. The time limit set for repayment was May 31st.

NOI furthermore offered to acquire from PCHL the shares in its three subsidiaries participating in the Rubiales licences and the rights PCHL had towards the company holding the remaining 20% share of the Rubiales licences, for an aggregate price of USD 6.25 million.

NOI received Petrolex's response on May 27, 2002.

Petrolex declined the offer made, but indicated a willingness to negotiate with NOI with a view to reaching an agreement. The conditions for such negotiations were, however, such that the Board found it not to be in the Company's interest to pursue further discussions with the Petrolex board.

During the period since the offer was made, updated information on the financial situation of the Rubiales companies have been provided to Petrolex and, subsequently, NOI.

A review by Petrolex management and an independent audit firm thus established that the aggregate trade debt owed by the operator to suppliers were considerably higher than anticipated and reported to Petrolex. The audit further identified a number of non-satisfactory matters relating to the control and reporting routines applicable to the operator and its sub-supplier, International Technical Solutions Inc. ("**ITS**").

It was also noted that the operator had received notice from the Colombian state controlled oil company Ecopetrol (which retains an interest in the Rubiales field), that all outstanding trade debts should be repaid in order to avoid a loss of the license rights.

These findings, combined with Petrolex's conditions to accept NOI's offer of April 30th, has lead NOI to withdraw its offer to PCHL.

NOI accepts that the consequence of this could be that Petrolex's board will have no alternative but to consider resorting to insolvency proceedings. NOI will pursue its interests as a creditor against both Petrolex and PCHL should this occur.

The Board has, on the basis of the events in Petrolex, decided to write down the total investment in Petrolex, see above.

The Board regrets the unfortunate turn of events in Petrolex. It is, however, the Board's view that NOI's resources are better employed in following up its investment in Naftex. The continued funding by the Company alone of Petrolex would, given the financial requirements of Petrolex, clearly not be in the interest of NOI and its shareholders.

Naftex
Block BS-3 Santos Basin, Brazil
The drilling of the first production well in Coral was commenced on 31st October 2001 and reached a total depth of 5,433 m before it was temporarily abandoned early February. The well proved oil in all zones of commercial interest, confirming the revised reservoir understanding of the field. The rig was moved mid February to drill a second production well. As of this date the second well has reached a total depth of 5355 m and has been logged.

Production liners will now be installed also in the second well before it is temporarily abandoned. The third and final well in Coral is planned as a re-entry of an existing exploration well, which will be side-tracked.

The production unit Atlantic Zephyr has been under upgrading since early May. Construction of the processing plant is completed and the plant will be installed at the unit shortly.

It is planned that all wells will be equipped with sub-sea horizontal wet christmas trees and tied back with flow lines and risers to the semi-submersible production platform "Atlantic Zephyr" which will be anchored at the Coral field.

Production for Coral is estimated by Petrobras to commence from one well in September. The second well is planned to be put on production in October and the third well around yearend. The Board is cautiously optimistic about this timetable.

Naftex's share of the Coral field development costs are estimated to approximately US$ 30 million. The Company has guaranteed the obligations of Naftex's wholly owned subsidiary, Coplex Brasil, towards ANP under the joint venture.

Coplex Brasil has signed a loan agreement with Unibanco for the purpose of funding the major part of the Coral field development costs. The loan is guaranteed by NOI.

The non-operators have engaged an independent reservoir engineering company to conduct an assessment of the reservoir evaluation work performed by Petrobras for the Coral and Estrela do Mar fields. The same firm is also engaged to perform a similar assessment for the discovery made in the BS-3 licence last autumn (the Caravela Sul discovery). The results of these studies are expected to be released shortly.

WEEM License, Egypt
In the second quarter 2001, Naftex commenced negotiations with Bitech Petroleum Corporation (which had acquired all of the shares of Vanguard) to settle a dispute between Naftex, Coplex Egypt, Vanguard, and Cabre, concerning, among other things, their respective interests in the WEEM Concession.

The negotiations between Naftex and Bitech were concluded in June but were immediately followed by an offer from LUKOIL Oil Company to acquire all the outstanding shares in Bitech. This has led to a continued delay in the conclusion of the parties' settlement relating to the WEEM Concession. In March, LUKOIL completed the acquisition of Bitech. Naftex is presently in discussions with LUKOIL with the aim to settle the dispute and dispose of the asset.

Oslo, 31st May 2002
The Board of Directors of Northern Oil ASA.

Northern Oil ASA

Income Statement (USD 1,000)	**1st Quarter 2002**	**1st Quarter 2001**	**Year 2001**
Oil sales net of royalties	-	-	-
Production and transport expenses	-	-	-
Other operating expenses	482	273	1,797
Depletion, depreciation and amort.	2	-	8
Write down of field investments	-	-	11,521
Operating loss	(484)	(273)	(13,326)
Net financial (expenses) / income	(30)	142	438
Net currency (loss) / gain	25	(109)	(178)
Loss from continued operations	(490)	(240)	(13,066)
Results from discontinued operations	(62)	(160)	(557)
Net (loss)/ profit	(552)	(400)	(13,623)
Minority interests' portion of losses	6	115	2,521
Net (loss)/ profit after minorities interests	**(546)**	**(285)**	**(11,102)**

Balance Sheet (USD 1,000)	**31st March 2002**	**31st March 2001**	**31st Dec. 2001**
Property and equipment	20,774	8,217	16,495
Operations held for sale / discontinued operations	588	1,046	650
Other current assets	891	2,103	1,953
Cash and cash equivalents	961	12,182	1,407
Total assets	**23,214**	**23,549**	**20,505**
Equity	12,544	17,442	12,425
Minority interests	127	3,198	373
Long term debt	-	217	-
Current liabilities	10,543	2,692	7,707
Total liabilities and equity	**23,214**	**23,549**	**20,505**