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DETNORSKE
Annual Report 2008

The geological wonder

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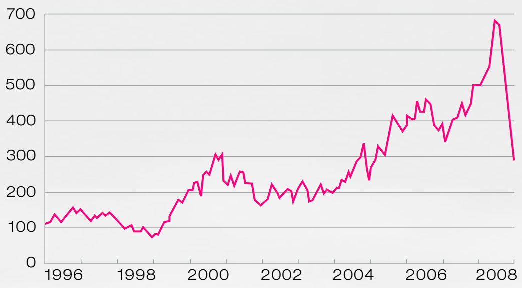
NOK pr Barrel. Monthly data. Source: Norges Bank



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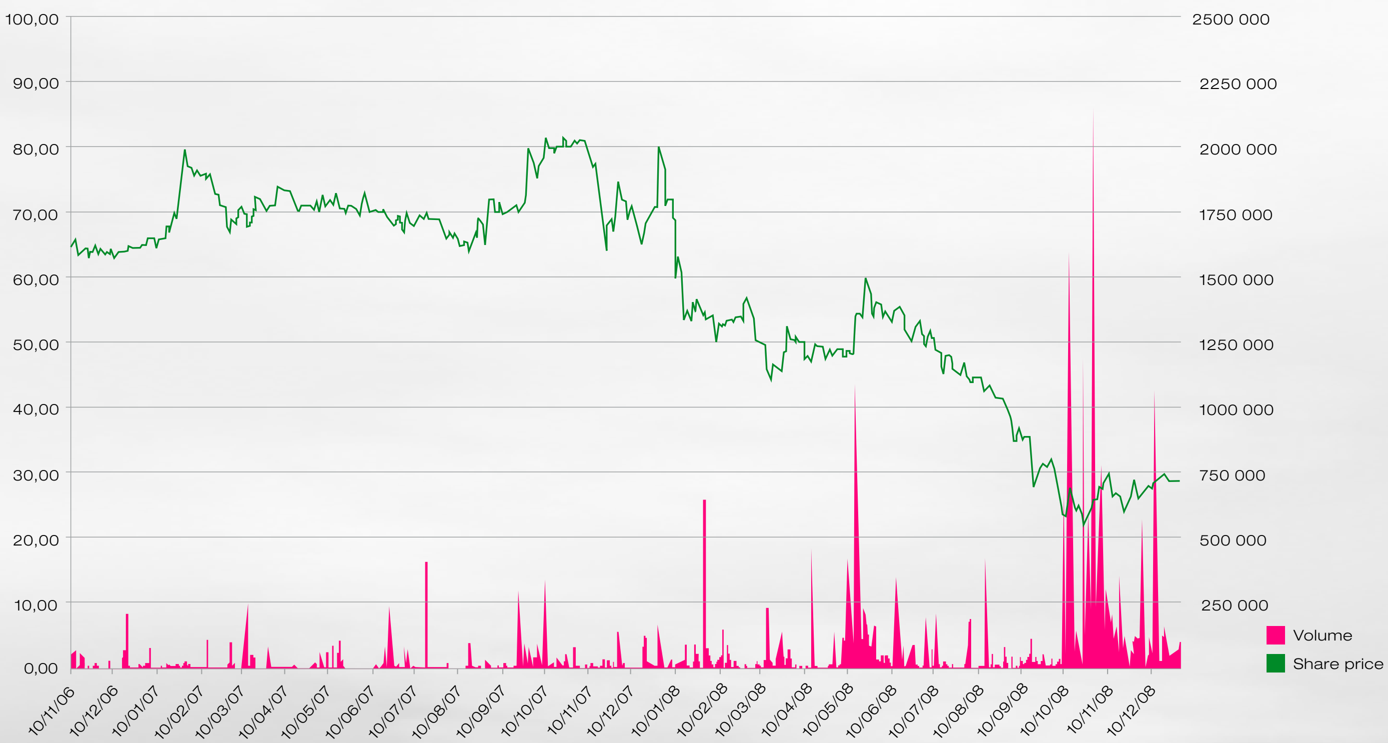

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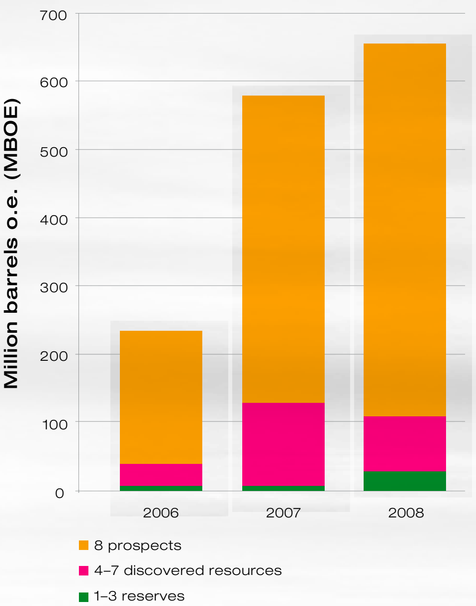

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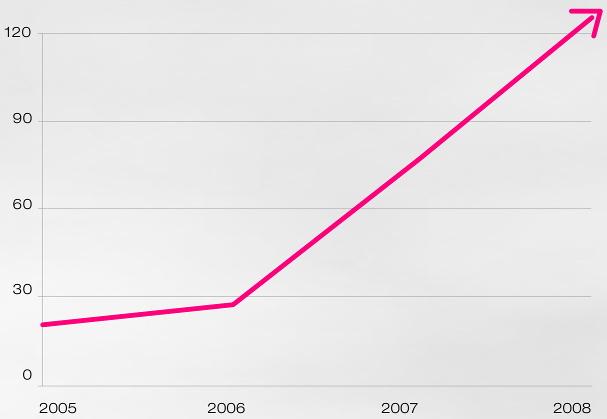

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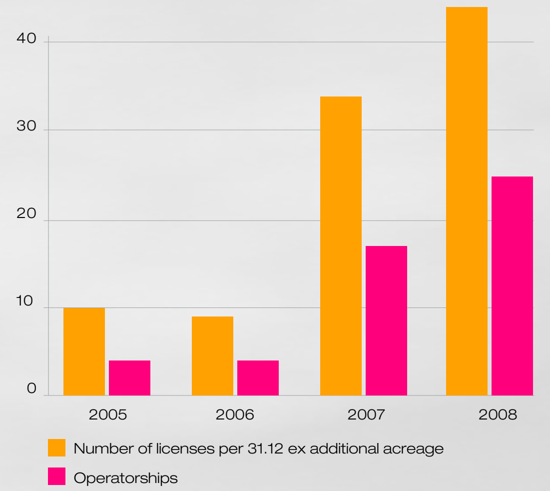

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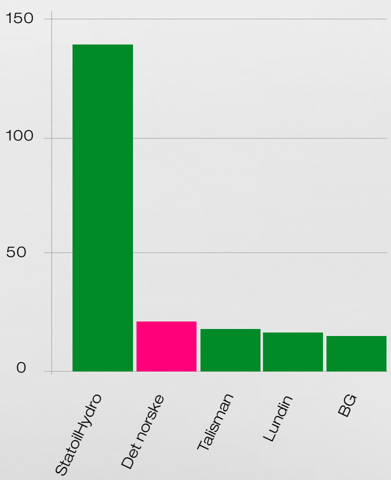

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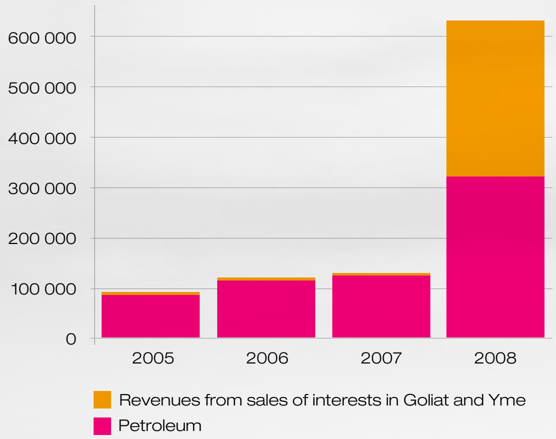

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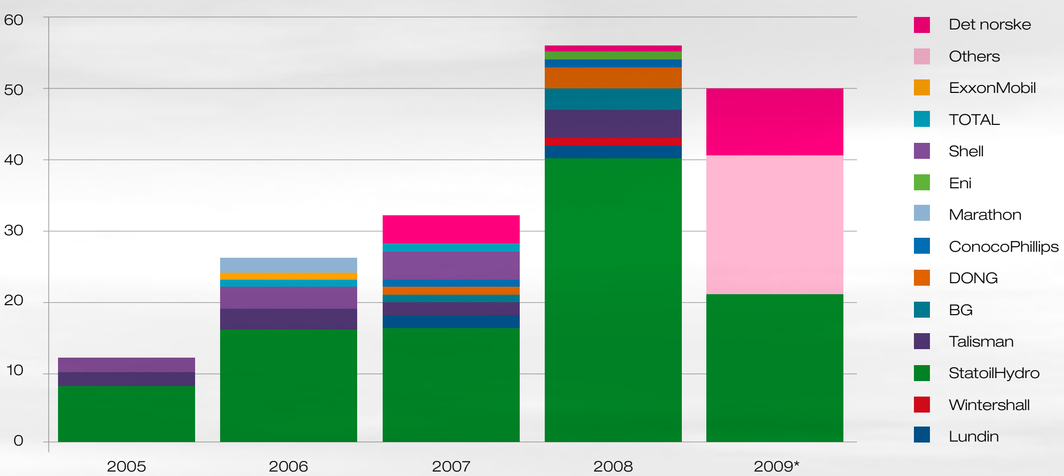
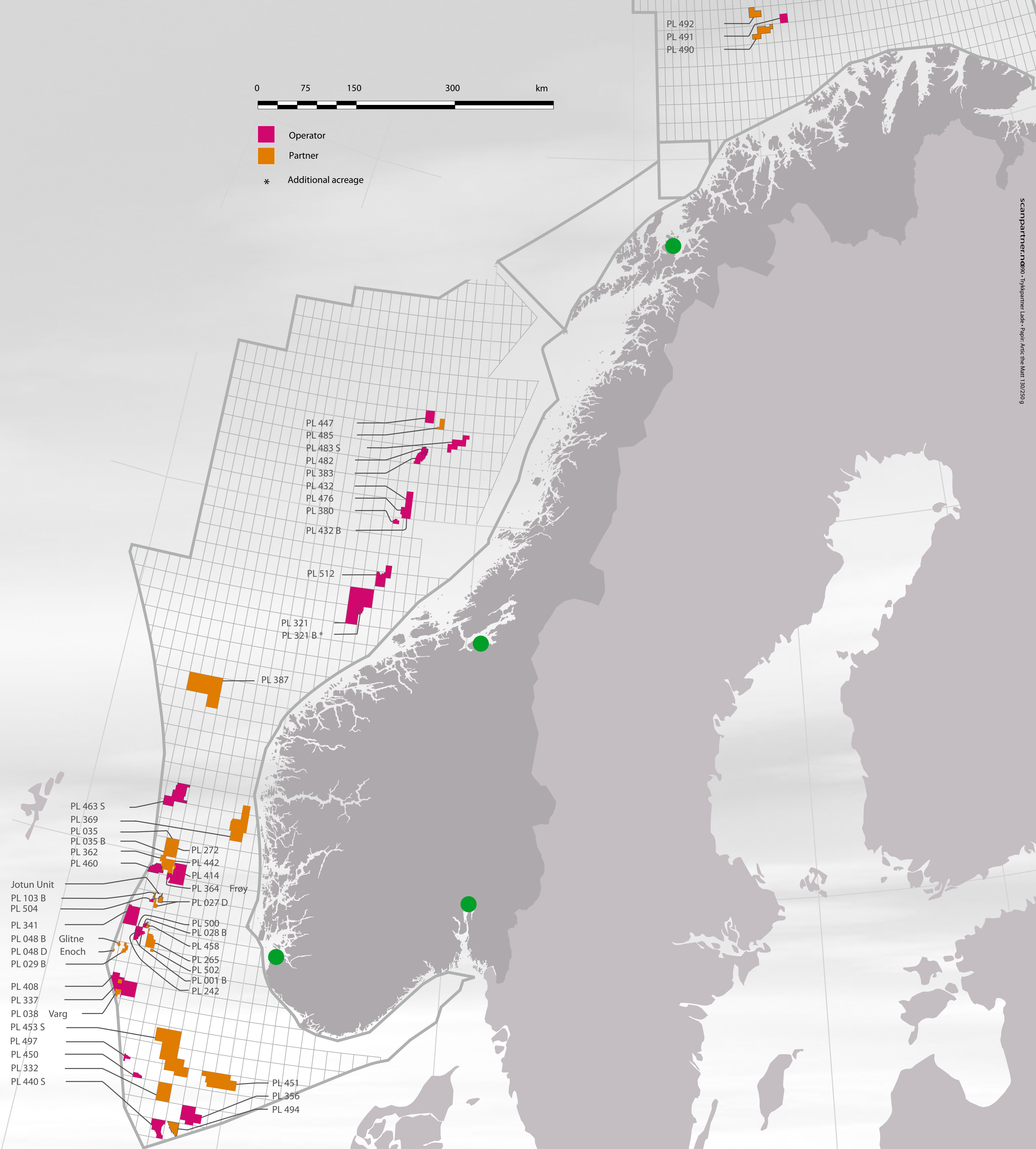


*Estimate



PL 492
PL 491
PL 490
0
75
150
300
km
Operator
Partner
* Additional acreage
PL 447
PL 485
PL 483 S
PL 482
PL 383
PL 432
PL 476
PL 380
PL 432 B
PL 512
PL 321
PL 321 B *
PL 387
PL 463 S
PL 369
PL 035
PL 035 B
PL 362
PL 460
PL 272
PL 442
PL 414
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Frøy
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PL 103 B
PL 504
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PL 242
PL 408
PL 337
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Varg
PL 453 S
PL 497
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KEY FIGURES

	2008	2007
No. of license interests as of 31 December (excl. additional acreage)	**42**	34
No. of operatorships	**23**	17
Production	**661,732 barrels**	300,651 barrels
Reserves (P50) as of 31 December	**30 mill. barrels**	8 mill. barrels
Reserves (P50) and risked contigent resources as of 31 December	**109 mill. barrels**	129 mill. barrels
Reserves and risked total resources as of 31 December	**656 mill. barrels**	579 mill. barrels
Total operating revenues	**635 MNOK**	131 MNOK
Operating profit/(loss) before depreciation and amortization	**(60) MNOK**	(218) MNOK
Operating profit/(loss)	**(572) MNOK**	(252) MNOK
Income/(loss) before taxes	**(416) MNOK**	(247) MNOK
Net income/(loss)	**225 MNOK**	(42) MNOK
Exploration costs	**545 MNOK**	283 MNOK
Net investments	**783 MNOK**	(365) MNOK
Cash flow before financing activities	**1,012 MNOK**	(61) MNOK
Booked equity	**3,758 MNOK**	3,563 MNOK
Market capitalization	**1,889 MNOK**	5,194 MNOK
No. of shares as of 31 December	**64,925,020**	64,925,020
Nominal value per share as of 31 December	**0.20 NOK**	0.20 NOK
Share price as of 31 December	**29.1 NOK**	80.0 NOK
Number of employees as of 31 December	**127**	78
After APA 2008/2007		
No. of license interests as of 26 March, 2009/29 February, 2008	**47**	45

What is oil?
Where does it come from?
How can we find it?

THE GEOLOGICAL WONDER

Det norske´s chief geologist Sigmund Hanslien (58) will answer the questions. He has found oil worth billions of Norwegian kroner. We understand that oil may be many different things: A chemical substance, lighter than water, insoluble in water. It can be pumped from the earth, from the Arabian desert, from a dusty yard in Oklahoma, or from the seabed off the Norwegian coast.

Det norske oljeselskap ASA creates value for society, shareholders and employees, from the Norwegian oil resources in the North Sea. But how did the oil end up deep down, under the sea? Where does it come from? And how do we know where to look for it?

One of the top people in Det norske is a 58 year old Norwegian from the village of Vågå, situated in an inland valley called Gudbrandsdalen. VP Geology is the title on his business card. Sigmund Hanslien is a member of Det norske's management team. His office location is in Stavanger, but now he takes a seat in a sofa at the Trondheim head office. Hanslien can explain everything, they say. If they have a question, they call Hanslien. His presentations are terrific, people say in Det norske.
– Well, I really don't know, Hanslien says, and wiggles a little. He feels uncomfortable when his pedagogical abilities are mentioned.
However, when the conversation turns to oil, he feels more at ease. Did he really find black gold, worth billions of Norwegian kroner (NOK)?
– If I wanted to, I could do a little bragging. I was there when the Grane field was found. The point is to figure out exactly where to drill, and I was there when we did.
– And, I suppose that oilfield was worth 500, maybe 1000 billion Norwegian kroner. From this money Norway has built hospitals and nursing homes. Of course, that makes me feel really comfortable.

The Norwegian oil adventure started in the 1960's, after The Netherlandsdiscovered natural gas in the enormous Groeningen field.

”In the spring of 1966 activities started in the North Sea. Gigantic oil platforms were hauled from the shore and fastened to the seabed with huge anchors. Enormous drillships from the world's biggest oil companies plowed the waves, trying to locate the right spots. On board, Norwegian young men were working around the clock with foreign experts, deploying the drillpipes. They started drilling as deep as the height of the mountain Galdhøpiggen, two, three and four thousand meters”.

In 1966, on the day before Christmas Eve, things started to happen. The American company Phillips found large quantities of oil in what was to become the Ekofisk field, in the Norwegian sector of the North Sea.

News of the emerging Norwegian oil era also reached a young schoolboy in Gudbrandsdalen.
– In 1968 I was sitting on the steps of our farm storehouse, when I read about the Cod field discovery, where the gas flame was burning on the rig "Ocean Viking". Then I made up my mind; this I wanted to be a part of. The young, adventurous Mr. Hanslien applied for The Norwegian Technical University (NTH) in Trondheim, and having passed his exams, he landed a job as a geologist at Exxon.
– This was my chance to see the world – Las Vegas, San Francisco – and getting paid for it. For a farmer's son from Vågå, it was a dream come true!

After Exxon, Hanslien worked for Statoil, Pertra, and now Det norske. Here he is reponsible for the quality of the geological activities. He also takes an active part in oil exploration.

– What I like the best, is to sit in front of the computer screen and look for oil!
But what are you looking for? And what do you find?
– You just look for simple leads. Let's start with tertiary...

To explain, he puts the huge book, "Norway's Geology", on the table.
– This is a very good book. It is about the land and ocean geology, with a lot of excellent illustrations.
– Here is a number: 4.6 billion years. That is the age of the earth. We divide it into eras. For the most part, the first period is not very interesting when it comes to oil, because there was not a lot of life on earth at that time.
– Oil history started 500 million years ago. At that time the earth's crust was moving a lot, with repeating collisions between the North-American plate and the European plate. Mountain chains were created and others areas were buried deeply. There are many mountains in Norway today; once they were the size of Himalaya.
When we want to find oil, we study what happened from 250 million years ago. The most interesting period is Jurassic - from 200 million years ago – and until Eocene, about 40-50 million years ago. This is the time frame we are looking at.

– Norway was located in quite a different place then, closer to the equator, and we are still drifting, so some time in the future – maybe 50 million years from now – we will end up under the North Pole. At the same time Africa will be split into two parts, Hanslien says. We stop for a moment to consider these imcomprehensible prospects, but realize that they, for us, are of little or no importance. Back to the question of oil:

– Oil is simply organic material from plants and animals that has been transformed through a process that has been taking place over millions of years. The basis of our wealth was founded in these ancient oceans and lakes. From the land areas came enormous rivers, and sandstone deposits formed favourable rock reservoirs. They are porous, and in the pores you will find the oil – in between the grains of sand.

Hanslien grabs a coffee mug:
– You can fill this mug with sand from the beach, as hard as you can. Still there will be 30 - 40 percent of the volume left. So you can keep adding with coffee or whatever you have at hand. There is still plenty of space.
– As I said, oil is lighter than water, and it floats upwards, until it meets a solid roof – a cap rock. Here the oil is trapped.
Hanslien keeps turning pages. The Jetta field is the next topic. And now he really keeps talking. He is almost unstoppable.

Petroleum: complex mixture of hydrocarbons that occur in the Earth in liquid, gaseous, or solid forms. The term is often restricted to the liquid form, commonly called crude oil, but as a technical term it also includes natural gas and the viscous or solid form known as bitumen. The liquid and gaseous phases of petroleum constitute the most important of the primary fossil fuels.
– Encyclopædia Britannica

«The petroleum industry is Norway's largest industry. In 2007 the petroleum sector stood for 24 percent of the added value in the country. In 2007 Norway was ranked the fifth largest oil exporter and the eleventh largest oil producer in the world. Correspondingly, Norway is the third largest gas exporter and the sixth largest gas producer in the world.»
– The Norwegian Ministry of Petroleum and Energy

OIL – a greasy liquid used for lubrication, fuel, or illumination
– From The Official Scrabble Dictionary

The first Offshore North Sea (ONS) conference and exhibition in September 1974 marked the emergence of Stavanger as the centre of a new Norwegian industry. Attitudes to this business differed widely. The farmer-oriented newspaper Bondebladet claimed that "oil could be worse than the Black Death for Norway". This medieval plague had devastated the country. And Swedish daily Dagens Nyheter described Stavanger as a city which would die under oil's yoke.
– From an exhibiton at The Norwegian Petroleum Museum, Stavanger.

– Oil exploration can be compared to detective work. We look for different trails that can lead to new deposits of oil and gas. The North Sea is a so-called mature area, with more than 40 years of oil history, where the biggest fields were found from 1970 until the early 1980's.
The trails that can lead to new discoveries are increasingly difficult to follow, but at the same time new technology gives us better searching tools.

– The Jetta prospect is a good example. Using new technologies, combined with good geological insight, Det norske has found very interesting new opportunities in an area where exploration has been going on since the 1960's.
– At Jetta we expect to find oil in Paleocene sandstone around two kilometers below the seabed, and we think we can practically "see" the oil using modern 3D seismic data. Several large discoveries nearby, such as Balder, Jotun, Ringhorne and Grand are producing from the same Paleocene exploration model.

One year ago, Det norske had no ownership in Jetta. By active trading, we now own 40-50 percent of what we think are potential new resources in the area. In collaboration with our license partners, we plan to drill two exploration wells in 2009, first the Eitri prospect and then Jetta. If we discover oil, we can quickly start production by connecting to existing infrastructure. This will mean an extended life span for the installations in the area, and thereby increasing total production from existing fields.

Hanslien takes a breather:
– The oil is waiting for us, he says. You just have to find it. To do this, we perform seismic surveys.

– You have probably seen these seismic ships, with cables behind them, as long as six-eight kilometers. There can be as many as 16 cables attached to the biggest ships. On these cables are hydrophones, or microphones if you wish, a few meters apart. Then you fire an air gun, a cannon – not dynamite, as that would kill the fish.

– The sound waves are reflected from different levels in the underground seabed and are recorded by the hydrophones. Usually you shoot every twelth second and this generates an enormous amount of data. No other industry has such an enormous need of data power as the seismic industry, and it has been a leading factor when it comes to the development of computers.

– The pictures transverse sections of the crust of the earth. Then we try to figure out what is sand, what is shale and so on. It is very subtle, the things you are looking for are very small.

It is inspiring work. It is challenging and it has a huge economic importance. Hanslien and his colleagues may find oil worth billions of Norwegian kroner during a single afternoon.

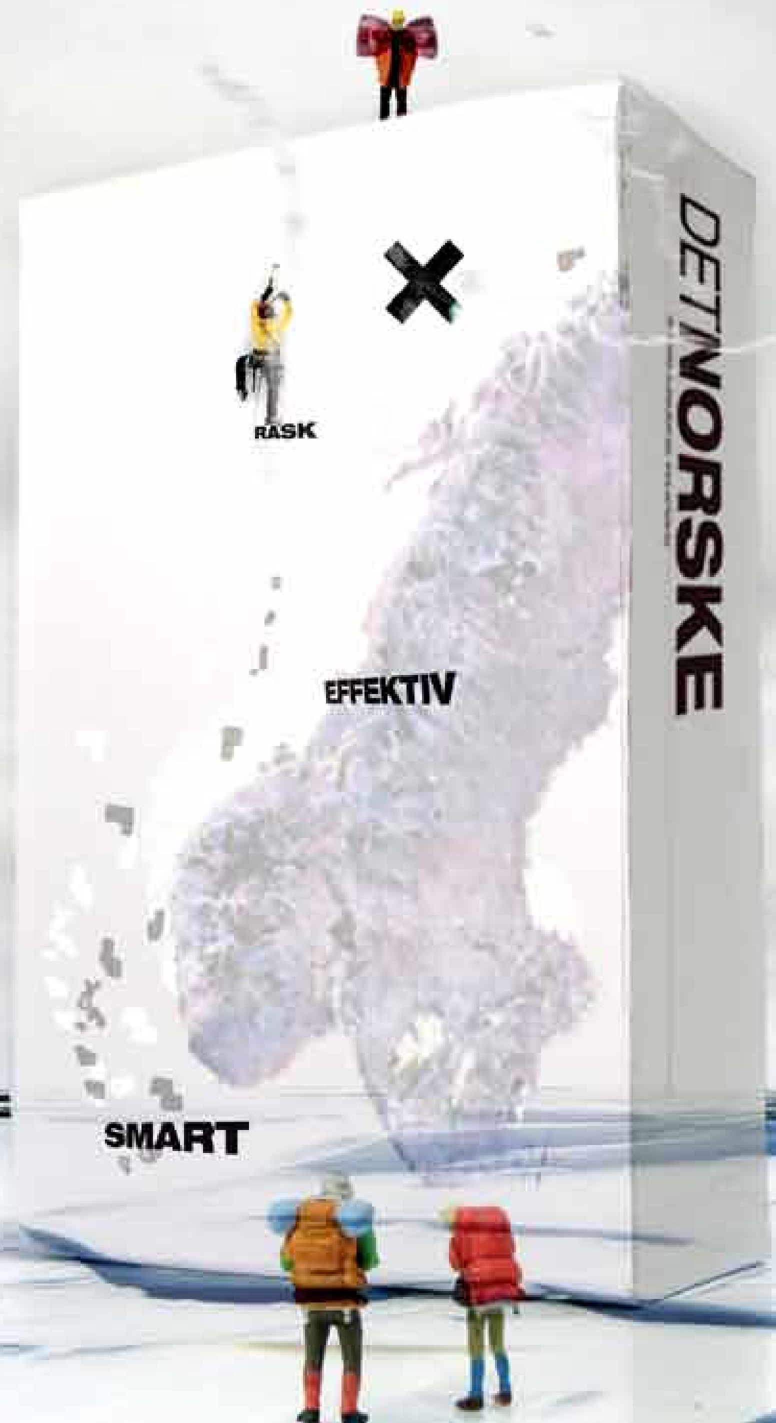
It took 150 million years to create the geological conditions for the oil we discover today.
That is the age of the source rock that is the origin of all the natural gas and oil on the Norwegian continental shelf.
Norway is Donald Duck's lucky cousin Gladstone Gander:
– We were born with a silver spoon in our mouths. Our generation is incredibly lucky, to be able to tap into these riches of oil and gas.

VISIONS

DETNORSKE
is an innovative, independent and active oil company. We are fast, effective and smart.

DETNORSKE
gets more from oil resources. In this way we add value for society, for shareholders and our employees.

DETNORSKE
is experiencing considerable growth. We will continue to be the most ambitious oil company on the Norwegian Continental Shelf.



HIGHLIGHTS OF 2008

From our interests in the Varg, Glitne, Enoch and Jotun oil fields, Det norske last year produced 661 732 barrels of oil equivalents.

Det norske was awarded seven new licenses and five operatorships in Awards in Predefined Areas (APA – official license round) in 2008. Det norske now has interests in 47 licenses. The company is the responsible operator for 27 of these. This confirms our position as the second largest company on the Norwegian continental shelf in terms of operatorships and licenses.

Sales of Det norske's interests in the Goliat and Yme fields reinforced the company's financial position. At the end of the year, the company had almost NOK 2 billion in deposits. The company carried out a number of sales and exchanges of licenses that strengthened its position in core areas, especially around Jotun.

As operator, Det norske made promising discoveries in the Draupne prospect in license 001B. Det norske has an interest in the license of 35 percent.

The company's rig capacity means that in 2009 we are involved in 15 wells, with operator status in nine of these.

In September, Det norske submitted its Plan for Development and Operation of the Frøy field to the Ministry of Oil and Energy. The Ministry has granted a ten year extension of the license and the decision regarding development has been postponed.

During last year, the number of employees increased from 78 to 127. The company's organisation is set for further growth. An internal survey showed that there is a good working environment in Det norske.

In the spring of 2008, Det norske adopted a new logo and graphic profile. The bold symbol in the logo signifies that Det norske sets itself apart from the many operators within the oil industry.

THE BOARD OF DIRECTORS' REPORT 2008

Det norske is the second largest company on the Norwegian continental shelf in terms of operatorships. The Board of Directors has the clear objective of confirming the company's indisputable position as the "number two" company on the Norwegian continental shelf. This means that the company also will be operator for field developments and production. The company attempts to achieve this through an ambitious drilling program with prospects close to existing infrastructure – this will provide rapid and cost-effective production.

Alliances and cooperation agreements with larger oil companies will also support the company through major development projects. Det norske's position will be built through organic growth by extensive exploration programmes, licence transactions, strategic alliances with other companies and active participation in industry consolidation.

Area of Activity
Det norske oljeselskap ASA ("Det norske") is a leading operator on the Norwegian continental shelf. The company's business activity is exploration, development and production of petroleum resources. The company has licenses in the North Sea, the Norwegian Sea and the Barents Sea. The company's business office is in Trondheim, Norway. Headquarter functions are divided between Oslo and Trondheim. The company has also offices in Harstad and Stavanger.

History
Pertra ASA ("Pertra") was established by Petroleum Geo-Services ASA (PGS) on 2 January 2002. In January 2005 the company was sold to Talisman. The management of Pertra established a new oil company on 11 February 2005 and bought back the Pertra name, including shares in five licenses from Talisman. The company has experienced considerable growth since then.

Det Norske Oljeselskap ASA was founded in 1989, as a wholly owned subsidiary of DNO ASA. In connection with the merger between Det Norske oljeselskap and Pertra, Det Norske oljeselskap changed its name to NOIL Energy ASA, while Pertra, on 19 November 2007, changed its name to Det norske oljeselskap ASA.

In May 2008, Det norske oljeselskap ASA and NOIL Energy ASA initiated a joint merger plan with Det norske as the acquiring company. The merger became effective from and including 25 July 2008, with accounting and tax effect from 1 January 2008.
.

Oil Resources and Reserves
At the end of 2007, the total resources and reserves represented 579 million barrels of oil equivalents, of which reserves represented 8 million barrels of oil equivalents.

At the end of 2008, the company had 656 million barrels of oil equivalents in reserves, contingent resources and potential resources. This is an increase of 76.5 million barrels from the end of 2007 (for a full overview, please see the company's Annual Statement of Reserves).

The company's P50 reserves, i.e. oil and gas in fields that are either developed, under development or in which the application for development has been submitted to the authorities, increased during 2008 by 22.0 million barrels, to 30.0 million barrels. During 2008, Det norske submitted the Plan for Development and Operation (PDO) of the Frøy field to the authorities, and 23.5 million barrels are therefore reclassified from resources to reserves in 2008. In addition, the reserve estimate for Frøy increased by 3.4 million barrels during the year. Due to the oil price and challenging financial markets, the license partners and the Ministry of Oil and Energy have agreed to await the approval of the PDO of the Frøy field until the license partners have clarified the project execution plan, including the commercial assumptions.

In 2008, Det norske acquired 70 percent of PL 103B from Lundin Petroleum. This gave Det norske 7 percent in Jotun Unit, corresponding to 0.8 million barrels in increased reserves. The sale of Yme reduced the reserves by 6.7 million barrels, and the year's production of 0.66 million barrels.

The company's P50 resources, i.e. discoveries that are in the planning phase, discoveries in which development is likely and discoveries under evaluation, decreased during 2008 by 42.4 million barrels to 78.7 million barrels. The most important reducing factors were the sale of Goliat (30.6 million barrels) and the reclassification of Frøy from resource to reserve (23.5 million barrels).

In 2008, Det norske was involved in the drilling of two exploration wells. The company discovered the Draupne prospect in PL 001B. This increased the company's resources by 26.4 million barrels. A dry well was drilled at the Trow prospect, east of the Troll field.

Prospective resources, that have not been proven through drilling, but have been mapped with 3D seismic, increased in 2008 by 97 million barrels to 547 million barrels. The background for the increase is the success that Det norske has had in the license rounds. Det norske has been awarded the second highest number of licenses and operatorships on the Norwegian continental shelf since the end of 2007, through Awards in Predefined Areas (APA). As of 31 Dec 2008 the company has 42 licenses and 23 operatorships. The company sold and returned 10 licenses during 2008.

In November, the company applied for licenses in the 20th license round in the Norwegian Sea and the Barents Sea. The results of this round are expected during the first half of 2009.

Production
The company's total share of the production from the Varg field represented 223 669 barrels (35 542 Sm³) oil. The stake in the production from the Enoch, Glitne and Jotun fields was 45 479 barrels (7 227 Sm³), 316 951 barrels (50 366 Sm³) and 75 633 barrels (12 019 Sm³) respectively. Stocks of oil that has been produced but not delivered as of 31 Dec 2008, were 18 776 barrels (2 985 Sm³). Production from Jotun is included from 1 August 2008.

In the fourth quarter of 2008, the company achieved the highest production levels ever with 2 128 barrels per day.

Major Events during the Year
The company confirmed its position as the second largest company on the Norwegian continental shelf in terms of operatorships. In APA 2007, the company received 12 new licences, of which seven were operatorships. Six of the licences are in the North Sea, three are in the Norwegian Sea and the remaining three are in the Barents Sea.

In April, Det norske discovered oil and gas in exploration well 16/1-9 at the Draupne prospect in PL 001B, in which Det norske has an interest of 35 percent. The license partners are now considering several alternative development solutions, from stand alone joint development with other discoveries in the area, to the tie-in to existing infrastructure in the area (Gudrun, Grane, or Balder). A Draupne appraisal well will most likely be drilled in 2009 or 2010 and the earliest start-up date for production is anticipated to be in 2013.

The company has made major efforts in the Frøy (PL 364) project throughout the year. A Heads of Agreement with a contractor for the lease of a jack-up production unit was entered into in August. The contractor will be responsible for financing, construction and operation of the production unit for a lease period of 10 years with an option for a further extension. In September, the license partners (Det norske and Premier) submitted the Plan for Development and Operation to the Ministry of Oil and Energy. Due to the current financial crisis and low oil prices, the contractor has not been successful in securing financing for the unit. However, amended market terms may offer the opportunity of improving the economy of the project through cost reductions and ensuring a larger resource base for Frøy as a field centre. Three discoveries have been made within connecting distance of Frøy, and two to three exploration wells are planned in the Frøy area in 2009.

In March 2008, Det norske acquired a strategic position in the Jotun area with the purchase of a 70 percent interest in PL 103B from Lundin Norway AS. This means that Det norske now has seven percent of the Jotun Unit, in which ExxonMobil is the operator. Through several license swaps, Det norske has acquired an interest of almost 50 percent in the prospects around the Jotun field. During the course of 2009, Det norske, on behalf of ExxonMobil, will drill two exploration wells in the area, at the Eitri and Jetta prospects, at which discoveries will be able to be developed at a low cost and provide rapid start of production.

In October, (effective from 1 January 2008) Det norske sold its interest of 15 percent in Goliat (PL 229, also PL 229B and PL 229C) to StatoilHydro. The sale price was NOK 1.1 billion after tax. StatoilHydro has taken on all obligations from Det norske in the Goliat field from this date, and the total compensation as a consequence amounted to just under NOK 1.3 billion.

Det norske has also sold its 10 percent interest in licenses 316 (Yme field), 316B, 316CS and 316DS to Lotos Exploration and Production Norge AS. The sale price after tax was MNOK 390. Inclusive of the remaining tax balance and payment of obligations in 2008, the total compensation received represented MNOK 547. The Goliat and Yme interests were sold in order to strengthen the company's financial position and to help resolve the tasks that the company will take on in connection with self-operated licenses in the coming years.

In the APA 2008 allocation in December, the company was granted seven new licenses, of which five were as operator. This allocation reinforced the company's position around Jotun, in the southern part of the North Sea and in the Norwegian Sea.

The company has made more than 15 license exchanges in 2008, as part of a strategy for the optimisation of the company's exploration portfolio and strategic positioning in selected areas. At the end of the year, Det norske oljeselskap ASA had interests in 42 licenses, 23 operatorships and a staff of 127 employees and is thus the second largest operator company on the Norwegian continental shelf in terms of the number of operatorships.

Health, Safety and Environment

A major objective for the company is for all activities to be executed without damaging human health or the environment. Personnel security, environmental protection and financial assets are an integrated part of the company's activities. The Chief Executive Officer holds the overall responsibility for all activities in the company, including the responsibility for health, safety and environment.

The company operated one exploration well in the North Sea in 2008. The operation was carried out without major incidents. Currently, Det norske is not operator for fields in production.

All emissions were within limits set by discharge permits. Det norske has not been issued with any mandatory requirements or notifications of formal requirements from Norwegian authorities during 2008. In connection with the Norwegian Petroleum Directorate's supervision of the management's follow-up of the risk of major incidents in petroleum enterprises, Det norske, on its own initiative, has initiated a project to improve the monitoring of the risk of major incidents. A follow-up system has been drawn up that will be brought into use during drilling of all exploration wells in 2009.

Det norske hired 49 new employees during 2008, and the total number of employees at years end were 127. A safety delegate group has been established for the various office sites and a working environment committee during autumn 2008.

In November 2008, an organisation- and working environment survey was carried out for the entire company. The results showed that the employees in Det norske are very satisfied with their working environment and their workplace in general. As many as 92.5 percent would recommend Det norske as a place to work and over 90 percent reported that they enjoy their work at Det norske. A corresponding number of employees stated that they are proud to work for the company and 34 percent gave this particular statement the top score. The survey also showed that there is excellent communication within the organisation and that the company is characterized by a spirit of enthusiasm, openness and trust. The challenge for the company in the future will be to develop and safeguard the positive results from the survey in a steadily growing organisation.

500 sick days have been registered, which corresponds to an absence rate of 2.1 percent in 2008. This is a reduction from 2.4 percent in 2007. The company has carried out several initiatives to organise the working conditions for each individual employee and to improve the physical environment for staff.

Research and Development

Det norske's R&D initiatives support the company's activities and shall contribute to the company reaching its long-term strategic objectives.
The framework conditions for licenses on the Norwegian continental shelf stimulates research and development activity. In 2008, Det norske has participated in several R&D projects in cooperation with national research bodies and professional expertise. Over 20 R&D projects have been initiated, and the company has an effective co-operation with the Norwegian University of Science and Technology (NTNU). A total of 13 students were offered summer engagements in 2008, and six of these are completing their master theses in association with the company. As part of our efforts in this area, Det norske appointed its own Research Director at the end of 2008.

Equal Opportunities

In 2008, determined efforts have been made to recruit more female employees. Of the company's 127 employees, 34 are women. The systems for working hours and salaries within the company are associated with the various positions and are independent of gender. The work in achieving a better gender balance in the various business units and for the company as a whole, will continue in 2009. At the end of 2008, members of the Board of Directors were four women and five men.

Corporate Governance

Management of Det norske is built upon principles that follow the system within "The Norwegian code of Practice for Corporate Governance" of 4 December 2007, that to a large degree corresponds to the existing international concept of sound corporate governance. The company does not deviate substantially from the recommendations. The Board of Directors view the development of the corporate governance principles and the implementation of these as major factors for obtaining trust in the share markets and the community in general.

More detailed information concerning corporate governance is published in the Annual Report.

Share ownership

At the end of 2008, DNO International ASA was the largest shareholder with 36.9 percent of the shares. DNO International had committed itself to reducing its ownership stake in Det norske to a maximum of 25 percent before the end of 2008. However, the Board of Directors of Det norske extended the deadline in October, on request from DNO International, to 15 March 2009. DNO International sold 11.9 percent of its shares on 7 January 2009.

At the Annual General Meeting on 8 April 2008, the company was granted authorization for a capital increase of up to NOK 100 000 in the share capital by the issue of up to 500 000 shares at NOK 0.20. The authorization is valid until the Annual General Meeting in 2009 (at the latest 30 June, 2009). This authorization has not been utilised in 2008.

At the end of the year, there were a total of 3 252 shareholders in the company. The shares are owned by both Norwegian and international investors, the management, the Board of Directors and employees.

Remuneration of the Chief Executive Officer and other Senior Employees

Guidelines and adherence to these in 2008

Management remuneration policies for 2008 adhered to the guidelines that were included in the Annual Report for 2007.

Guidelines for 2009 and until Annual General Meeting in 2010
The Board of Directors has established guidelines for 2009 and until the Annual General Meeting in 2010, concerning the remuneration of the Chief Executive Officer and other senior employees. The guidelines will be addressed at the company's Annual General Meeting in 2009. Remuneration is largely based on a fixed base salary, a bonus program contingent on the purchase of shares in the company and a defined benefit pension system, and a loan program for company employees. See note 8 for further information.

FINANCIAL STATEMENTS 2008

The accounts have been presented in accordance with the regulations of the Norwegian Accounting Act and in accordance with international accounting standards (IFRS) that have been approved by the EU.

The Board of Directors is not aware of any major issues that will affect the evaluation of the company's position as of 31 Dec 2008, or the result for 2008, beyond that which is contained in the Annual Report and otherwise in the accounts.

Income Statement

Total operating revenues for the company were MNOK 635.1 compared to MNOK 131.0 in 2007. The increase is due to an increase in petroleum revenues from MNOK 199.1 and MNOK 297.6 in operating revenue from the sale of Yme and Goliat.

The production from the four production fields Varg, Enoch, Glitne and Jotun gave in total an average price of 87.6 USD/barrel for 2008 and gave petroleum revenues of MNOK 326.8 (MNOK 127.7 in 2007).

Exploration expenses were MNOK 544.5 (MNOK 282.9 in 2007) and were comprised of drilling costs, seismic survey costs and general exploration expenses. The result is negatively affected by write-downs of property, plant and equipment and intangible assets of MNOK 400.4 (MNOK 0 in 2007) as a consequence of annual impairment tests on the basis of falling oil prices and a re-evaluation of reserves and resources.

The operating loss was MNOK 572.0 compared to MNOK 252.1 in 2007. This change is due to a considerably higher activity level, reflected in higher operational revenue, higher exploration expenses and considerable write-downs in 2008.
The result has been positively influenced by MNOK 298 in operational revenue from the sales of interests in the Goliat and Yme fields.

The loss before tax was MNOK 416.1 (MNOK 247.5 in 2007). The tax income represented MNOK 641.4 (MNOK 205.9 in 2007). In addition to the ordinary tax rate of 28 percent, a special tax of 50 percent is calculated. A specification of the tax regulations and calculation of tax is included in notes 1.23 and 11 in the annual accounts.

The net loss was MNOK 225.5 compared to MNOK 41.5 in 2007.

Balance Sheet and Liquidity

At the end of 2008, the company had a total equity of MNOK 3 758.1 (MNOK 3 563.3 in 2007), and the equity ratio was 71.9 percent (55.5 percent in 2007). Cash and cash equivalents amounted to MNOK 1 468.3 as of 31 December 2008 (MNOK 585.1 as of 31 December 2007). The company has a MNOK 1 500 exploration loan facility with DnB NOR Bank; however, this was not utilised as of 31 December 2008. The unused exploration facility at the end of the year was MNOK 203. The maximum amount that can be drawn under the exploration facility is a function of the company's current calculated tax receivable.

The expected tax receivables as a consequence of exploration activity represented at the end of the year MNOK 214.0 (MNOK 618.0 in 2007) and is expected to be paid out in December, 2009.
The company did not have interest-bearing debt at the end of the year. Short-term debt represented MNOK 423.7 (MNOK 596.9 in 2007).

Abandonment provision at the end of the year was MNOK 134.6 (MNOK 81.1 in 2007) for fields currently in production.

Goodwill in the company represents as of 31 December 2008, MNOK 864.3 (MNOK 1 671.6 in 2007). This considerable reduction is mainly the consequence of a disposal of MNOK 613 from the sale of Goliat and a write-down of goodwill of MNOK 265. The goodwill is mainly associated with the purchase of NOIL Energy ASA. In accordance with the principles in IFRS, the difference between the acquisition costs on purchase and the actual value of identifiable assets at the point in time of acquisition is classified as goodwill. Goodwill is tested annually for write-down, or more frequent if events or changes in other circumstances indicate that there has been a major fall in actual value. Such indicators may be, for example, amendments to the company's plans, changes in oil prices, changes in reserves and/or resources or changes in cost levels. See note 13 in the accounts for further information concerning the annual write-down of goodwill.

Cash Flow

The net cash flow from operational activities in 2008 was MNOK 228.9 (MNOK 304.6 in 2007). The main reason that the net cash flow from operational activities was higher than the operating loss is the payment of the tax refund of MNOK 610.9 (MNOK 323.8 in 2007), exclusive of interest. The net cash flow from investment activities represented MNOK 782.9 (MNOK – 365.3). This is mainly associated with payments made in connection with the investment in property, plant and equipment of MNOK 487 and the sales sum for the sale of licences of MNOK 1 490. The net cash flow from financing activities represented MNOK -128.6 (MNOK -172.4 in 2007) and is related in its entirety to the repayment of the exploration loan.

Financial Risk

The company's financial risk management is designed to ensure that any risk of significance to the company's objectives is clarified, analyzed and managed in a systematic and cost-efficient manner. Det norske is exposed to market risks as a result of changes in oil prices, foreign exchange rates and interest rates. The risk exposure is continually monitored, and the need for use of financial instruments to hedge market risks is being continuously assessed. Income mainly consists of revenues from the sales of petroleum. The company is thus exposed to risks related to changes in the price of oil. Exchange rate developments entail both direct and indirect financial risks to the company. The company's petroleum revenues are in United States dollars (USD); whereas expenses are paid partly in NOK, partly in USD and partly in EUR. The company has not entered into hedging contracts or other types of agreements in order to reduce the company's oil price and currency risks and thereby the operations-associated market risk. The company is exposed to interest risk on loans and on the investment of liquid assets. Liquid assets are invested such that the interest rate risk is relatively limited. The average interest sensitivity from changes in interest rates for the company's liquid assets shall not, according to the company's guidelines, exceed one year.

The invested liquid assets' credit risk is assessed as low. The risk that financial counterparties do not have the financial ability to meet their obligations is regarded as small, despite the current difficulties in the financial market. Liquid assets are mainly invested in bank deposits and bonds that represent a low credit risk. Low liquidity risk is also a priority. The company's Board of Directors has chosen a conservative investment profile, in relation to both credit and liquidity risk for liquid assets as a result of detrimental conditions within the financial market.

The combination of limited operating revenues and an active exploration and development program places great demands on liquidity management. The company has cash reserves, accounts receivable after the Yme sale and a calculated tax receivable in excess of NOK 2.2 billion at the close of the year. The liquid assets and the unused exploration facility are expected to be adequate for financing the company's operations in 2009 and for several years based on current plans.

Going Concern

In accordance with the Accounting Act Section 3-3a, it is confirmed that the Financial Statements have been prepared under the assumption of going concern, and that this forms the basis for the preparation of the annual financial statements. The financial solidity and liquidity of the company is assessed as good. The planned growth in the future, that will lead to considerable investments in development projects will, however, create a future need for financing. On this basis, the company intends to evaluate alternative financing sources for the company's future growth in the production phase.

The Board of Directors considers that the annual accounts provide a correct picture of the company's assets and debts, financial position and result.

Events after Year's End

The Ministry of Oil and Energy notified Det norske on 15 January 2009 that the license obligation in PL 364 (Frøy field) was fulfilled. The license partners have therefore been given a 10-year extension of the license period until 2019.

On 20 January 2009, the company received MNOK 547 in settlement after the sale of the interest in the Yme field and surrounding licences.

On 2 February 2009, after a request issued by DNO International ASA, an Extraordinary General Meeting of the company was held. A new Chairman was elected, in addition to four new board members for a period of two years. Two of the existing board members were re-elected for a period of one year. The company's two employee representatives in the Board were not up for election. Two new members have been elected to the nomination committee, one member was re-elected.

StatoilHydro issued a notice on 5 February 2009, as operator for license 035B, of a gas and condensate discovery, at the Fulla prospect in well 30/11-7. An appraisal well is being planned for the spring 2009 in order to determine the size of the discovery. Det norske has an interest of 15 percent in the license.

The drilling operation at Freke (PL 029B) has been completed. Det norske operated the exploration well 15/6-10 on behalf of ExxonMobil, and has acquired an interest of 20 percent after drilling has been carried out through carrying ExxonMobil's share of the drilling costs.

The drilling of the exploration well 16/2-5 in license 265 at the Ragnarrock Graben Fill prospect at the side of the Ragnarrock discovery, started at the end of February. Det norske has an interest of 20 percent. The license is operated by StatoilHydro.

In March 2009, the company signed a Letter of Intent with the Spanish oil company Repsol YPF SA. The agreement includes a contribution from Repsol to the financing of the potential development of those licenses Det norske and Repsol has applied for in the 20th licensing round. The agreement also includes a comprehensive exploration cooperation, both in the Barents Sea and the Norwegian Sea.

Outlook

The Board of Directors believes that Det norske holds a strong position, through the number of licenses, operatorships and through a comprehensive drilling campaign. This market position, combined with a highly qualified staff, is the company's largest asset.

The Board of Directors of Det norske notes that structural changes are now taking place within the industry. The company's ambition is to take an active role in this process, insofar as this will lead to increased shareholder values. Market statements have been made that confirm interest in the company's position on the Norwegian continental shelf. The Board of Directors of Det norske has initiated a strategic process, and has in relation to this engaged a financial and strategic advisor in order to define strategic opportunities.

The company is entering into a period in which many results will become evident, of the value of the prospects being drilled. The Board of Directors considers that the company is prepared for considerable organic growth.

The strategic processes that the Board of Directors and the company's management have initiated are also aimed at alliances and other forms of cooperation. The Letter of Intent with Repsol is an example of this. The objective is to reinforce the company's position as the "number two" operator on the Norwegian continental shelf. The company's sound solidity and liquidity provide the Board of Directors and the management with adequate time to assess the future strategy of the company, including possible consolidation in the market. The company's organic growth strategy has placed Det norske in a good position related to projects and areas in which Det norske can create the largest value for shareholders and for the community. In the North Sea, the Frøy, Varg, Southern Vikinggraben/Draupne and Jotun areas have been highlighted as strategic for the company. Det norske's objective in these areas is rapid and cost effective production.

2009 will be an exciting and active year for Det norske. The company has an ambitious exploration program, participating in approximately 15 exploration wells, nine of these as operator. In addition, a considerable number of exploration wells are planned for 2010. With the current cash reserves and loan facility for exploration costs, the company's existing exploration plans have adequate financing throughout most of 2012.

Det norske has over 1 000 rig-days at its disposal. Det norske anticipates that the exploration program for the next two years will result in commercial discoveries with significant increases in reserves and resources.

The company's oil production from the Varg, Enoch, Jotun and Glitne fields is estimated at approximately 1 600 barrels per day (average) in 2009.

Det norske works actively in portfolio optimization, in the form of licence transactions, in order to create the greatest possible value and to diversify the risk for the company.
There may be considerable fluctuations in the company's results as a consequence of fluctuating oil prices, production volume, development costs and exploration activity. The company's results may, in the somewhat longer term, be influenced by the availability of capital and the ability to develop discoveries.

There is normally considerable uncertainty in connection with the assessment of future circumstances.

Allocation of Annual Profit

The company does not have distributable equity, as goodwill exceeds other equity as of 31 December 2008.

The Board of Directors proposes that the net income in the company of MNOK 225.5 is transferred to other equity.

The Board of Directors of Det norske oljeselskap ASA
Sandvika, Verdal, 25 March 2009

Diderik Schnitler, Chairman

Ivar Brandvold, Deputy Chairman

Jan Rune Steinsland, Board member

Marianne Elisabeth Johnsen, Board member

Hege Sjo, Board member

Marianne Lie, Board member

Tore Lilloe-Olsen, Board member

Jan Gunnar Opsal, Board member

Erik Haugane, CEO

Kristin Aubert, Board member

BOARD OF DIRECTORS AND MANAGEMENT

No replacements have been made among the shareholder elected board members in 2008; however, the employee representative Øistein Høimyr was replaced by Jan Gunnar Opsal. There were no changes in the nominating committee during 2008. At the Annual General Meeting in 2007, Kjetil Grønskag and Berge Gerdt Larsen were elected, from the autumn of 2007. The head of the nomination committee Berit Kjeldsberg was elected in the spring of 2007. The members of the nomination committee were elected for the period up to the Annual General Meeting in 2009.

Changes were made to the composition of the Board of Directors and the nomination committee at an Extraordinary General Meeting in 2009. The management and Board Of Directors presented here, are those that were in function as of 31 December 2008. New members of the board are presented under the board at that time. Following Board of Directors were replaced: Chairman Kaare Moursund Gisvold, Svein Sivertsen, Guri Ingebrigtsen, Eva Helen Skøelv og Barbro Hætta-Jacobsen.
New members of the nomination committee: Finn Haugan, head (new), Erik Evjen (new) and Berge Gerdt Larsen (reelect).

THE BOARD

At the Extraordinary General Meeting held in February 2009, the following persons were elected as new Board members, for a period of two years:

Diderik Schnitler (born 1946), Chairman of the Board of Directors
Schnitler has extensive management experience within the oil industry, including the postition as President and CEO of Saga Petroleum and the industry in general, including eight years at Kværner (EVP, Kværner Group, President Kværner Shipbuilding), President & CEO at EB Anker Sønnak, and President & CEO Kaldnes AS. Schnitler has also held a number of positions of public duty, among them State Secretary at the Ministry of Trade and Industry and president of The Confederation of Norwegian Enterprise (NHO). Schnitler has long experience as a professional board member for a number of leading companies, among them Wilh. Wilhelmsen ASA and Neas ASA. Schnitler holds a masters degree in civil engineering from the Norwegian College of Technology (now NTNU).

Jan Rune Steinsland (born 1960), Board Member
Steinsland has broad management experience from Norwegian and international oil and offshore industry and is currently the CFO at Ocean Rig ASA. Steinsland has 10 years experience from Exxon/Esso in Norway. His experience also includes the position of CFO in Acta Holding (six years). Steinsland has been a member of the Board of Directors in Esso Norge's pension fund with more than NOK 1 billion in managed funds. Steinsland holds an MBA from the University St. Gallen, Switzerland, and is a Certified European Financial Analyst (AFA) from the Norwegian School of Economics and Business Administration (NHH).

Marianne Elisabeth Johnsen (born 1963), Board Member
Johnsen has several years' experience both in the private and public sectors, among them as a member of the senior management of Ullevål University Hospital and as a Director of Elkem ASA. She is currently a partner and owner of a consultancy company that is involved in restructuring processes for leading Norwegian industrial companies. Johnsen has experience as a board member for several companies during the last 10 years in areas such as finance, shipping, technology, offshore and aquaculture (Grieg Logistics AS, Odin Fond AS, Fjord Seafoods ASA, Petroleum Geo Services ASA, Pharmaq AS, Codfarmers ASA and Ementor ASA). She holds a degree in law from University of Oslo and an MBA from Solvay Business School in Brussels.

Marianne Lie (born 1962), Board Member
Lie is a recognised Norwegian business manager with broad experience from a number of board memberships. Lie has, among other things, been employed as Director General of the Norwegian Shipowner's Association (six years) and Managing Director of Vattenfall Norge (four years). Lie is currently a member of the board at, among others, Kverneland, Gjensidige Forsikring, R.S. Platou, Eidsiva Rederi and Arendals Fossekompani, and has been a member of the business supervisory board at Orkla. Lie holds a degree in sociology from University of Oslo.

Hege Sjo (born 1968), Board Member
Sjo is employed by The United Kingdom's largest pension fund manager, Hermes Investment Management Ltd. in London (from 2006). From 1995 to 2003 she worked at the Oslo Stock Exchange, first as a researcher and Project Manager for Strategy Development, later as Director of Finance and Marketing Director. In the period 2004-2005 she was an advisor within financial communication, stock exchange listing processes and corporate governance. Sjo is a deputy member of the business supervisory board at StatoilHydro and a member of the board of directors at Polarcus Ltd. Sjo is qualified as a Bachelor of Commerce from Stirling University in Scotland and holds a degree from the Norwegian School of Economics and Business Administration (NHH).

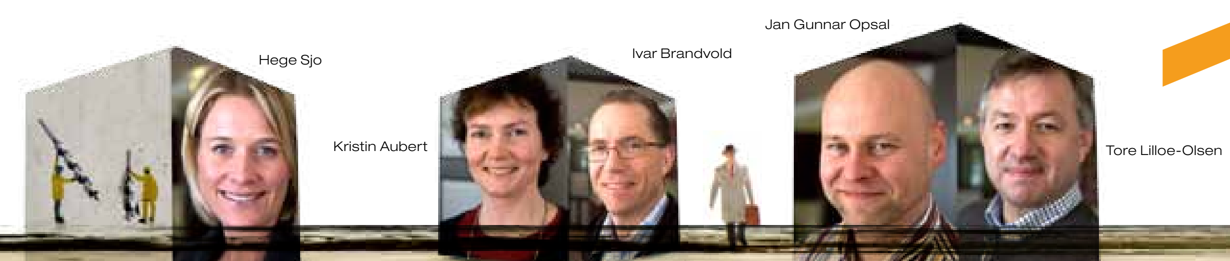
Continuing Board Members:

Ivar Brandvold (born 1956), Deputy Chairman of the Board of Directors
Brandvold's current position is Chief Operating Officer in DNO International ASA, being the Corporate Head of all upstream activities in the geographical areas where the company is involved. Mr. Brandvold holds a Masters degree in mechanical engineering from NTH in Trondheim, Norway. He has 23 years of experience from several management positions in Norsk Hydro, and came to DNO in 2007 from the position as Head of Drilling in Norsk Hydro with worldwide responsibility for drilling operations. Before joining Norsk Hydro in 1984, he worked in Kongsberg Engineering. He has been on the Board of Det norske since 2007. Mr. Brandvold's term expires at the Annual General Meeting in 2009.

Tore Lilloe-Olsen (born 1956), Board Member
Lilloe-Olsen is Corporate Head of Exploration in DNO International ASA. He holds a Master of Science, Geology and Geophysics, from the University of Oslo, 1982. Mr. Lilloe-Olsen has more than 25 years of experience from the petroleum industry. He has previously held positions as Geophysicist in Elf and Hydro and as Department Manager Geophysics, Hydro O&E. Mr. Lilloe-Olsen was also North Sea Exploration Manager in Hydro O&E and seconded into Sonangol P&P as Asset Manager in BL 34 Angola. He has also held positions as Human Resources Manager in Development Norway, and NCS Exploration Manager/Vice President, Hydro O&E. He has been on the Board of Det norske since 2007. Mr. Lilloe-Olsen's term expires at the Annual General Meeting in 2010.

Kristin Aubert (born 1960), Employee Representative
Aubert is an Advisor Geophysicist in Det norske since 1 September 2007, and is currently working with licenses in the North Sea. She has previously worked as an Exploration Geophysicist in Saga Petroleum / Hydro O&E (1995-2007), and Nopec / PGS (1988-1995). She holds a Master of Applied Geophysics from the University of Oslo in 1988. She has been on the Board of Det norske since 2007.

Jan Gunnar Opsal (born 1967), Employee Representative
Opsal is Project manager in Det norske, in charge of exploration projects in the Norwegian Sea. He has 10 years experience in exploration at Norsk Hydro and Statoil. Opsal is a cand. scient. (marine geophysics) from University of Tromsø.
He has been a member of the Board of Directors since 2007.



MANAGEMENT

Erik Haugane (born 1953), Chief Executive Officer

Haugane founded Det norske (then Pertra) in 2001. He holds a cand. real. degree in Exogene Geology from the University of Tromsø. He has 25 years of experience in the oil industry and has been employed as Exploration Geologist with Esso, Research Scientist with SINTEF, Advisor in Energy Matters with the County Governor of Sør-Trøndelag, and Secretary of the Mid-Norwegian Oil Council. He joined PGS in 1992, where he worked internationally and was stationed in Singapore for two years, and became Corporate Advisor for PGS before founding Pertra in 2001. He was awarded the title "Oilman of the Year" in 2004 by SPE, Norway.

Øyvind Bratsberg (born 1959), Chief Operating Officer

Bratsberg joined the company in 2008. He holds a M.Sc. degree in Engineering from The Norwegian University of Science and Technology (NTNU) in Trondheim. He has 24 years of experience from various companies (mainly Statoil) within marketing, business development and operations. His experience and core expertise is within commercial negotiations and management. In addition, Bratsberg has comprehensive experience in operations of offshore installations and project development. Before joining Det norske in 2008, he was responsible for early-phase field development on the Norwegian continental shelf at StatoilHydro. He has previously been in charge of Statoil's activities in the Halten-Nordland area and prior to that the Troll Sleipner area.

Finn Øistein Nordam (born 1961), Chief Financial Officer

Nordam holds an MBA in international business from Bodø University College and the University of Mannheim. Nordam has 20 years of financial experience from ABB (Norway and abroad), Kværner (London, U.K.), Samlerhuset
Group BV (Netherlands) and the stock exchange listed IT company Q-Free ASA. He has also been Chief Executive Officer of ABB Credit AS. Nordam joined Det norske on 1 July 2008.

Odd Ragnar Heum (born 1955), Vice President Reserve and Area Development

Heum joined Det norske 1 February 2008. He holds a M.Sc. Degree in Petroleum Geosciences from the Norwegian University of Science and Technology (NTNU) in Trondheim. He has more than 30 years experience from the Norwegian and international oil business (Statoil, Saga, Hydro and StatoilHydro, primary within exploration and business development.

Anita Utseth (born 1966), Vice President Health Safety and Environment

Utseth joined Det norske in March 2008. Ms. Utseth was previously employed as State Secretary at the Ministry of Petroleum and Energy, for a period of two years. Utseth has previously worked for Pertra, the Directorate for Nature Management and the Norwegian Petroleum Directorate. Anita Utseth has a M.Sc. in Mechanical Engineering from NTNU and a M.A. in Energy Economics and Environmental Management from Scuola Superiore Enrico Mattei, Milano. Utseth's assignments are associated with management and follow-up issues related to health, safety and the environment.

Stein Fines (born 1951), Vice President Technology and Development

Fines joined Det norske in 2002. He holds a M.Sc. degree in Engineering from the Norwegian University of Science and Technology (NTNU) in Trondheim. Mr. Fines has 30 years of experience in the offshore oil and gas industry, including design, engineering, construction and operation of offshore oil and gas installations for various companies. He has held several managerial positions in the Snorre and Varg Field development projects for Saga Petroleum, and has been responsible for several development projects related to development of deep water technology. In Det norske, he is Project Manager for the Frøy redevelopment project.

Anton Tronstad (born 1957), Vice President Drilling and Well Operations

Tronstad joined Det norske in 2003. He holds a M.Sc. degree in Engineering from the Norwegian University of Science and Technology (NTNU) in Trondheim. He has more than 24 years of varied experience from different oil companies, primarily within drilling and well operations. His experience and core expertise is within planning and managing of offshore drilling & well activities. Mr. Tronstad also has extensive experience from subsea project developments. In recent years he has held several managerial positions, including Drilling Superintendent for Statoil on Åsgard, and the Kristin project.

Tom Bugge (born 1948), Vice President Exploration

Bugge joined Det norske in 2004. He holds a Ph.D. in Geology from the Norwegian University of Science and Technology (NTNU) in Trondheim. He has more than 30 years of working experience in companies such as Norsk Hydro, Saga Petroleum, IKU, and NTNF.

Sigmund Hanslien (born 1950), Vice President Geology

Hanslien joined Det norske in early 2006. He holds a M.Sc. in Petroleum Geology from the Norwegian University of Science and Technology (NTNU) in Trondheim. He has more than 30 years of experience in exploration and production activities from major oil companies. He has held a number of both technical and managerial positions, primarily in ExxonMobil and Statoil, where his latest position was Chief Geologist. Mr. Hanslien is the Director of Geociences and a member of Det norske's management team.

Vidar Bergo Larsen (born 1949), Vice President Business Development

Larsen joined Det norske in October 2007. He holds a cand. real. in Petroleum Geology from the University of Bergen. Mr. Larsen has 30 years of experience from Statoil, where he has held several managerial positions within exploration on the NCS as well as internationally. He was also Manager of Statoil's research activities within the field of exploration at Statoil Research Centre in Trondheim. Mr. Larsen was Exploration Manager for Russia at Statoil prior to joining Det norske, where he will be responsible for the company's business development activities.

Torgeir Anda (born 1955), Head of Corporate Communication

Anda joined Det norske in February 2008. His previous position was at Dagens Næringsliv, where he was employed for 22 years, 18 years at the Trondheim office and four years as a correspondent in Brussels. He also has experience from the newspapers Sør-Trøndelag, Nidaros and Dagbladet, and NRK (The Norwegian Broadcasting Campany). Anda holds a Bachelor of Commerce from BI and a cand. mag. (history, geography and sociology) from the Norwegian University of Science and Technology (NTNU) in Trondheim.

A STRONG NUMBER TWO

Alongside coal, oil and gas are the world's most important sources of energy for electricity and transport. The global population is steadily increasing and there is still too little energy available for the majority of the world's population. Norwegian oil production is decreasing; not because there is no oil left, but because the large and homogenous fields have already been found and have been in production for many years. Out of consideration for the world's energy needs, our national income and the country's technological development, we must continue to develop the oil industry in Norway. This does not mean that we should merely copy the first 40 successful years of Norwegian oil history; if the next 40 years are to be equally successful we have to do most things differently. We have to understand the complexities of the sea bed more thoroughly, we must also locate small oilfields, and we must discover development solutions that are profitable even though production may fall below a thousand barrels per day. Refining processes must be moved onto land, also for fields that cannot support large infrastructure costs.

Our 'big brother', StatoilHydro is a solid Norwegian success story. Det norske has ambitions to become a vital and valuable supplement to StatoilHydro, all over the country. Therefore, we have established an office in Harstad, and we have initiated a number of projects with northern Norwegian supply companies. If Det norske is awarded responsible operatorships in the 20th license round in the Barents Sea, we will increase our activities in the north considerably, as early as next year.

From the start in 2005, the company has achieved a solid position, with the second largest license porfolio on the Norwegian continental shelf. As a consequence of this, during 2008 and previous years, we have prepared ourselves such that in 2009 we will operate even more exploration wells than Norsk Hydro did during their most active period.

We are a group of well-qualified and experienced experts from the Norwegian oil industry, working in cooperation with younger, highly educated people that are looking forward to creating sound and environmentally friendly projects that are of great use to our country – and to the world. This will also be good news for our shareholders.

We have a firm reason to believe that we will make several commercial discoveries that we hope to develop within a few years. In order to ease the financing of new projects, to assist licenses that cannot deduct this type of investment from ongoing oil revenue, Det norske has proposed that the tax-related deficits that occur with investments should be refunded on an ongoing basis instead of allowing deductions from future revenues. This solution is profitable for the state, without increasing the state's risk exposure in its engagement in the oil sector.

During 2009, Det norske will confirm its position as the number two company on the Norwegian continental shelf, with a rate of growth that no other company can show. To ensure the development of research and technology in Norway, it is important that we create a competitive environment.
Within the oil sector, it is of vital importance for the development of an active supply industry that at least two Norwegian oil companies have development and operational activities on the Norwegian continental shelf. Det norske is the company best prepared to supplement our cooperating partner and competitor StatoilHydro.

Erik Haugane
Chief Executive Officer

OUR COMPANY

Production

In 2008, Det norske produced 661 732 barrels of oil equivalents. This corresponds to an average of 1808 barrels per day. The oil was sold at an average price of USD 87,61 per barrel. This is the highest level of production in the company's history. Operations have been carried out without serious incidents or major emissions at any of the production licenses.

PL 038 Varg
Production in 2008 was 223 669 barrels, corresponding to an average of 611 barrels per day for Det norske's interest of 5 percent.
The operator, Talisman, has signed a new agreement with Teekay, for the lease of the Petrojarl Varg vessel until the middle of 2013. Drilling of two new production wells each year during the three year period, from 2010 until 2012 is planned.

PL 048B Glitne
Production in 2008 was 316 951 barrels for Det norske's interest of 10 percent. This corresponds to an average production of 866 barrels per day.
4D seismic were obtained over the Glitne area in September and October. The data is now being processed by the operator StatoilHydro. The results will provide a better basis for the decision regarding drilling a new production well. If no new well is drilled, field shut-down is expected in 2010.

PL 048D Enoch
In 2008, production from Enoch was 45 479 barrels for Det norske's interest. This corresponds to an average production of 124 barrels per day.
The operator, Talisman, will assess the future prospecting strategy for the Enoch field, considering the possibility of drilling a new production well and/or injection well.

PL 103B and Jotun Unit
Production from the Jotun field in 2008 was 75 633 for Det norske's 7 percent owner interest. This corresponds to an average production of 494 barrels per day. Effective operations have given minimum downtime and thereby increased production. Jotun is included from 1 August 2008.

Exploration

In 2008, Det norske was the operator of 22 exploration licenses. After allocations were made in the annual license round in December (APA), this number has increased to 26. Our main efforts have consequently been concentrated on the interpretation, maturity of prospects and the preparation for drilling in our operator licenses. Det norske has been awarded most licenses in the last APA rounds; this may be interpreted as a confirmation that the licenses are being managed in a satisfactory manner.

Det norske's activities in the Barents Sea started in 2008, and major efforts have been made in building a sound and comprehensive database of seismic well data, interpretations and knowledge. The latter is well taken care of by a staff with considerable experience in this area. In one particular license in which Det norske is the operator in the Barents Sea, PL 491 in the Hammerfest basin, a new 3D seismic survey was carried out that covers the entire license. Also, 3D seismic surveys were carried out in the two partner licenses PL 490 and 492. These will be completed during the coming summer.

In the Norwegian Sea, exploration has been concentrated on the eight operator licenses and the core area from Njord/Draugen in the south via Midgard to east of Norne in the north. A formal decision has been taken to drill in further two licenses; In the latest APA-round Det norske was offered PL 512 in a top priority area, such that a total of six prospects will be drilled in 2009 and 2010. This is the first license that was allocated to Repsol as a result of the exploration cooperation with Det norske. Bayerngas and Svenska Petroleum are the other partner licenses.

In the northern sector of the North Sea, seismic studies were reprocessed to evaluate drilling prospects in PL 463S. This will be decided during 2009. In the southern sector of the North Sea the decision was taken to drill the Ryvingen prospect in the Søgne basin. Other assignments have been concentrated around the core area from the Søgne basin in the south to northwest of Ula in the north. The APA round led to the allocation of two new licenses in this area, PL 494 and 497.

Licenses and Operatorships

The applications for the APA 2008 license round were submitted in October. In December, Det norske was offered seven licenses by the Ministry of Oil and Energy, of which five were operatorships and two partnerships. Det norske also worked actively with new applications for the 20th license round in the Barents Sea and Norwegian Sea. The applications were submitted in November and allocation is expected to be made during the first half of 2009.

Drilling

In 2008, Det norske drilled an exploration well at license 001B, Draupne prospect, with the drilling rig Bredford Dolphin, making excellent progress and achieving a good HSE result. During 2008, our own organisation has been strengthened considerably in order to handle the large number of exploration wells in 2009. At the end of the previous year, Det norske had over 1000 rig-days at its disposal, divided among three rigs: Bredford Dolphin, Songa Delta, and Aker Barents. This capacity will be adequate for requirements during the next two years for the drilling of exploration wells, while any appraisal wells and production drilling will require further capacity. The rig market is currently changing and it is expected that the restricted market will improve, such that the rate level may be reduced. The market on the Norwegian Continental Shelf is relatively closed, due to strict official requirements; however, from 2010 and beyond, several rigs will be out of contract.

Development Projects

PL 364 Frøy
In the middle of September, the partnership for Frøy issued a Plan for Development and Operation to the authorities. The plan is based on a jack-up production platform with drilling equipment and storage tanks for oil.

The platform will be leased for a period of ten years, from a production contractor that will also be responsible for manning and operation of the installation.

The Ministry has granted a ten year extension of the license, with the possibility of a further extension if production conditions allow. An important milestone in the Frøy project has therefore been passed.

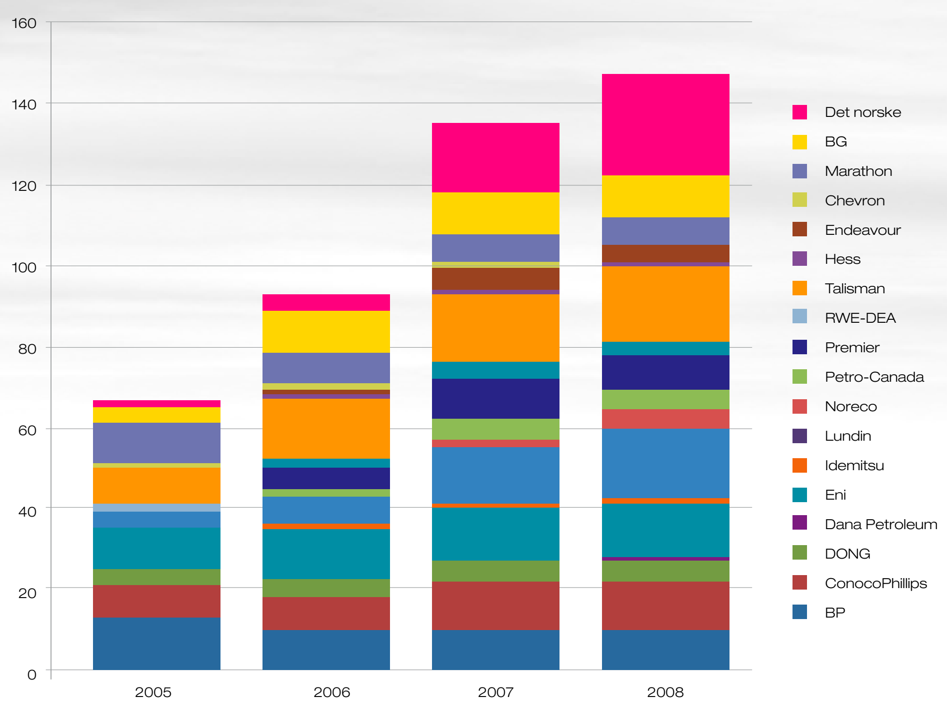
Changes in market conditions provide an opportunity for improved economy in the Frøy project, and may ensure a larger resource base for Frøy as a field centre. The license partners, in cooperation with the main supplier, have initiated the process of reducing development and operation costs. The progress of the project is dependent on the main supplier's ability to secure financing for the project. Due to the current financial crisis, there is some uncertainty as to when this will take place. The approval of the Plan for Development and Operations cannot take place before financing and a complete definition of the progress plan has been confirmed to the authorities. An agreement has been signed between the license group and the main supplier, for continuing work with a cost reduction and phasing in of third-party production in order to improve the project finances. The decision has also been taken to drill two exploration wells in nearby licenses to the Frøy field in 2009. This drilling may indicate new reserves that can be produced from the Frøy installation. These resources will contribute considerably to better profitability in the project.

PL 001B/028B/242 Draupne and Hanz
The discovery of Draupne and the area that includes Hanz may provide a basis for commercial development. The evaluation of the Draupne discovery in well 16/1-9 was completed in December. Recoverable resources have been assessed as being between 50 and 90 million barrels of oil equivalents. This is distributed between 30 to 65 million barrels of oil and 3 to 4 billion standard cubic meters of gas. Det norske is planning an appraisal well early in 2010 in order to obtain further data that may reduce uncertainty concerning recoverable volumes.
The combined Draupne-Hanz commercialisation project is on schedule. The next milestone is to provide a commerciality report during the first quarter of 2009. The report will determine which development solutions and commercial opportunities should be pursued. The future time schedule will depend on the selected development solution. The earliest start of production at Draupne and Hanz will be in 2013.

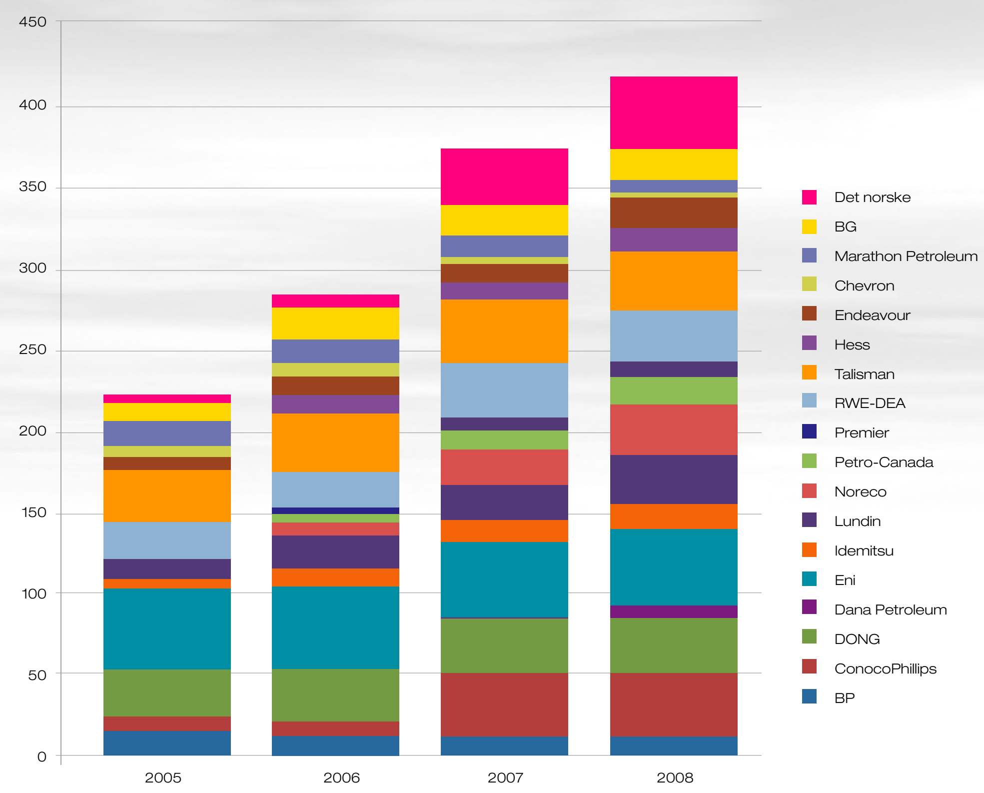
PL 337 Storskrymten
The indicated resources at Storskrymten are no longer assessed as having commercial potential as independent discoveries, and have therefore been expensed in the fourth quarter. However, a number of other prospects have been mapped in PL 337, and the partnership is planning a new exploration well that will most likely be drilled in 2010.

PL 265 Ragnarrock
The operator, StatoilHydro, is planning an exploration well 16/2-5 at the Graben prospect during the first quarter of 2009, with the jack-up drilling rig West Epsilon. The Graben prospect is expected to contain between 50 and 170 million barrels of oil. Any oil discoveries will be able to determine whether the trend from the Luno discovery (16/1-8) in the neighbouring block extends into PL 265. If this is the case, this will form the basis for a larger collective oil development in an area that currently has a limited infrastructure. Also, the Draupne and Hanz discoveries, that are both operated by Det norske, may become a part of this possible area development. In APA 2008, Det norske was allocated an interest in PL 502 that represents a small section of block 16/5. This allocation increases the resource base in Ragnarrock Basement Nord. The allocation encompasses a well obligation that will be carried out in connection with future exploration and appraisal drilling in PL 265. Det norske, as part of the exchange agreement with StatoilHydro, in which StatoilHydro received a share of PL 265 from Det norske, also has an obligation to offer interests in PL 502.

NUMBER OF OPERATORSHIPS



NUMBER OF LICENSE INTEREST



PL 027D/169C/504 Jotun
In the fourth quarter, Det norske reinforced its position in the Jotun area further, by the allocation of 58.5 percent and operatorship in PL 504 in APA 2008. PL 504 contains a considerable part of the Jetta prospect that Det norske interprets as a possible southerly extension of the Jotun field. The optimal drilling location will be in PL 027D. Det norske has reserved the drilling rig Bredford Dolphin for drilling of Jetta in the autumn of 2009. Det norske will drill the well on behalf of ExxonMobil (the operator for the license).

The exploration well at Eitri/Phi in PL 027D will be carried out according to the same model, and expected spud-date will be during the first half of 2009.

PL 038 Grevling
Talisman is planning to drill the Grevling project during the first half of 2009, using the Maersk Guardian rig. Grevling is expected to contain between 10 and 80 million barrels of oil. Grevling is less than 20 km north of Varg, and any discoveries are expected to be tied up to Varg. Det norske has increased its interest in Grevling from 5 percent to 30 percent, through an exchange agreement with Talisman.

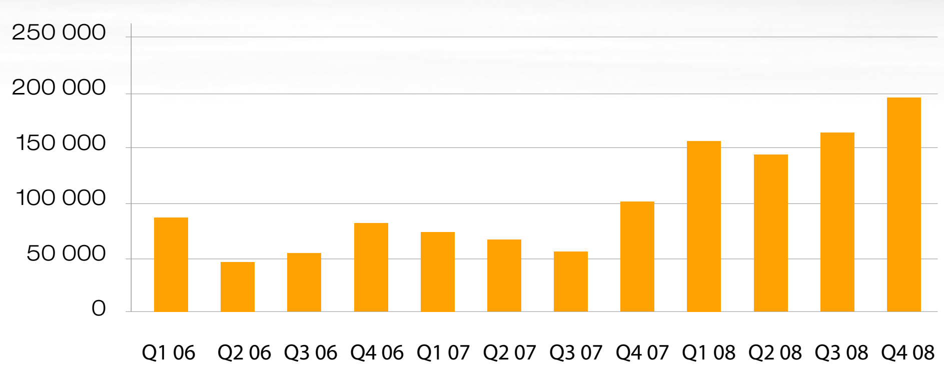
PL 341 Stirby
The partnership in PL 341 has approved an exploration well, to test the gas and condensate prospects in Stirby Upper and Stirby Deep. Det norske, which is the operator of the license, is planning to drill the well in 2010 with the drilling rig Songa Delta. Stirby Upper lies on a trend with Gudrun and East Brae (UK). If Stirby Upper indicates hydrocarbons, the prospects Stinord and Kveite will also be new relevant drilling candidates. The total potential in this deep Jurassic exploration model is several hundred million barrels of oil equivalents.

PL 102 David
Det norske carried out an exchange to a 10 percent interest in PL 102, exclusive of the Skirne and Byggve fields. The exchange is subjected to approval by the authorities. PL 102 contains the small oil discovery Tir and any discoveries in David will reinforce the resource basis for the Frøy development.

Norwegian Sea
During 2009, according to plan, Det norske will drill five exploration wells in the Norwegian Sea. Det norske was awarded two licenses in the Norwegian Sea in the APA 2008 license round, PL 432B and PL 512. Det norske is the operator for both licenses. The license obligation in PL 432B has already been fulfilled as the license conditions in PL 432 have already been met. At PL 512 the obligation is to obtain 3D seismic within the awarded acreage, and a drilling decision will be made within three years.

License Transactions
License transactions are a policy instrument intended to balance the portfolio and to place the company in an improved position to discover and extract oil and gas. Det norske made a number of large and small transactions in 2008, and will continue to be active in this respect.

DET NORSKES OIL PRODUCTION (QUARTERLY)
Barrels oil equivalents



In October, Det norske sold the company's 15 percent interest in Goliat and a interest of 10 percent in Yme. At the same time, Det norske formed an agreement with StatoilHydro, to exchange a 10 percent interest in PL 265 against a 10 percent interest in PL 102 and a 57 percent interest in PL 169. PL 102 includes the David prospect that is located close to the Frøy field, while PL 169 is an important supplementary area in the Jotun area. These exchanges thus reinforce Det norske in two of its core areas.

In August, Det norske signed an agreement with VNG Norge, a subsidiary of the German industry corporation VNG - Verbundnetz Gas AG, concerning the sale of interests in three licenses in the Norwegian Sea. The agreement has been approved by the Norwegian authorities. The agreement was completed on the 11 November and the effective date is 1 January 2008. VNG Norge will carry Det norske's costs in two exploration wells.

Det norske has also entered into an exchange agreement with Aker Exploration for PL 460 and PL 463S in the North Sea. According to the agreement, Det norske will increase its interest in PL 460 by 12.5 percent from 40 percent to 52.5 percent. The license contains the Storklakken prospect and is located close to the Frøy field. In accordance with the exchange agreement, Det norske will transfer 30 percent of PL 463S to Aker Exploration. After the transfer, Det norske will own 70 percent of this license. As part of the agreement, Aker Exploration will provide the use of the semi-submersible drilling rig Aker Barents, for drilling an exploration well in PL 460.

Det norske and Lundin Norway AS entered into an agreement on 14 March 2008, concerning the purchase of a 70 percent interest in PL 103B. The license represents 10 percent of Jotun Unit. The agreement comes into effect on 1 January 2008. The operator and the Norwegian Petroleum Directorate estimate 2.7 million Sm^3 oil and 0.1 billion Sm^3 gas (17.6 million barrels of oil equivalents) of remaining reserves in the field as 31 December 2007. Det norske's share of the reserves are calculated at 1.2 million barrels of oil equivalents.

The agreement was formally completed on 1 August 2008. Production of the reserves in Jotun Unit are expected to be maintained until 2015. Det norske is very confident that additional reserves in the area will be indicated, and these will further extend the Jotun production.

An agreement with ExxonMobil secures Det norske 25 percent of PL 027D after drilling of the Eitri well early in 2009. An exchange agreement with Dana will increase the interest in this license to 35 percent and obligate a new exploration well. Risked potential resources for PL 027D are calculated in total at 17.7 million barrels.

Det norske entered into an agreement with Concedo ASA that involves the exchange of a 15 percent interest in PL 383 against a 15 percent interest in PL 485. Both of these are located in the Norwegian Sea.

OUR STRATEGY

NUMBER TWO ON THE NORWEGIAN CONTINENTAL SHELF

Det norske stopped referring to the company as ”an oil mosquito” quite some time ago. With 27 operatorships and a total of 47 licenses we have become a major operator on the Norwegian Continental Shelf. The position as number two was confirmed during 2008. This will be reinforced in 2009.

The merger of Pertra and the Norwegian enterprise in DNO was carried out in 2008. The merger was, in industrial terms, correct; the result is a strong company, both financially and operationally. Through organic growth and active participation in the restructuring process within the industry, the objective is to become a clear and real supplement to StatoilHydro. In contrast to the state dominated company, we concentrate all our attention on the Norwegian continental shelf. We have a presence in all three petroleum regions and have offices in Trondheim, Oslo, Stavanger and Harstad. Det norske believes that in the future, the Barents Sea will become extremely important for the oil and gas industry, and that considerable resources are to be found, that will bring benefits for the entire community for many years to come.

We are optimists on behalf of the Norwegian continental shelf and we intend to remain one of the most central operators.

The authorities' annual license round in predefined areas (APA) indicates the level of faith in Det norske. The authorities create the framework for Norwegian oil enterprises - which Det norske believes is correct and important. Our community provides funds in order to discover and develop resources, and our community receives payback in the form of taxation of revenues from oil and gas production. This is a co-operation that distinguishes Norwegian oil enterprises. As a public company we feel that this is the best way to exploit resources for the benefit of our society. The authorities' willingness to allow new operators on the Norwegian continental shelf, is considered by Det norske as positive.

VALUE CREATION: WE MAKE A DIFFERENCE

Det norske is an exploration company that focuses on the whole Norwegian continental shelf. Thus far, the company has concentrated its activities in areas close to existing discoveries and infrastructures. Four initiatives have been highlighted; Frøy area, Jotun area, Southern Vikinggraben and Varg/Storskrymten. We concentrate our efforts in areas in which our presence can make a difference. These are areas with a possible fast track development of production with utilization of existing infrastructure. We work continuously to increase the resource basis within the areas in which we have initiatives, and cooperate with other licensees in order to create joint development solutions.

Det norske is building a balanced portfolio of prospects, resources and reserves. New areas will be acquired through license rounds, purchases and license exchanges and by acquisitions or mergers. Det norske will also, if it proves to be reasonable, sell discoveries before the start of production. We did this in 2008 when the shares in Goliat and Yme were sold.

After the year 2000, several smaller oil companies have started activities on the Norwegian continental shelf. We believe that this will lead to several discoveries in many new fields in the future and Det norske will make a definitive contribution. Det norske has built a team of employees centred on geology, geophysics and field development. This makes us able to identify prospects with a major possibility of discovering recoverable hydrocarbons. Our strategy is quite simply to identify good prospects, acquire license rights and to drill the best prospects.

This will produce major results in 2009; we are participants in 15 wells - nine of these as operator. We have secured long term rig capacity, which offers the possibility of a continued organic growth. Det norske has a joint agreement with other smaller operators regarding the rig ”Bredford Dolphin”. In addition, Det norske and Wintershall have a lease contract for the rig ”Songa Delta” from Odfjell Drilling for drilling operations from 2009-2012. In accordance with this agreement, Det norske has 1000 rig-days, which secures considerable capacity for drilling of prospects in Det norske's operator license portfolio.

Det norske has applied for a considerable number of licenses; we have been allocated many of these. We have applied for many operatorships; we have also been awarded many of these. The conditions of the authorities' annual license rounds involve start-up of drilling activities at the prospects, or a relinquish of the license within a certain time. In the case of discoveries, a Plan for Development and Operation must be presented, normally within four years. If discoveries are made, the license for the areas encompassed in the oil and gas field is extended by 10 to 15 years. Det norske places great emphasis on meeting our obligations, and we are quick to relinquish areas that we do not intend to develop.

Det norske primarily carries out exploration for fields that can have 50–100 million barrels of recoverable reserves. We believe that the oil price in the immediate future will attain the same level as in spring 2008, so that this kind of development will be profitable. Smaller independent developments in fields of up to 50 million barrels are dependent on a high oil price in order to be profitable.

Profitable development and operation, apart from providing income to the state, Det norske and our partners, will also provide a considerable amount of employment to the underlying supply industry. The enterprises of supply industries in Norway create an additional value of NOK 10 billion per year. If we are to maintain a high level of activity during the next decade, Det norske and other smaller and medium-sized operator companies must feature in an increasing share of projects. As the only nationwide oil company apart from StatoilHydro, we will do our utmost to ensure that the supply industry throughout Norway can expand it's capacity and expertise in cooperation with Det norske as operator.

When Det norske makes commercially viable discoveries, we draw up a number of alternative extraction methods, to ensure that most of the hydrocarbon can be produced. For Det norske, a high recovery rate is therefore extremely important. In common with all other operators on the Norwegian continental shelf, we will carry out our projects in a secure and environmentally friendly manner.
The future policies of the authorities concerning smaller and medium-sized Norwegian oil companies is decisive for our access to licenses and operatorships. Therefore, we will maintain good contact with the authorities by remaining an active and engaged operator.

Barents Sea

Det norske established an office in Harstad in the autumn of 2007 to participate in the exploration for petroleum in the Barents Sea. The office in Harstad is now staffed by 12 persons with solid experience within exploration and field development. The main activities in 2008 were associated with the nomination and preparation of the application in connection with the 20th licence round.
All 29 available blocks in the Barents sea were evaluated. An agreement was signed concerning the cooperation with the Spanish oil company Repsol.

Det norske submitted applications for licences both as operator and as partner. The application was submitted on 7 November 2008 and awarding is expected before May 2009. Det norske's application involves large areas and we wait with great anticipation for a possible allocation.

Further, Det norske was granted three licences in the Barents Sea in connection with the allocation of predefined areas (APA) of which one as operator. The assignment for all three licenses in the first instance is the collection of 3D seismic data. This data is now being processed and will be evaluated before a possible well decision in 2009.

Det norske initiated several geoscientific studies in 2008, to achieve a greater understanding of the petroleum system in the Barents Sea. The universities in Tromsø, Svalbard, Bergen, SINTEF and the Norwegian Geological Survey are all participating in one or more of the studies. A program of business development, expertise development and education was implemented during the fourth quarter. The objective of the program is to assist industrial operators in northern Norway in participating in the expected increased amount of activity in the northern areas, and to increase the capacity and quality of petroleum related education in the north.

Exploration Risk

In order to spread the risk, Det norske has a diversified portfolio, both in terms of the size and the probability of discoveries. This means that the exploration portfolio is comprised of some prospects in which the probability of discovering oil or gas is relatively high (typical in more than 30 percent) and some prospects in which the probability of discoveries is lower. The first group of prospects will normally be small or medium sized and fall into the category "low risk - low rewards ". The larger prospects often carry greater risk and are categorized as "high risk – high rewards ".

Up to this point, exploration has mainly been carried out in the North Sea, somewhat less in the Norwegian Sea and least in the Barents Sea. Statistically, there is the least possibility of discovering several large prospects in the North Sea, while higher possibilities in the Norwegian Sea and Barents Sea. As fewer wells have been drilled and the level of knowledge is less, the risk will be higher here.

Up to the present time, most oil and gas discoveries have been made in so-called structural traps. We are now in a phase with greater concentration on what are called "stratigraphic traps". In this case it is not enough to discover a "knoll" or a fault block that may contain hydrocarbons. We must know whether sand goes rapidly or gradually over to clay stone – the type that is able to contain the oil or gas. This places greater demands on our geological understanding and the methods used.

The development of an exploration strategy involves both the selection of area and the exploration model to be used. We build a portfolio of licenses, in which data indicate that there are traps with reservoir characteristics. We investigate whether oil and gas has found its way into the area and whether there is enough oil and gas to fill the trap.
In sediment basins close to the coast, the upper Jurassic source rock is so shallow that it is partially immature. In some cases, its characteristics are better than in others and oil can be formed at lower temperatures than in other places. We have carried out numerous studies and supported research projects that have indicated that oil has been formed in several of these basins. We have therefore chosen to apply for licenses, and the authorities have granted us licenses to explore for oil and gas in these areas. Examples are the licenses we were awarded in the Helgeland basin west of Sandnessjøen (PL 483S), the Yme license in the Egersund basin, and the license in the Søgne basin in Skagerrak (PL 356).

Research

Det norske appointed a Research Manager at the end of last year. This is in order to strengthen our efforts in this important area. Via an agreement between operators and the authorities, the operator has a right to a certain supplement on exploration, development and operational costs. This supplement is earmarked for general research and development work (R&D), with the aim of developing the operators' expertise.

Det norske has already established a number of contacts within the research communities in Norway. Over 20 R&D projects have been initiated, with a joint budget of around NOK 10 million.
In addition, the company has utilised its proximity to the Norwegian University of Science and Technology (NTNU), and has offered summer engagements to a total of 13 students. Six of these are continuing their master thesis in association with Det norske. Most of the R&D projects in 2008 were related to exploration on the Norwegian Continental Shelf, especially in the far northern areas.

Det norske's objective is to be an innovative, independent and active oil company. In addition we will be responsible, quick to respond, effective and an exciting company in the market. All this indicates that we should redouble our efforts in regard to research and development. We wish to develop our competitive edge concerning the allocation of future projects.

In the future, Det norske will be even more aware of the importance of networking in the areas in which we have offices and business interests. We will expand the professional arena of our enterprises to include development and operations, drilling and wells, health, safety and environment. In 2009 we can envisage a considerable increase in R&D enterprises compared to 2008.

HEALTH, SAFETY AND ENVIRONMENT

Det norske's most important objective for health, safety and environment is to avoid injuries to personnel and damage to the environment. The aim is to ensure that no-one is affected by illness as a consequence of our enterprises. Det norske has the objective of eliminating mandatory orders and/or conflicts with the Norwegian authorities.

Det norske, throughout its entire enterprises, shall contribute to the promotion of sound attitudes and a health and safety culture that will ensure that we reach our goals. The willingness to cooperate and the sharing of knowledge will be central elements in our work and our mindset. By imparting responsibility to each individual employee, the company will ensure active contribution and the full exploitation of our knowledge in all processes.

The Chief Executive Officer has the overall responsibility for all activity in the company, including the responsibility for health, safety and environment.

HSE Results

The company had one drilling operation in 2008. In addition, eight site surveys have been carried out. All of these activities have been carried out without serious incidents. Det norske is not currently an operator in any producing fields.
Emissions to the environment and the use of harmful chemicals in drilling operations are reported to the Norwegian Pollution Control Authority (SFT) in accordance with established guidelines. Emissions were within permitted limits. In all our operations, Det norske works actively to reduce the amounts of chemicals used and if possible, seek to substitute environmentally damaging chemicals with those that represent less risk.

According to plan, in 2009 Det norske will be operator for nine wells, drilled from four different drilling rigs. Proper control of the operations via the establishment of health and safety objectives for each project, the drafting of a health and safety program, the establishment of an effective contingency plan and close follow-up of our suppliers has required considerable resources in 2008.

Preparation of the Plan for Development and Operation of Frøy has required considerable effort in terms of health and safety. In addition to following up comments registered during impact study hearings for the Frøy development, we have placed emphasis on the integration of considerations for health, safety and environment at an early stage of the development.

In cooperation with Wintershall in Norway, in connection with the consortium for Songa Delta in the spring of 2008, an invitation to tender was sent out for the 2nd line contingency service for the consortium. Acona CMG was selected as the supplier and during the first quarter of 2009 the company will have established a 2nd line contingency that fulfills the company's and the authorities' requirements.

Inspections

Det norske has not received any mandatory notices or notifications of obligatory requirements from the Norwegian authorities during the last year. As a follow-up to the Norwegian Petroleum Directorate's supervision of the management's follow-up of the risk of major incidents in petroleum enterprises, Det norske, on its own initiative, has started a project to improve the monitoring of the risk of a major incident. A follow-up system has been drafted that will be utilised during the drilling of all our exploration wells in 2009. The follow-up system will also be incorporated by our cooperating companies in the drilling consortium.

HSE Management

No activity can be performed without risk and there will always be an uncertainty regarding the consequences of an activity. This also applies to petroleum exploration and production. As an oil company, it is Det norske's task to reduce this risk as far as possible, such that we in our activity avoid harm to people, environment and economical values. Identification and understanding of risks is necessary to prevent accidents and to ensure adequate emergency preparedness and reduced uncertainties. An effective management system and continuous improvement of the systems are key tools in the effort to reduce the consequences of our activity. When developing Det norske's management system, emphasis has been put on simplicity and effectiveness to ensure that the system is understood and used.

Organization structure and working Environment Survey

In November 2008, an organisation structure and working environment survey was carried out for the entire company. The object of the survey was to obtain feedback from employees concerning the integration process between NOIL and Pertra. In addition, we also wanted feedback on our improvement plan. Criteria and questions were drawn up in close cooperation between representatives of the employees and the management.

The level of participation in the survey was good, and the results showed a very good working environment in Det norske. Our employees are satisfied, the integration process has gone well and our employees have faith in the company's management. The survey also shows that communication within the company is good, and the company is characterised by a spirit of openness and trust. The challenge for the company in the future will be to develop and safeguard the positive results from the survey in a gradually growing organization.

A safety delegate group has been established for the various office sites and a working environment committee has also been formed in Det norske. The working environment committee has six representatives: Three elected representatives from the employees and three representatives from the company's management. The safety delegate group has actively participated in the internal improvement processes. Det norske shall be an employer that has equal employment opportunities for male and female employees. In 2008, concerted efforts have been made to recruit more women into the company. Of the company's 127 employees, 34 are female.

FRAMEWORK TERMS AND CONDITIONS

Economic Prospects

Det norske believes that the world economy has entered into a recession. At the end of 2008, activity declined considerably in all industrial countries, and the prospects for 2009 are less than promising. We anticipate a falling GDP in major industrial countries this year and a weak growth rate during next year. Despite recent improvements in financial markets, experience shows that handling financial crises takes some time. Our main belief is that activity in industrial countries will decline even further during the first six months of this year, will remain low and improve at the earliest in 2010.

The Norwegian economy is in many ways less affected than in other countries. In addition to the building and construction sector, it is first and foremost manufacturers of consumer goods around the world that are affected. The core of the financial crisis is that households in the United States and other countries have excessive debt and are decreasing consumption and investment in capital goods. The direct exposure of Norwegian industry is relatively minor in regard to production of consumer goods. Continued major oil investments mean that a large part of the industry, also this year, will be able to adequately utilise their capacity, although some are experiencing the effects in the form of reduced orders for 2010. During the last few months, many export companies have also benefited from the greatly weakened Norwegian currency.

The bankruptcy of Lehman Brothers on 15 September 2008 led to major changes in the financial markets and was the start of a serious decline. The money markets came to a halt and with this the supply of liquidity into businesses. This situation is still dramatic for many companies which require refinancing. Even if this market should slowly return, we will probably see far more strict covenantes from loan institutions, at least at the beginning of the recovery. Det norske is in a sound position with a satisfactory cash flow and very little debt. The financial crisis is therefore more of an opportunity than a threat for Det norske at this time. Political authorities have initiated and planned major support packages. Det norske has noted, however, that the crisis appears to have affected across the board and that we start 2009 with a considerable amount of available capacity in the real economy. This will influence demand in the future and reduce the need for transport and therefore for oil. Despite a dramatic fall in the price of oil of around 100 dollars within a few months, Det norske believes that the fact that the oil price has been maintained around 40 dollars per barrel in the current gloomy economic climate is an acid test of the oil price and that this has now moved into new territory. During the 1990s, 8-10 dollars per barrel was considered the lowest level of the market; it appears that the current bottom level is around 30 dollars per barrel. This is a reflection of the fact that it is more difficult to discover new oil and more expensive to develop it. Therefore the company believes - with some conviction - that the oil price will rise again.

Tax and Development

The taxation system on the Norwegian continental shelf reflects the fact that the state is the owner of the resources and that the oil companies' value creation is of an industrial character. The taxation system is balanced, in that profitable projects before tax will also be profitable after tax. The taxation system has, however, a negative effect on the companies' financial costs. Companies carry 100 percent of development costs, whereas the state retains 78 percent of the revenue. This is currently compensated by the companies being entitled to write down 130 percent of the invested amount – a so called uplift – that means that the current value is as if the state had made investments along with the companies. This system functions well for companies with major petroleum revenues, but less so for smaller independent companies that have to obtain external financing for their projects.
Apart from StatoilHydro, most oil exploration is carried out by oil companies that are relatively new on the Norwegian continental shelf, and they have little or no petroleum revenues. The assumption must be that this exploration activity will be followed up by considerable development and operational activity, operated mainly by these same companies. In order to ensure further development, Det norske has proposed an amendment to the petroleum taxation regulations, such that the uplift is replaced by an alternative system, in which the state compensates for the tax effect of the deficit created by investments in field developments on the Norwegian continental shelf. This will not increase the state's exposure – the state's net revenue from the enterprise will be maintained, i.e. there are no tax subsidies involved in this type of system. In practice, this is an extension of the system that is already established for exploration activity. This will mean that a number of projects that have been stopped, due to - among other things - the financial crisis, can once again continue. This will increase diversity on the Norwegian continental shelf, not just with regard to exploration, but also to oil field development.

CORPORATE GOVERNANCE

Det norske oljeselskap ASA ("Det norske") is a public limited company under Norwegian law. The company's governance structure is based on Norwegian corporate law. Det norske is dedicated to maintaining good corporate governance standards. This document describes our key principles, in line with the Norwegian recommendations of December 2007. Deviations from those recommendations are described in greater detail below.

Our Activity

Det norske's business activities are exploration, development and production of petroleum resources. The company qualified as an operator in 2005 and is now the second largest operator company on the Norwegian Continental Shelf. Det norske's business activities are defined in the company's Articles of Association. Further information concerning our licences and business activities is available from the company web site – www.detnor.no.

Det norske' aim is to be a successful and effective company with respect to exploring, developing and producing petroleum resources on the Norwegian Continental Shelf. Profitable growth will be ensured by organic growth, mergers and acquisitions. The company takes an active role in license rounds in order to acquire new exploration areas. Development and operations will be carried out in close cooperation with suppliers of the relevant services.

Equity and Dividends

Det norske has a strong balance with considerable cash and negligible interest-bearing debt. The company wishes to maintain an appropriate capital structure that safeguards the company's risk profile and ambitions. Det norske will implement a major exploration program during the next two years. This is expected to result in discoveries that will require considerable development investments.

The payment of dividends to shareholders will therefore not be given preference in the short term. During this period the company wishes to create value for its shareholders by building the underlying value in the prospect portfolio, with corresponding positive effect on the share price.

At the Annual General Meeting on 8 April 2008, the company was granted authorization for a capital increase of up to NOK 100 000 in the share capital by the issue of up to 500 000 shares at NOK 0.20. The authorization is valid until the Annual General Meeting in 2009 (at the latest 30 June, 2009). This authorization has not been utilised in 2008.

Equal Treatment of Shareholders and Tradability

The company has one class of shares, all of which have the same rights. Det norske has free float in its shares and the shares are freely negotiable. The company's employees are prohibited from engaging in economic activities that may compete with Det norskeís business activities.
In 2008, the Board of Directors of Det norske allowed DNO International ASA to extend the deadline for reducing its ownership stake from 36.9 percent to a maximum of 25 percent. The deadline was extended from 31 December 2008 to 15 March 2009. On 7 January 2009 DNO International ASA reduced its stake in Det
norske to 25 percent. For more information, please see the Board of Directors' Annual Report.

Annual General Meeting

The Annual General Meeting (AGM) is the company's highest authority. Det norske's Articles of Association and the Norwegian Public Limited Liability Companies Act regulate the AGM's role and mandate.

The AGM is held before the end of June each year, normally before the end of April. Notification of the AGM along with the agenda is sent to shareholders that are registered in the Norwegian Central Securities Depository (VPS) and is made available on the company web site at the latest two weeks before the meeting. The Annual Report is sent to all shareholders and is also available on the company web site at the latest one week before the date of the meeting. Det norske's shareholders are requested to make use of their rights by submitting proposals and by voting.
Those unable to participate at the AGM are encouraged to vote by proxy. The deadline for registration is set as close to the date of the meeting as possible, normally the day before. The minutes are posted on the company web site, www.detnor.no.

The Board of Directors may call an Extraordinary General Meeting at any time; if a company auditor or shareholder with at least five percent of the company's shares requests an Extraordinary General Meeting in order to make a proposal, Det norske is obliged to hold the meeting within one month of the notification of the request. The Chairman of the Board of Directors, Chief Executive Officer, company Auditor and a representative of the Nomination Committee shall participate at the meeting. Det norske's Annual General Meetings are normally led by the Chairman of the Board.

In January 2009, shareholders with more than a five percent of the shares, requested that an Extraordinary General Meeting be held, in order to elect a new Board of Directors. For more information, see the relevant chapter in the Board of Director's Report: Activities after Year's End.

Nomination Committee

The company has a Nomination Committee as determined by the companyís Articles of Association. The Committee's three to five members are elected by the Annual General Meeting and the majority of members are independent of the Board and the regular management. The Nomination Committee should reflect the interests of the majority of the shareholders. They should be independent of the board and the management.

The Nomination Committee is responsible for proposing board candidates and compensation. The committee must justify its recommendations. The members of the Nomination Committee are elected for a two-year period. Further information regarding the Nomination Committee's work is available on the company web site. In 2008, the members of the committee were Berit Kjeldsberg, Berge Gerdt Larsen and Kjetil Grønskag.

Det norske's Board of Directors

The company's Board of Directors presently consists of nine members, including the Chairman of the Board and two employee representatives. The Board has full plenary powers and the statutory responsibility to supervise Det norske's business conduct and management. The Board of Directors' objectives are to enhance and preserve the company's shareholders' long-term value and ensure that Det norske meets its ongoing obligations.

While the Chief Executive Officer is responsible for the administration of the Company, the Board of Directors holds the ultimate responsibility.

The Board's responsibilities are, among other things:

A. Outlining strategic plans and monitoring these by regular reporting and reviewing;

B. Identification of major risks relative to Det norske's business activities and ensuring the establishment of adequate systems for management of such risk;

C. Ensuring that shareholders have access to correct information relating to financial matters and significant business-related events, at the appropriate time and in accordance with applicable law, and;

D. Ensuring the establishment and the integrity of the Company's internal control and management systems.

The Board of Directors (Board) of Det norske meet regularly and the members contribute with their significant experience, expertise and capacity, for the benefit of the company. By meeting regularly with the management, the Board remains well informed of the company's development and results. The division of roles between the Board and the management is clearly defined through instructions for the Board and instructions for the CEO that specify areas of responsibility and administrative procedures. The Board evaluates its work annually.

The Chairman of the Board of Directors is elected at the Annual General Meeting. The Board elects its own Deputy Chairman.

The Board of Directors are independent of the management and the company's activities. Two of the members are employed at DNO International ASA – the biggest shareholder of Det norske.

The members of the Board are elected for a two-year period, after being recommended by the Nomination Committee.

Taking into account the size of the company and the scope of its activity, the Board regards it as appropriate that the Board members are kept updated regarding all Board matters. In keeping with recommendations, Det norske has established an audit and remuneration committee in 2008.

Risk Management and Internal Controls

Det norske's internal management procedures provide a sound basis for conducting thorough controls and reporting of the company's activities. Internal controls and risk management contribute to transparent and quality-assured reporting, to the benefit of the Company and the shareholders' long-term interests.

Remuneration to Board Members and the Company's Senior Management

The Board of Directors are encouraged to acquire shares in the company; however, members of the Board do not participate in the company's bonus program. The Board of Directors shall approve any Board member's consultancy engagements for the company and the remuneration for such engagements. Det norske's Annual Report describes the Board members' ownership shares and remuneration in greater detail. The Board of Directors determines the Chief Executive Officer's remuneration and all other employee terms and conditions. The Annual Report contains details of the Board of Directors' and the regular management's remuneration, including salaries and pension costs.

Det norske has established a share incentive program for all employees. The bonus program is contingent on the purchase of shares in the company. The Company considers as positive that the employee's incentives are in commom with the interests of the shareholders', as regards creating value and risk sharing.

Information and Communication

It is Det norske intention to ensure that investors in Norway and abroad be provides with regular and timely information corporate development and financial results. Det norske distributes financial and coporate information of importance to the share price via Oslo Stock Exchange's notification system and its own web site (www.detnor.no).

The company also publishes its financial calendar and holds presentations for investors, analysts and the media in connection with the quarterly reports. The company's objective is to ensure that the market has sufficient and relevant information available at all times, so that the share price reflects the underlying value of the Company.

Det norske puts emphasis on equal treatment of analysts, investors and shareholders. The Company never makes comments upon rumours. Det norske holds open presentations in connection with quarterly reports for investors, analysts and media. The presentations are presented via webcast. Information concerning future presentations will be published via Oslo Stock Exchange's messaging system and the company's website, www.detnor.no. Communication to the investors has a high priority for the Company's management.
The Company has drawn up contingency plans in the event of any major incidents in connection with our enterprises.

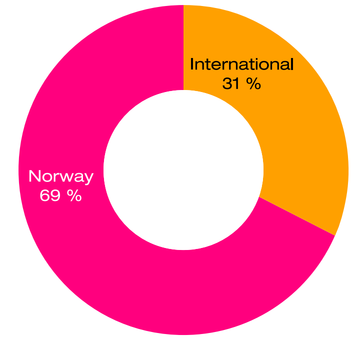
Company takeovers

The company's aim is to create value for the shareholders. Structural changes will be considered in line with this objective. The Board of Directors will do its utmost to ensure that sufficient and relevant information is made available concerning all events that affect the interests of shareholders. The Board will not, without special reason, seek to prevent anyone from making offers for the Company's shares or individual business areas.
In the event of a takeover bid, the Board will present its recommendations to the shareholders.

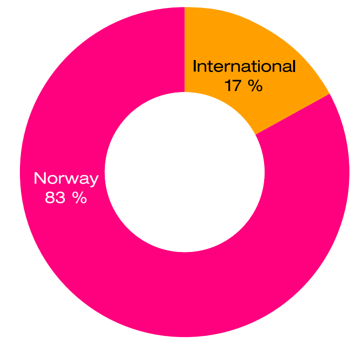
20 MAJOR SHAREHOLDERS 31 DECEMBER 2008

NAME	NUMBER OF SHARES	
DNO INTERNATIONAL ASA	23 967 500	36,9 %
FOLKETRYGDFONDET	3 722 286	5,7 %
VERDIPAPIRFOND ODIN NORGE	1 890 600	2,9 %
FERD AS INVEST	1 750 000	2,7 %
KLP LK AKSJER	1 479 633	2,3 %
KØRVEN AS	1 362 181	2,1 %
H.L.MANAGEMENT AND CONSULTANT	1 133 667	1,7 %
SPAREBANKEN MIDT-NORGE INVEST AS	900 668	1,4 %
VERDIPAPIRFOND ODIN NORDEN	830 366	1,3 %
UBS AG, LONDON BRANCH	797 620	1,2 %
SJÆKERHATTEN AS	786 040	1,2 %
VERDIPAPIRFONDET KLP AKSJENORGE	755 183	1,2 %
VILJE 2M AS	754 830	1,2 %
OLEUM AS	752 900	1,2 %
BEAR STEARNS SECURITIES CORP.	736 925	1,1 %
DNB NOR SMB	700 000	1,1 %
VINN INVEST AS	687 215	1,1 %
MORGAN STANLEY & CO. INC.	663 000	1,0 %
ODIN OFFSHORE	632 600	1,0 %
KOTENG HOLDING AS	597 068	0,9 %

Distribution of shareholders



31 December 2007



31 December 2008

Auditor

The Annual General Meeting will elect the Auditor and approve auditor compensation. The Board of Directors will meet with the Auditor at least once anually, without the presence of the CEO, to review procedures for internal control, to examine any possible problem issues and to make proposals for improvements. The Auditor will also attend meetings that deal with the annual financial statements. The Auditor is independent of the Company, and has limited income from advisory tasks.

Shares

Det norske shares fell by 61 percent from NOK 76.5 at the start of the year, down to NOK 29.1 on the last trading day in 2008. This is a major fall; however, by comparison the Oslo Benchmark Index fell by 54 percent in the same period. 27.9 million shares were traded in 2008, corresponding to 42 percent of the number of outstanding shares at the end of the year, With an adjustment for the ownership interest of DNO International, 41 million shares were in free flow. The total trading represents 66.5 percent of free flow.

No share dividends were paid in 2008 and it is not anticipated that dividends will be paid during 2009.

Liquidity

The objective of Det norske is to create the premises for attractive and tradable shares. Each share carries one vote at the Annual General Meeting and the same rights to dividends. Det norske wishes for an appropriate distribution within the ownership. Initiatives that Det norske management will give priority to ensuring liquidity in the share:

- Holding open presentations in connection with quarterly reports, including webcasts for investors that do not have the opportunity to meet in person.
- Hold seminars and lectures that are relevant to promote Det norske.
- To ensure that the market is kept updated at all times regarding the company's status and developments via news distribution.
- To give priority to an informative and continually updated web site.
- Ensure availability in connection with enquiries from the market.

THE NORWEGIAN LICENSE SYSTEM

The most important laws that govern petroleum activity on the Norwegian continental shelf are the Petroleum Act of 29 November 1996 and the Petroleum Taxation Act of 13 June 1975.
The Petroleum Act determines that the Norwegian state owns all petroleum resources on the Norwegian continental shelf. Norwegian authorities have an exclusive right to delegate production licenses and to determine the terms and conditions of each individual license.

A production license grants the rights owners the exclusive right to explore for and to produce petroleum from the specified area within a given period of time. The right owners in a production license own the rights to the petroleum produced in connection with the license. An overview of the production licenses in Det norske is found on page 105 in this report.

In addition, in 2003 the Norwegian authorities introduced allocations in predefined areas (APA). These license rounds involve an announcement of returned areas in mature areas on the Norwegian continental shelf. APA Rounds have been carried out every year since 2003. According to reports received from the authorities' up to this point, the APA system will continue. These rounds have been extremely important in order to build up Det norske's license portfolio, as the license rounds have given access to considerable exploration areas in mature regions.

License rounds are extremely important for Det norske and the most important method of gaining access to new areas. Since 1965, the authorities have carried out 20 license rounds in new areas. In recent years these have taken place every second year and most of the allocated areas have been in the Norwegian Sea.

Production licenses are allocated to a joint venture that is normally comprised of several companies. The production permit regulates the rights and obligations that the companies have to the authorities. The partners in a license are jointly responsible in regard to the obligations of the production license. The permit is valid for an initial period of up to 10 years. During this period, a program must be carried out in the form of geological and geophysical preparations and/ or exploration drilling as well as environmental studies in vulnerable areas.
When a production license has been allocated, the rights owners must enter into a joint cooperation and accounts agreement, with terms and conditions determined by the authorities. These agreements regulate many of the relations between the parties, between the parties and the operator, and with the authorities.

The operator in each production license is appointed by the authorities. The company has the responsibility for the daily operations in connection with the license.

The control committee is the senior authority in regard to production licenses. Each partner in the license is represented on the control committee. Voting rights are normally constructed such that a proportional and a simple majority must exist before a valid resolution can be made. The voting regulations are normally created such that one owner with more than 50 percent of interests cannot enforce a resolution alone.

License owners may purchase, sell and exchange license interests; however, this requires approval from the Ministry of Oil and Energy and from the Ministry of Finance in regard to tax-related issues. When commercially viable discoveries have been located, license owners must submit a Plan for Development and Operation (PDO) and have this approved by the authorities, before the development can begin. An important part of the PDO process is to investigate all possible positive and negative consequences of the development. The Petroleum Act requires that a research program (KUP) is initiated, and that an impact study (KUR) is carried out as part of the development application. Both the KUP and the KUR are sent for hearing, to affected interest groups.

Developments over a certain scope, normally NOK 10 billion, require approval by the Storting (the Norwegian Parliament), while the government, with the King in council, can approve a PDO of a lesser scope. The Ministry of Oil and Energy determines whether contracts may be entered into or whether work can begin before a PDO is approved.
In the same way that a development plan for a commercially viable discovery must be approved by the authorities, a Plan for Installation and Operation (PIO) of new pipeline systems must be prepared.

Det norske and the Taxation System

Taxation of oil companies in Norway is founded on regulations for ordinary business taxation. Due to the extraordinary profitability involved in the development of petroleum, a special tax is levied on this type of enterprise. The ordinary business tax rate is 28 percent. The special tax rate is 50 percent, such that total marginal tax is 78 percent.

On calculating the basis for ordinary tax, investments made on the continental shelf may be depreciated linearly over six years from the year the investments took place. All relevant costs can be deducted, including exploration, research and development, financing, operations and abandonment expenses. There is also the option of full consolidation between fields and licenses - something which is extremely important for Det norske during the growth phase that the company is currently experiencing.

To protect the normal returns from special tax, an extra allowance is granted in the basis for special tax, called uplift. This corresponds to 30 percent of investments, and can be deducted by 7.5 percent per year from and including the investment year.

Companies that are not in a tax position (such as Det norske) may carry forward deficits and uplift with interest. The companies can also apply for a refund of the assessed value of the exploration costs. This is important to Det norske that is in an intensive exploration phase, drilling a great number of wells, while at the same time the company has limited revenue from oil production. The assessed value of the exploration costs is refunded the year after the expenses are incurred, limited upwards to the size of the tax-related deficit. This means that Det norske pays approximately 22 percent of the company's gross exploration costs.

In addition to tax, petroleum enterprises in Norway are subject to a CO_2 tax, NO_X tax and an area fee. The CO_2 tax was introduced in 1991 as a policy instrument in order to reduce emissions from petroleum enterprises. The tax is applied per standard cubic metre of gas that is burned or released and per litre petroleum that is burned. For 2008, the rates were 45 øre per litre of petroleum or standard cubic metre of gas.

In accordance with the Gothenburg Protocol, Norway is obligated to reduce the annual emissions of NO_X. The NO_X tax was introduced on 1 January 2007. Det norske contributes to the NO_X fund. The companies associated with the fund are exempt from payment of the tax to the toll region; instead they pay the tax into the NO_X fund. For offshore companies, the rate is set at NOK 11 per kg of emissions; for fishing vessels, ships and coastal transport vessels, mainland industries, aviation and remote heating etc., the rate is set at NOK 4 per kg.

The area fee shall contribute to effective research of allocated areas. This will mean that resources come into production more quickly and that the lifetime of existing fields is extended. To support the area fee's function, the regulations were amended from 1 January 2007. According to the new regulations, companies shall pay NOK 30 000 per square kilometre during the first year, NOK 60 000 during the second year and the maximum rate of NOK 120 000 from and including the third year.
Companies are exempted from the area fee if a Plan for Development and Operations (PDO) is supplied to the Ministry of Oil and Energy. The exemption from the area fee is only given for the areas that cover the field, and for which a PDO has been supplied. The regulations also allow for an exemption from the area fee for two years if an exploration well is drilled.

ANNUAL RESERVE REPORT

Classification of reserves and contingent resources.

Reserves and contingent resources are classified in accordance with the Norwegian Petroleum Directorate's classification system ((http://www.npd.no/regelverk/r2002/Ressursklassifisering_n.htm) and the Oslo Stock Exchange's guidelines for reporting of hydrocarbon reserves and contingent resources. See table below.

	POTENTIAL RESOURCES		CONTIGENT RESOURCES				RESERVES		
NPD category	9	8	7	6	5	4	3	2	1
Description	Leads. Conseptual ideas of possible prospects	Prospects. A mapped rock volume believed to contain hydrocarbons	Discoveries under evaluation	Discoveries where development is unlikely	Discoveries where development is likely	Discoveries where development is bing planned	Fields where PDO has been concluded by the Licensees	Fields under development, PDO approved	Fields in production

NPDs classification system used by Det norske.

Reserves, developed and non-developed

Det norske oljeselskap ASA has interests in four fields in production (category 1):

- Varg – operated by Talisman, Det norske 5 percent
- Glitne – operated by StatoilHydro, Det norske 10 percent
- Enoch – operated by Talisman, Det norske 2 percent
- Jotun – operated by ExxonMobil, Det norske 7 percent

Our assessment of the remaining reserves in these fields is based on the operator's evaluation.

The Varg field (PL 038) is located south of Sleipner east. The field has been developed with the production vessel Petrojarl Varg and has an integrated oil storage tank facility and an attached wellhead platform. The oil is exported via shuttle tankers. Two new wells were completed in 2008. New reserves were found and the total production increased to approximately 14 000 barrels oil per day. Indicated reserves (1P/P90) include reserves with an accumulated probability of 90 percent from existing wells, on the assumption that no new wells are drilled. The remaining indicated and probable reserves (2P/P50) are based on a production stop in 2012 and contain the operator's most likely volume estimate and production profile, assuming no additional wells are drilled. The ultimate volume estimate is calculated to be 95 million barrels, whilst the remaining indicated probable reserves are estimated at 16.5 million barrels, of which 9.4 million has been produced. 7 million barrels non-developed reserves are associated with planned wells from 2010 and further. The reserves reflect a longer production time than previously estimated, due to a renewal of lease agreement with the FPSO owner.

The Glitne field (PL 048 B) is located 40 km northeast of the Sleipner area. The field is produced by subsea wells connected to the production vessel Petrojarl 1, and the oil is exported via shuttle tankers. The total reserves are calculated by the operator, based on production history combined with reservoir simulation and production stop in 2010. The greatest uncertainty for future production is associated with the amounts of produced water in certain wells. Remaining reserves are calculated based upon probability estimates, with consideration for production uncertainty. A final production well is being considered and is dependent on the results of a recent 4D seismic survey. All indicated and probable reserves are classified as "developed reserves". Total original recoverable reserves are estimated to be 52 million barrels, whilst the remaining reserves are estimated at 2.1 million barrels.

The Enoch field (PL 048B) is located on both sides of the Norwegian and British sectors, the British block 16/13a and the Norwegian block 15/5, southwest of the Glitne field. The field has been developed with a horizontal subsea well. The well stream is transported through the UK Brae A platform, on which the oil is processed and exported via Forties pipelines. The gas is sold to Brae. Production at Enoch started in May 2007. A joint ownership agreement has been made with the licenses in the British sector and Det norske's total interest is two percent (10 percent of the Norwegian license PL 048D). Originally indicated and probable reserves (Enoch units) are estimated by the operator to be 15 million barrels of oil equivalents, of which 10.2 million barrels remain reported. Volume in table 1 includes only the Norwegian part of the field, and is classified as "developed reserves".

The Jotun field (PL 027B, PL 103B) is located at a depth of 127 metres in the western area of Utsira High. The field has been developed with an wellhead facility (Jotun B) with 24 well slots and a FPSO (Jotun A) with three-stage separation. The oil is transported to the Slagen refinery and the gas exported via Statpipe. Indicated reserves (2P/P50) include expected volume from existing wells, assuming that no new wells are drilled and that the field is decommissioned in 2015. Total reserves are estimated by the operator based on production history combined with reservoir simulation. The most important elements of uncertainty concerning future production is the amount of produced water in certain wells. Total original recoverable resources are estimated at 148 million barrels of oil. The remaining indicated and probable reserves are estimated at 11.41 million barrels of oil and are classified as "developed reserves".

Det norske's share of production from Varg, Glitne, Enoch and Jotun fields in 2008 represented 0.66 million barrels of oil equivalents.

The Frøy field (PL 364) is operated by Det norske (50 percent) with Premier Norge AS, as partner. A Plan for Development and Operation was presented to the authorities in September, 2008. Both parties were committed to said plan. The Norwegian Petroleum Directorate has granted an extension to the license for ten years, until 2019. The field was in production from 1995 to 2001 and the operator Elf produced 35 million barrels. Based on a full evaluation of the reservoir and the production history, the best estimate is that the recovery rate can be increased from the original 18 percent to a minimum of 40 percent, which increases the developed volume by 56 million barrels. The reserves are classified as "development approved".

Reserves per field

IN PRODUCTION (CATEGORY 1)

As of 31.12.2008	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Oil (Mbbl)	Gas (bcm)	Mboe	Share %	Net Mboe	Oil (Mbbl)	Gas (bcm)	Mboe	Share %	Net Mboe
PL 038 - Varg	5,81	0,0	5,81	5%	0,29	9,43	0,0	9,43	5%	0,47
PL 048B - Glitne	0,73	0,0	0,73	10%	0,07	2,13	0,0	2,13	10%	0,21
Enoch-unit (Norway)	0,43	0,0	0,43	10%	0,04	1,97	0,01	2,04	10%	0,20
Jotun-unit	10,24	0,0	10,24	7%	0,72	11,41	0,0	11,41	7%	0,80
Total					1,12					1,69

UNDER DEVELOPMENT (CATEGORY 2)

As of 31.12.2008	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Oil (Mbbl)	Gas (bcm)	Mboe	Share %	Net Mboe	Oil (Mbbl)	Gas (bcm)	Mboe	Share %	Net Mboe
PL 038 - Varg	3,59	0,0	3,59	5%	0,18	7,02	0,0	7,02	5%	0,35
Total					0,18					0,35

DEVELOPMENT APPROVED (CATEGORY 3)

As of 31.12.2008	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Oil (Mbbl)	Gas (bcm)	Mboe	Share %	Net Mboe	Oil (Mbbl)	Gas (bcm)	Mboe	Share %	Net Mboe
PL 364 - Frøy	34,17	0,0	34,17	50%	17,09	55,82	0,0	55,82	50%	27,91
Total					17,09					27,91

Explanation: 1 x 10^9 Sm^3 gas = 1 x 10^6 Sm^3 oil equivalents = 6,29 million barrels oil equivalents.

Contingent resources

Det norske oljeselskap ASA has interests in ten discoveries that are classified as contingent resources. Draupne, Ragnarrock Chalk and Ermintrude are classified as "development probable" (category 5). Desmond, Bumblebee, Hanz, West Cable, Ragnarrock Basement and Frigg Gamma are classified as "under evaluation" (category 7). The Varg field has contingent resources in both category 4 and 5, the Ty reservoir in Storskrymten is classified as "development unlikely" (category 6):

- PL 001B (well 16/1-9) Draupne – operated by Det norske 35 percent
- PL 028B (well 25/10-8) Hanz – operated by Det norske 35 percent
- PL 242 (well 16/1-7) West Cable – operated by Det norske 35 percent
- PL 265 (well 16/2-3) Ragnarrock Chalk– operated by StatoilHydro, Det norske 30 percent (20 percent from 01.01.2009)
- PL 265 (well 16/2-3) Ragnarrock Basement North – operated by StatoilHydro, Det norske 30 percent (20 percent from 01.01.2009)
- PL 029B (well 15/6-9 S) Ermintrude – operated by ExxonMobil, Det norske 20 percent
- PL 332 (well 2/2-2) Desmond – operated by Talisman, Det norske 40 percent
- PL 332 (well 2/2-5) Bumblebee – operated by Talisman, Det norske 40 percent
- PL 442 (well 25/2-10 S) Frigg Gamma – operated by Statoil, Det norske 20 percent
- 15/12-18S Storskrymten – operated by Det norske 45 percent

Recoverable resources for Draupne are estimated at 75 million barrels of oil equivalents. A profitability analysis for Draupne and Hanz is currently being carried out (assumed completion April 2009).The commercial prospects for Draupne are promising. The Ragnarrock discoveries include reserves both in solid chalk (oil) and porous bedrock (oil and gas). The chalk reservoir is estimated to contain 186 million barrels of oil, confirmed as recoverable hydrocarbons. The scope of the recoverable resources is however somewhat uncertain, and is estimated to be 42 million barrels, by the operator StatoilHydro. To confirm the commerciality of the tight Ragnarrock chalk reservoir, it is necessary to drill a third appraisal well with an extended drill test in order to reduce the uncertainty regarding drill productivity and commerciality of horizontal wells. As part of the license exchange agreement with StatoilHydro, Det norske has reduced its interest in the Ragnarrock-discovery to 20 percent, effective from 1 January 2009. The promising Ermintrude discovery will extend into license PL 029B, in which Det norske has an interest of 20 percent.

Regarding the oil discoveries at Hanz and West Cable; the gross recoverable resources are estimated at 9 and 4 million barrels of oil. Recent discoveries in the immediate area increase the probability of development. Desmond is a gas discovery and Bumblebee an oil discovery at the side of the Gyda field. The operator, Talisman, is planning to drill the Optimus prospect in the same license, later in 2009. The Frigg Gamma discovery in PL 442, just north of Frøy, is estimated at 28 million barrels of oil equivalents. An appraisal well is planned in 2009 at the prospect Frigg Delta.

Total reserves, production, developments and adjustments

Net allocated Mboe calendar year, reporting as of end of year	IN PRODUCTION		UNDER DEVELOPMENT		DEVELOPMENT APPROVED	
	1P / P90	2P / P50	1P / P90	2P / P50	1P / P90	2P / P50
Status as of 31.12.2007	0,5	1,2	5,4	6,8	0,0	0,0
Production	-0,66	-0,66				
Acquisition/Disposal	0,80	0,88	-5,4	-6,7		
Extensions and discoveries						
Developments					17,09	27,91
Adjustment of previous estimates	0,52	0,30		0,25		
Status as of 31.12.08	1,12	1,74	0,0	0,35	17,09	27,91

Reserves and resources as of 31 December 2008

Resource category	NPDs classification	Reserves (P90) Mboe	Reserves (P50) Mboe	Resources (P50) Mboe	Risked undiscovered resources (P50) Mboe
1	**In production**	**1,12**	**1,69**		
	Enoch unit	0,04	0,20		
	PL 048B Glitne	0,07	0,21		
	PL 038 Varg	0,29	0,47		
	Jotun unit	0,72	0,80		
2	**Under development**	**0,18**	**0,35**		
	PL 038 Varg	0,18	0,35		
3	**Development approved**	**17,09**	**27,91**		
	PL 364 Frøy	17,09	27,91		
4	**In planning phase**			**0,16**	
	PL 038 Varg			0,16	
5	**Discoveries that are likely to be developed**			**42,02**	
	PL 001B Draupne			26,40	
	PL 038 Varg			0,02	
	PL 265 Ragnarrock (Chalk)			12,60	
	PL 029B Ermintrude			3,00	
6	**Development unlikely**			**2,50**	
	PL 337 Storskrymten (Ty)			2,50	
7	**Discoveries under evaluation**			**34,00**	
	PL 332 Desmond, Bumblebee			12,80	
	PL 028B Hanz			3,20	
	PL 242 West Cable			1,30	
	PL 265 Ragnarrock (Basement N)			11,00	
	PL 442 Frigg Gamma			5,70	
8	**Prospects**				547
Total		18,39	29,95	78,69	547

Management's Report and Analysis

The evaluation of reserves and resources is carried out by experienced professionals in Det norske, based on information from operators and license partners, in addition to our own interpretations. However, there is considerable uncertainty associated with these calculations. 2P/P50 represents our best estimate of reserves/resources, while 1P/P90 reflects our volume estimates that have a high degree of probability. The methods used for subsea mapping do not uncover all the uncertainties in connection with existing volume, or whether hydrocarbons can be recovered. The actual results can, therefore, prove to be lower than 1P/90. Major adjustments in the oil price will also influence the reserves. Low oil prices, in a worst case scenario, can force licensees to close fields in production and to cancel ongoing developments.

Det norske's reserves and resources are limited to the Norwegian continental shelf. Details of license interests and license terms and conditions are available from the Norwegian Petroleum Directorate's web site. Operators, in cooperation with partners, will report reserves to the Norwegian Petroleum Directorate. Five fields within our license portfolio are classified as reserves; two are operated by Talisman (Varg and Enoch), one by StatoilHydro (Glitne), one by ExxonMobil (Jotun) an one by Det norske (Frøy). The reserves reported to the authorities correspond to the figures that the partners for the relevant licenses have agreed on. No independent assessment of the reserves is available.

The reserve estimates for the Varg field are based on a production stop in 2012. Planned additional wells may lead to an extension of the field's economic lifetime. Further exploration is planned in the area, including drilling of the Grevling prospect early in 2009. Successful exploration results may extend the lifetime of the Varg field.

In the Glitne field, a 4D seismic survey has recently been carried out. The results of this are decisive for possible drilling of another producer; this can extend the field's lifetime beyond 2010.

Talisman, the operator of the Enoch field, will evaluate its development strategy in 2009 and consider drilling a new production well.

The reserves in the Jotun field only include expected volume from existing wells, assuming that no new wells are drilled and the field will be decommissioned in 2015. Det norske has developed a strong area position and is actively investigating exploration opportunities in the Jotun area. Two exploration wells at the Eitri and Jetta prospects are planned in 2009, and positive results will most likely extend the lifetime of the Jotun field and increase the reserves.

A Plan for Development and Operation for the Frøy field was presented to the authorities in September. Both parties were committed to said plan. The Norwegian Petroleum Directorate has granted an extension of the license for ten years, until 2019. This provides flexibility to improve the projects' profitability by reducing costs and confirming additional reserves in the area. Three exploration wells, that may be tied up with Frøy in the future, are planned for drilling in 2009 /2010.

Contingent resources in this report include ten discoveries. A profitability analysis for Draupne with a possible connection to Hanz, is ongoing and will be completed early in 2009.

The commercial prospects for Draupne are promising, with several possible development scenarios. Det norske intends to play an active role in identifying the development possibilities of the Draupne-Ragnarrock-Luno area. An appraisal well at Draupne is planned in 2010.

In connection with the Ragnarrock discoveries, there is considerable exploration potential, and a prospect that is analogous with Luno, is currently being drilled. In order to confirm the profitability in the chalk discovery in Ragnarrock, a third appraisal well is necessary, with an extended drill test in order to reduce the uncertainty of the recovery potential. Parts of the Ermintrude discovery, that have proved to be an extension of the Dagny discovery, have branches to PL 029 B, where the Freke prospect is to be drilled early in 2009. Desmond and Bumblebee are small discoveries close to the Gyda field. The operator Talisman plans to drill the Optimus project in the same license in late 2009; positive results from this well will influence the commercial prospects. According to plan, The Delta prospect, at the side of the Frigg Gamma discovery, will be drilled during the second half of 2009. If this is successful, it will bring more resources that can be associated with the development of Frøy.

Det norske has a comprehensive portfolio of mapped prospects that are under continuous assessment as potential drilling prospects. The evaluation of risked undiscovered resources is 547 million barrels of oil equivalents (MBOE), an increase from 450 MBOE at the end of 2007. Our most recent allocations in APA 2008 are not included in these figures.

Erik Haugane
Chief Executive Officer

INCOME STATEMENT

1 January - 31 December (All figures in NOK 1000)	Note	2008	2007
Petroleum revenues		326 756	127 689
Other operating revenues	3	308 314	3 335
Total operating revenues		**635 070**	**131 024**
Exploration expenses	5	544 529	282 943
Change in inventories	6	(3 037)	406
Production costs	7	125 657	43 238
Payroll and payroll-related expenses	8	12 634	11 161
Depreciation and amortisation expenses	13,14	111 357	34 553
Write-downs	13,14	400 376	
Other operating costs	9	15 569	10 807
Total operating expenses		**1 207 084**	**383 109**
Operating profit/(loss)		**(572 014)**	**(252 084)**
Interest income	10	144 698	28 463
Other financial income	10	82 214	2 365
Interest expenses	10	44 935	3 940
Other financial expenses	10	26 109	22 288
Net financial items	**10**	**155 869**	**4 599**
Income/(loss) before tax		**(416 145)**	**(247 485)**
Taxes (+)/tax income(-)	11	(641 640)	(205 976)
Net income/(loss)		**225 494**	**(41 509)**
Minority's share of net income (loss)			(807)
Majority's share of net income (loss)	12	225 494	(40 701)
Weighted average number of shares outstanding		64 925 020	31 240 879
Weighted average number of shares fully diluted		64 925 020	31 240 879
Net income/(loss) per share (adjusted for split)	12	3.47	(1.33)
Net income/(loss) per share (adjusted for split) - diluted	12	3.47	(1.33)

BALANCE SHEET

(All figures in NOK 1000)	Note	31.12.2008	31.12.2007
ASSETS			
Intangible assets			
Goodwill	13,14	864 339	1 671 556
Capitalised exploration expenditures	13,14	251 544	517 867
Other intangible assets	13,14	1 264 624	2 423 340
Tangible fixed assets			
Property, plant and equipment	13,14	298 054	354 692
Financial investments			
Longterm prepayments	21	48 447	5 160
Total fixed assets		**2 727 010**	**4 972 614**
Inventories			
Inventories	6	14 727	2 579
Receivables			
Trade receivables	15	583 463	128 237
Other receivables	16	200 447	119 718
Shortterm investments	17	17 400	
Calculated tax receivable	11	213 982	618 044
Cash and cash equivalents			
Cash and cash equivalents	17	1 468 287	585 127
Total current assets		**2 498 306**	**1 453 705**
TOTAL ASSETS		**5 225 316**	**6 426 319**

BALANCE SHEET

(All figures in NOK 1000)	Note	31.12.2008	31.12.2007
EQUITY AND LIABILITIES			
Paid-in capital			
Share capital	18	12 985	12 985
Share premium fund		3 519 597	3 519 597
Minority interests			30 725
Accumulated profits			
Other equity		225 516	
Total equity		**3 758 098**	**3 563 307**
Provisions			
Pension obligations	19	16 164	8 125
Deferred taxes	11	847 622	2 166 470
Abandonment provision	20	134 612	81 133
Deferred revenues	21	45 132	10 402
Total provisions		**1 043 530**	**2 266 130**
Current liabilities			
Shortterm loans	22		128 625
Trade creditors		94 287	112 788
Taxes withheld and public duties payable		12 160	12 044
Other current liabilities	23	317 241	343 423
Total current liabilities		**423 688**	**596 881**
Total liabilities		**1 467 217**	**2 863 012**
TOTAL EQUITY AND LIABILITIES		**5 225 316**	**6 426 319**

Board of Directors
Sandvika in Verdal, 25 March 2009

Diderik Schnitler, Chairman

Ivar Brandvold, Board member
Jan Rune Steinsland, Board member
Marianne Elisabeth Johnsen, Board member

Hege Sjo, Board member
Marianne Lie, Board member
Tore Lilloe-Olsen, Board member

Jan Gunnar Opsal, Board member
Erik Haugane, Chief Executive Officer
Kristin Aubert, Board member

CHANGES IN EQUITY

(All figures in NOK 1000)	Share capital	Share premium reserve	Minority interest	Other paid-in equity	Total equity
Equity as of 31.12.2006	5 302	802 160			807 462
Share issue (employees)	6	2 086			2 091
Share issue 13.11.2007	6 600	2 369 400			2 376 000
Share issue 6.12.2007	1 077	386 763			387 840
Share issue costs booked to equity		(500)			(500)
Tax effect of share issue booked to equity		390			390
Majority share of consolidated Group net loss		(40 701)			(40 701)
Minority interest			30 725		30 725
Equity as of 31.12.2007	**12 985**	**3 519 597**	**30 725**		**3 563 307**
Compulsory acquisition minority shareholders			(30 704)		(30 704)
Net income/(loss) for the period			(21)	225 516	225 494
Equity as of 31.12.2008	**12 985**	**3 519 597**	**-**	**225 516**	**3 758 098**

CASH FLOW STATEMENT

1 January - 31 December (All figures in NOK 1000)	Note	2008	2007
Cash flow from operating activities			
Income/(loss) before taxes		(416 145)	(247 485)
Taxes paid		(1 841)	
Tax refund		610 858	323 795
Depreciation and amortisation expenses	13	111 357	34 553
Writedowns	13,14	400 376	
Expensed dry wells, capitalised previous years	5	124 887	
Changes in decommissioning and removal liabilities		7 665	3 129
Changes in stocks, creditors and debitors		(485 876)	62 975
Changes in net working capital and accrual items		(122 371)	127 640
Net Cash Flow From Operating activities		**228 909**	**304 607**
Cash flow from investment activities			
Payments related to investments in property, plant and equipment		(487 012)	(170 824)
Payments associated with forced redemption of minority interests	2	(75 810)	
Purchase of intangible assets		(144 302)	(194 444)
Sale of licenses		1 490 000	
Net cash flow from investment activities		**782 875**	**(365 267)**
Cash flow from financing activities			
Paid-in share capital/capital increase			2 091
Expenditures related to acquisition of companies			(13 775)
Payment of loans	22	(128 625)	(290 686)
Short-term loans			130 000
Net cash flow from (used in) financing activities		**(128 625)**	**(172 369)**
Net changes in cash and cash equivalents		**883 160**	**(233 030)**
Cash and cash equivalents at start of period	17	585 127	565 890
Cash and cash equivalents in acquired companies at time of acquisition			252 267
Cash and cash equivalents at end of period	**17**	**1 468 287**	**585 127**
Specification of cash and cash equivalents at end of period			
Bank deposits	17	1 460 176	552 741
Restricted bank deposits	17	8 110	8 806
Shortterm investments			23 580
Total cash and cash equivalents at end of period	**17**	**1 468 287**	**585 127**
Interest paid	10	43 795	4 620
Interest received	10	144 698	28 463

NOTES

GENERAL INFORMATION

Det norske oljeselskap ASA ("The company" or "Det norske") is an oil company involved in exploration, development and operation of oil and gas fields on the Norwegian continental shelf.

The company is a public limited company incorporated and domiciled in Norway. Shares are traded on the Oslo Stock Exchange. The company's registered business address is in Trondheim, Norway.

A merger between NOIL Energy ASA and Det norske oljeselskap ASA was carried out on 25 July 2008. The merger has accounting and tax effect from 1 January 2008, thus the company is no longer part of a group. In comparative figures for 2007, NOIL Energy ASA is included from 13 November 2007, which was when NOIL Energy ASA became a subsidiary of Det norske oljeselskap ASA.

The financial statements were approved by the Board of Directors on 25 March 2009 and will be submitted to the annual general meeting for approval on 20 April 2009.

NOTE 1 - SUMMARY OF IFRS ACCOUNTING PRINCIPLES

1.1 BASIS FOR PREPARATION

The financial statements of the company have been prepared in accordance with the Norwegian Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared on a historical cost basis with the exception of the following items:

- Financial instruments is accounted for at Fair Value and recognised in the income statement. Loans, payables and other financial obligations are accounted for at amortised cost.

The financial statements have been prepared in accordance with uniform accounting principles for equal transactions made on otherwise equal terms.

1.2 FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The company's functional currency and reporting currency is Norwegian kroner (NOK) and all amounts have been rounded to the nearest thousand, unless otherwise specified.

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires the management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Accounting estimates are employed in the financial statements to determine reported amounts, including the possibility for realisation of certain assets, the useful lives of tangible and intangible assets, income taxes and others. Although these estimates are based on the management's best knowledge and historical experience, current events and actions, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates will be recognised when new estimates can be determined with certainty.

The key sources of uncertainty for the company relate to the following:

Proved and Probable Oil and Gas Reserves. Oil and gas reserves have been estimated by the company's experts in accordance with industry standards. The estimates are based on both Det norske oljeselskap ASA's own assessment and information from operators. Proven and probable oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty are recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Price changes only include contractual arrangements, and not price fluctuations due to future conditions.

Proved and probable reserves are used when calculating the unit-of-production rates used for depreciation, depletion, and amortisation. Reserve estimates are also used when testing upstream assets for impairment. Future changes in proved and probable oil and gas reserves, for instance as a result of changes in prices, could have a material impact on unit-of-production rates used for depreciation and amortization and for decommissioning and removal provisions, as well as for the impairment testing of upstream assets, which could have a material adverse effect on operating result as a result of increased depreciation and amortisation or write-down charges.

As of 31 December 2008 the book value of fixed assets (both tangible and intangible) was NOK 2 678 562, see notes 13 and 14.

Acquisition Costs - Exploration. Det norske oljeselskap ASA's accounting policy is to initially capitalise exploratory drilling costs pending determination of whether the wells have found commercial reserves. (successful efforts method). If commercial reserves are not found, the capitalised cost of drilling the well, net of salvage value, is expensed. Decisions as to whether these expenditures should remain capitalised or expensed in the period may materially affect the operating result for the period.

Costs associated with acquisition of exploration licenses are capitalised and assessed for impairment each reporting date.

See items 1.9 and 1.10 for further details.

As of 31 December 2008 the book value of activated exploration costs was NOK 251 544, see note 13.

Impairment/Reversal of Impairment. Det norske oljeselskap ASA has significant investments in long-lived assets such as property, plant and equipment, and changes in expectations of future value associated with individual assets may result in some assets being impaired, with the accounted value being written down to estimated recoverable value. Impairments should be reversed if the conditions for impairment are no longer present. Making judgments of whether an asset is impaired or not, and if write-down should be reversed, are complex decisions that rest on a high degree of judgement and to a large extent on key assumptions. Complexity is related to the modelling of relevant future cash flows, to the determination of the extent of the asset for which write-down is to be measured, and to establishing a net market value of the asset in question.

The evaluation of impairment requires long-term assumptions concerning a number of often volatile economic factors such as future oil prices, oil production, currency exchange rates, discount rates among others, in order to determine future cash flows. Such assumptions require an estimation of relevant factors such as forward price curves, production forecasts, and the ultimate residual value of an asset. Likewise, establishing a fair market value of the asset, when required, will require careful assessment in many cases where no active third party market exists.

See note 13 "Property, plant and equipment and intangible assets" and note 14 "Impairment of goodwill and other assets".

Abandonment Obligations. Det norske oljeselskap ASA has significant legal obligations to shut down and remove offshore installations at the end of the production period. Legal obligations associated with the retirement of non-current assets are recognized at their fair value at the time the obligations are incurred. Upon initial recognition of a liability, the cost is capitalised as part of the related non-current asset and amortised over the useful life of the asset. It is difficult to estimate the costs of shut down and decommissioning, which are based on current regulations and technology. Most of the decommissioning activities are years into the future and the technology and costs are constantly changing. The estimates include, among others, cost assumptions relating to complexity, rigs, marine operations, and heavy lift vessels.
As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these Balance Sheet items, involve the application of significant judgement.

As of 31 December 2008 the book value of shut down and decommissioning obligations was NOK 134 612, see note 20.

Employee Retirement Plans. When estimating the present value of defined pension benefit obligations that represent a gross longterm liability in the balance sheet and, indirectly, the period's net pension expense in the income statement, the management makes a number of critical assumptions affecting these estimates. Most notably, assumptions made on the discount rate to be applied to future benefit payments, the expected returns on plan assets, and the annual rate of compensation increase have a direct and material impact on the amounts presented. Significant changes in these assumptions between periods may have a material effect on the accounts.

Pension benefit obligations as of 31 December 2008 were NOK 16 164, see note 19.

Income Tax. The company annually incurs significant amounts of income taxes payable/receivable, and also recognizes significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon management's ability to properly apply, at times, very complex sets of rules, to recognize changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

As of 31 December 2008, the book value of deferred taxes was NOK 847 622 and calculated tax receivable was NOK 213 982, see note 11.

1.4 FOREIGN CURRENCIES AND TRANSACTIONS

Transactions in foreign currency are translated at transaction exchange rates at the time of the transaction. Monetary items in foreign currency are reported at the exchange rate of the Balance Sheet date. Realized and unrealized foreign exchange gains and losses are recognized on an ongoing basis during the accounting period.

1.5 REVENUE RECOGNITION

The revenue from petroleum products is recognized on the basis of the company's share of production in the period, regardless of actual sales (entitlement method).

Other revenue is recognized when the delivery of goods and services has taken place and most of the risk and returns has been transferred.

Dividends are recognized when the shareholder's right to receive dividends is approved by the Annual General Meeting.

1.6 INTEREST IN JOINT VENTURES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The company accounts for joint ventures, including jointly controlled assets (oil and gas licenses), by recording its share of the assets, liabilities, and cash flows. The Company combines its share of the joint ventures' individual income and expenses, assets and liabilities, and cash flows on a line-by-line basis with similar items in the company's financial statements.

1.7 BALANCE SHEET CLASSIFICATION

Current asset and shortterm liabilities include items due less than a year from the Balance Sheet date, and items related to the operating cycle, if longer. The current portion of longterm debt is included as current liabilities. Financially motivated investments in shares are classified as current assets, while strategic investments are classified as a non-current asset. Other assets are classified as non-current assets.

1.8 BUSINESS COMBINATIONS

In order to consider an acquisition as a business combination, the acquired asset or group of assets must constitute a business (an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors), which generally consists of inputs, processes and outputs.

Acquired incorporated businesses are included in the consolidated financial statements from the transaction date. The transaction date is defined as the date on which Det norske achieves control over the target company's financial and operational assets. This date may differ from the actual date on which the assets are transferred. Sold businesses are included in the accounts until time of the sale.

Comparable figures are not corrected for acquisitions, sold or discontinued businesses.

For accounting purposes, the acquisition method is used in connection with the purchase of businesses. Acquisition cost equals the actual value of the assets used as consideration, equity instruments issued, liabilities assumed in connection with the transfer of control, as well as direct costs associated with the actual acquisition. Acquisition cost is measured against the actual value of the newly acquired assets and liabilities. Identifiable intangible assets are included at the time of the acquisition, if they are separable from other assets and their value can be reliably measured. When calculating actual value, the tax implications of the reassessments made are taken into consideration. If the acquisition cost at the time of the acquisition exceeds the actual value of the net assets acquired, goodwill arises. Goodwill is calculated using the same functional currency which is used in the parent companies. If the actual value of the net identifiable assets acquired exceeds the acquisition cost, the excess amount is taken to income on the transaction date.

When acquiring minority interest (successive acquisitions), goodwill is calculated as the difference between fair value and book value of net assets at the time of each acquisition.

The allocation of excess value and goodwill may be adjusted up to 12 months after the takeover date, if it should prove that the asset or liability was incorrectly valued at that time.

The valuation of these licenses is based on cash flows after tax, as this type of license may only be traded in the market after tax, based on a resolution passed by the Ministry of Finance, in keeping with § 10 of the Petroleum Taxation Act. The purchaser cannot therefore request a deduction for the payment affecting taxation through depreciations. An allocation for deferred tax is made for the difference between the acquisition cost and the assumed tax related depreciation. The opposite entry for this deferred tax is goodwill. The goodwill is thereby a technical effect of deferred tax.

1.9 ACQUISITIONS, SALES AND LICENSE EXCHANGES

An acquisition of a license which involves the right to explore and produce petroleum is assessed for each individual assessment whether the acquisition is to be considered as a business acquistion (see item 1.8) or if it is an asset purchase. Usually, acquisitions of licenses in a development or a production phase will be regarded as business combinations and accounted for using the purchase method. Other license acquisitions will be regarded as an asset purchase.

Oil and Gas Production Licenses

For oil and gas production licenses and licenses in a development phase, the purchase price is allocated between exploration rights, license rights, production plants, wells, deferred tax and goodwill.

When entering an agreement regarding license exchange, the parties agree on an effective date (usually 1 January in the calendar year). During the period between effective date and completion, the seller will include his proportional share of the license interest in the financial statements. Income and expenses between effective date and completion date is settled through a separate Pro & Contra settlement. This settlement is considered as part of the total consideration and is included in the calculation of gain/loss. From the completion date, the buyer will include income and expenses in the income statement.

In regard to taxation, the purchaser will include, the net cash flow (Pro & Contra) and any other income and costs from and including the effective date.

Farm-in Agreements

Farm-ins generally occur in the exploration or development phase and are characterised by the transfer or giving up future economic benefits, in the form of reserves, in exchange for reduced future funding obligations. In the exploration phase the company accounts for farm-ins on a historical cost basis. As such no gain or loss is recognized. In the development phase, the company accounts for farm-ins as an acquisition at fair value when the company is the transferee and a disposal at fair value when the company is the transferor of a part of an oil and gas assets. The fair value is determined by the costs that have been agreed as being borne by the transferee.

Exchanges

Exchanges of assets are measured at the fair value of the asset given up unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the exchanges only comprise of assets in the exploration and evaluation phase, the exchanges are accounted for on a historical cost basis.

1.10 PROPERTY, PLANT AND EQUIPMENT

General

Property, plant and equipment acquired by the company are stated at historical cost. Depreciation of other assets than oil and gas properties are calculated on a straight-line basis at rates varying from 3-5 years and adjusted for write-down charges and residual value, if any.

The carrying value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any write-down charges. Expenses on leased premises are capitalised and depreciated over the leasing period.

Expected useful lives of long-lived assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Any change is accounted for prospectively.

The residual value of an asset is the estimated amount that the company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major repair and maintenance is included in the asset's carrying amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in other operating expenses. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less selling costs.

Exploration and Development Costs Associated with Oil and Gas Fields

Exploration costs added to the balance sheet are classified as intangible assets and are reclassified as tangible assets at the start of development. In relation to accounting, the field is considered to enter into the development phase when the license partners have made the decision that the field is economically viable or when the field has matured to a corresponding level. All costs incurred in connection with the development of commercial oil and / or gas fields are added to the balance sheet as intangible assets. Pre-operational costs are added to expenses as incurred.

Depreciation of Oil and Gas Fields

Expenditures for drilling and equipping exploratory wells where proved and probable reserves are discovered, are capitalized and depreciated using the unit of production method based on proved and probable developed reserves expected to be recovered from the well. Development expenditure for the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells are capitalised as producing oil and gas properties and depreciated using the unit-of-production method based on proved and probable developed reserves expected to be recovered from the area during the concession or contract period. Capitalised acquisition cost of proved and probable properties is depreciated using the unit-of-production method based on proved and probable reserves. Any changes in the reserves affecting unit-of-production calculations are reflected prospectively.

Component Cost Accounting

When purchasing of an oil or gas field, the value of the field is split in license rights (future reserves and resources), production plant and wells. These are depreciated using the unit of production method as described above.

1.11 INTANGIBLE ASSETS

Depreciation of intangible assets is based on the following expected service lifetime:

- Software 3-5 years

Exploration and development cost for oil and gas fields

The company employs the "successful efforts" method to account for exploration and development costs. All exploration costs (including seismic acquisitions, seismic studies, and 'own time'), with the exception of acquisition costs of licenses and drilling costs for exploration wells, are charged to expense as incurred.

Drilling costs for exploration wells are temporarily capitalised pending the evaluation of potential discovery of oil and gas reserves. If commercial reserves are not found, the costs are expensed. These costs can remain capitalised for more than one year. The main criterion is that there shall be definite plans for future drilling in the license, or that the development decision is expected to be made in the immediate future.

Goodwill on Acquisition of Enterprises and Licenses

In a case of the acquisition of an enterprise, the difference between acquisition costs and the fair value of the net tangible asset or debt at the time of acquisition will be classified as goodwill. For purchases of companies and purchases of interests in production licenses and licenses under development, an allocation for deferred taxes must be made and for associated goodwill as described in item 1.8 above.

Goodwill is allocated to cash generating units or groups of cash generating units that are expected to receive the benefit of synergy effects of the enterprise merger. For internal management purposes, goodwill is evaluated for each field/license and these are regarded as individual cash generating units.

1.12 IMPAIRMENT

Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets (inclusive license rights, exclusive of goodwill) with a finite useful life will be assessed for potential loss in value annually and when incidents or changes indicate that the accounted value of property is considerably higher than the recoverable amount.

Assessment when evaluating the loss in value are determined by the lowest level at which it is possible to identify independent cash flows for an asset . For oil and gas assets this is carried out at the field or license level. For capitalized exploration costs the loss in value is assessed for each well. Impairment has occurred and a write-down takes place when the carrying value of an asset or cash generating business unit exceeds the recoverable value. The recoverable value is the highest of the assets net sale value and value in use. In the assessment of the value in use, the anticipated future cash flow is discounted to a current value by applying a discount rate before tax that reflects the current market valuation of the time value and a specific risk of the asset.

An Impairment previously recognized and written down may only be reversed if changes have occurred in the estimates used for the calculation of the recoverable value; however, this may not be a higher amount than carrying value prior to write down. This type of reversion is recognized in the profit/loss statement. After a reversion the depreciation amount is adjusted in future periods in order to distribute the asset's revised accounted value, minus any residual value, on a systematic basis of the asset's future economic lifetime.

Goodwill

Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the value may be impaired.

Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. The Company has chosen to assess goodwill for each license. Where the recoverable amount of the license, inclusive corresponding goodwill and deferred tax as described in item 1.8 and 1.9, is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, and an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Company performs its annual impairment test of goodwill during fourth quarter.

1.13 FIXED ASSETS HELD FOR SALE

Fixed assets and groups of fixed assets and debt are classified as held for disposal if their accounting will be recovered via a sales transaction instead of continued use. This is regarded as valid only if a sale is highly likely and the fixed asset (or group of fixed assets or debt) is available for immediate sale in its current form. The management must have committed themselves to a sale and the sale must be expected to be completed within one year of the date of classification.

Fixed assets and groups of fixed assets and debt classified as held for disposal are estimated at the lowest value of a previous accounting and the actual value minus sales costs.

1.14 FINANCIAL INSTRUMENTS

The company has the following financial assets and obligations:

- financial assets measured at fair value and recognised in income statement
- loans and receivables due
- other obligations

Financial assets with a fixed or determinable cash flow that are not traded in an active market are classified as loans and receivables, with the exception of instruments that the company has selected as having an fair value with gains and losses recognised in the profit/loss statement.

Loans and receivables and other obligations are accounted for at an amortised cost; financial assets valued at fair values are recognised in profit/loss and accounted for at fair value.

Changes in the fair value of financial instruments classified as being held at fair value gains and losses are recognised and accounted for as a financial income/expense.

Impairment of Financial Assets

Financial assets that are assessed at an amortised cost are written down when, seen from an objective aspect, it is probable that the instrument's cash flows have been negatively influenced by one or more events that have occurred after the first time the instrument was included in accounts. The write-down value is recognised in the income statement. A previously recognised impairment loss for Financial Assets is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to a higher amount than if no impairment loss had been recognised. Such reversal is recognised in income statement.

1.15 RESEARCH AND DEVELOPMENT

Research is carried out in order to attain new scientific or technical knowledge or understanding. Development is the utilisation of information gained through research or other knowledge in improving design or production of materials, devices, products, processes, systems or services before commercial production or use commences.
The agreements concerning petroleum activities on the Norwegian continental shelf gives operators incentives to initiate research and development projects since the costs involved can be charged to the operator license within certain terms and conditions. The company is only involved in research and development via projects financed by participants in the license. It is the company's own share of the license-financed research and development that is assessed relative to accounting. Costs incurred in connection with R&D that are expected to generate future economic benefits is added to the balance sheet when the following criteria are met:

- The company can demonstrate that the technical premises exist for the completion of the intangible asset with the aim of making it available for use or sale – demo version.
- The company has the aim of completing the intangible asset and then to use or sell it;
- The company has the ability to use or to sell it;
- To the intangible asset will generate future economic benefits;
- The company has available and adequate technical, financial and other resources needed to complete the development to and to bring into use or sell the intangible asset, and
- The company is able, in a reliable manner, to measure the costs incurred in connection with the intangible asset.

All other research and development costs are expensed as incurred.

Costs that are added to the balance sheet include material costs, direct wages costs and a share of directly related joint expenses.
Capitalised development costs are added to the balance at acquisition cost minus accumulated depreciation.
Capitalised development costs are amortised linearly over the asset's estimated service lifetime .

1.16 RECLASSIFICATION OF SALARY AND ADMINISTRATION COSTS

The company carries out ongoing reclassification of salary and operative costs for development, operational and research activities based on allocation of hourly costs. As a basis, the company uses gross salary and operational costs reduced by the already invoiced amount to operator licenses.

1.17 LEASE AGREEMENTS

The Company as Lessee:

Financial Lease Agreements

Lease agreements in which the company accepts the main risk and returns in connection with ownership of the asset, are financial lease agreements. At the start of the lease period, financial lease agreements are calculated at an amount corresponding to the lowest of the actual value and the minimum lease current value, minus accumulated depreciation. When calculating the lease agreements current value the implicit interest cost in the lease agreement is utilised, if it is possible to calculate; if not then the company's incremental borrowing rate is used. Direct costs in connection with the establishment of the lease contract are included in the assets' cost price.

Financial lease agreements are regarded as 'property plant and equipment' in the balance sheet, and have the same write-down period as the company's other depreciable assets. If there is no reasonable certainty that the company will take over ownership of the asset after the expiration of the lease, the asset is written down over the shortest of the periods for the lease agreements and for the asset's economic lifetime.

Operational Lease Agreements

Lease agreements in which the main risk and returns associated with ownership of the asset are not transferred, are classified as operational lease agreements. Lease payments are classified as operational costs and are expensed during the contract period.

1.18 ACCOUNTS RECEIVABLE

Accounts receivable are accounted for at their actual value after deductions of provisions for expected losses. Provisions for losses is estimated on the basis of individual valuation of the individual accounts receivable. Known losses on receivables are expensed as incurred.

1.19 BORROWING COSTS

Borrowing costs are expensed as incurred.

1.20 INVENTORY

Spare Parts

Spare parts are assessed at the lowest of purchase price and net sale value, according to the first in /first out (FIFO) principle. Costs include raw materials, freight and direct production costs in addition to some indirect costs. The net sales value is equal to the estimated sale price minus the estimated sales cost.

Stock of Petroleum

Produced petroleum that is not sold, represents the stock of petroleum. The stock of petroleum is valued at the lowest of full production cost and net realizable value.

1.21 OVER/UNDER LIFTING OF PETROLEUM

Over lifting of petroleum is presented as shortterm debt, underlifting of petroleum is presented as a shortterm receivable. The value of over/under lifting is set at the estimated sales value, minus estimated sales costs (entitlement method).

1.22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, deposits held with banks, other shortterm highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the Balance Sheet. Interest revenue is recognised based on the effective interest method as these are earned.

1.23 INTEREST BEARING DEBT
All loans are initially accounted for at the cost of acquisition, which is the actual value of that received minus issuing costs associated with the loan.

Subsequently, interestbearing loans are then measured at amortised cost, using the effective interest method; the difference between the acquisition cost (after transaction costs) and the face value is amortised over the period up to maturity. Amortised costs are calculated by considering all issue costs and any discount or premium on the settlement date.

1.24 TAX
General
Taxes payable/tax refund for the current and previous periods are based on the amount that is expected to be received from or paid to the tax authorities.

Taxes are comprised of payable tax and changes in deferred tax. Deferred tax/tax benefits are calculated on all differences between financial and tax related values of assets and debt, with the exception of temporary differences associated with goodwill that is not deductible against tax.

The book value of deferred tax benefits is assessed on an annual basis, and is reduced insofar that it is no longer probable that future earnings will make it possible to utilise the benefit. Deferred tax benefits that are not accounted for are re-evaluated on each balance sheet day, and are accounted for insofar as it is probable that future earnings or applicable tax regulations will make it possible to utilise the benefit. Deferred tax and tax benefits are measured using the tax rates that are anticipated will apply at the point in time that the tax benefit is realised or the tax obligation is met, based on tax rates and tax regulations in effect, or that is expected to be in effect, on the balance sheet day.

Payable tax and deferred tax are accounted for directly against capital equity insofar as the tax items are directly related to equity transactions.

Deferred tax and tax benefits are shown at net value, if allowed, and the deferred tax benefit and obligation are related to the same tax subject and payable to the tax authorities.

Petroleum Taxation
Det norske, as a production company, is subject to special provisions in the Petroleum Taxation Act. Revenue from enterprises on the Norwegian continental shelf is subject to a common company tax (28 percent), and in addition a special tax (50 percent).

Depreciation. Pipelines and production installations can be depreciated by up to 16 2/3 percent annually, i.e. linearly over 6 years. Depreciation can be accounted for as expenses are incurred. At end of production the remaining cost price can be included as a deduction in the final year.

Uplift. Uplift is a special income deduction in the basis for calculation of special tax. The uplift is calculated on the basis of investments in pipelines and production installations and can be regarded as an extra depreciation deduction in the special tax basis. The uplift represents 7.5 percent over 4 years, altogether 30 percent of the investment. Uplift is calculated in the year in which it is applied as a deduction in the company's tax returns and thus influences periodic tax as if a permanent difference.

Financial items
Interest area and associated currency gain/loss (net finance costs on interest bearing debt) is divided between the continental shelf and onshore. The deduction on the continental shelf is calculated as a net finance cost on interest bearing debt multiplied by 50 percent of the ratio between tax related depreciated value as of 31 December in the fiscal year of the asset object in the continental shelf district and the average interest bearing debt throughout the income year.

Remaining financial expences, currency gains and losses and all interest income is allocated to the onshore area.

Uncovered losses in the onshore area district that are a result of the distribution of net financal items can be allocated to the continental shelf and deducted from regular income (28 percent).

Only 50 percent of the losses in the onshore area are permitted to be reallocated to the continental shelf and applied as deductions in regular income.

Exploration costs
Companies may demand payment from the state the tax value of exploration costs incurred insofar as these do not exceed the year's tax related deficit allocated to continental shelf activities.

Tax related deficit
Companies subject to special tax may, without time limitations, carry forward losses with the addition of interest. A corresponding rule also applies to non-utilised uplift. The tax position can be transferred on the realisation of the joint enterprise or merger. Alternatively, the tax value can be requested to be paid out by the state.

1.25 EMPLOYEE BENEFITS
Defined Benefit Plans
Most employees within the company have a pension plan that is administered and managed by a Norwegian life insurance company. The calculation of estimated pension payments for defined benefit plan is based on external actuary methods and is compared to the value of the pension assets.

When accounting for pension costs and pension obligations, a linear earning profile is used as a basis. This is based on assumptions related to discount interest, future salary, benefits from the national insurance plan, future returns on pension assets and actuary related premises related to mortality and voluntary sheet retirement etc. Pension assets are assessed at the real value. Pension obligations and pension assets are presented as net in the balance and classified as wages and employee costs. Plan amendments are added to the result at the time the decision is made. The part of the estimate deviation exceeding 10 percent of the pension obligations or the pension assets is amortised over be presumed remaining earning period (corridor solution).

Profits and losses on curtailment or settlement of a defined benefit pension plan are included in the income statement when the scaling down or settlement occurs. A curtailment occurs when the company makes a considerable reduction in the number of employees encompassed by the plan or changes the terms and conditions for a defined benefit pension plan such that a considerable part of the current employees' future earnings no longer qualify for benefits or only qualify for reduced benefits.

Introduction of a new defined benefit plan, or improvements to a current defined benefit plan will lead to changes in the pension obligation. This is expensed linearly until the effect of the changes is allocated for. The introduction of new plans or changes in existing plans that are implemented with retroactive effect are expensed immediately. Profits or losses associated with restrictions or closures of pension plans are accounted for as these occur.

Defined Contribution Plans
A minority of the employees (at up until 31 December 2008) have had Defined Contribution Plans administered and managed through a Norwegian life insurance company. The payments are accounted for in the income statement as a pension cost as these are incurred.

1.26 PROVISIONS
Provisions are made when the company has an actual obligation (legal or self regulated) that as a consequence of a previous occurrence, it is likely that an economic payment will be demanded to meet the obligation and the size of the amount can be reliably estimated. Reserves are evaluated on each balance sheet date and are adjusted to reflect the best estimate.

If the time effect is considerable, the reserves are discounted with a discount rate before tax that reflects the market's pricing of the time value of the amount and the risk specifically associated with the obligation. On discounting, the carrying value of the reserves is increased in each period to reflect the change in time relative to the due date of the obligation. This increase is expensed as an interest cost.

Decommissioning and Removal costs

In accordance with the license terms for the licenses in which the company participates, the Norwegian state, at the end of production or on the expiration of the license period, can require the license owners to remove the installation completely or partly.

At the initial accounting of the decommissioning and removal obligations the company provides for the current value of future costs related to decommissioning and removal. A corresponding asset is added to the accounts as a depreciable asset, and this is depreciated using the unit of production method. The changes in the time value (current value) of the obligation in connection with decommissioning and removal are charged to expenses as a finance cost and increases the balance added obligation for future costs in connection with decommissioning and removal. Changes in the best estimate of costs associated with decommissioning and removal are added to the accounts prospectively. The discount interest rate utilised in calculating the actual value of the decommissioning and removal obligation is risk free interest with the addition of a risk premium associated with the asset.

1.27 RELATED PARTY TRANSACTIONS

All transactions, agreements, and business activities with related parties are conducted based on ordinary business terms and conditions (arm`s-length principles).

1.28 SEGMENT

The business of the company has since it's establishment, in it's entirety, been carried out within the same segment defined as exploration for and production of petroleum in Norway.

1.29 PROFIT/LOSS PER SHARE

The profit/loss per share is calculated by dividing the profit/loss by the weighted average number of the total outstanding shares. Shares issued during the year are weighted in comparison to the period In which they have been outstanding. The diluted result per share is calculated as the annual result divided by the weighted average number of outstanding shares during the period adjusted for dilution effects related to any share options. All shares that can be redeemed in connection with share options and that are "in the money" are included in the calculation. Any share options are anticipated to be converted at the point in time of transfer.

1.30 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are not accounted for in the annual accounts. Major contingent liabilities has been disclosed with the exception of contingent liabilities where the probability of the liabilities is low.

A contingent asset is not accounted for in the annual accounts; however, disclosure is made if there is a certain probability that it will benefit the company.

1.31 EVENTS SUBSEQUENT TO THE BALANCE DAY

Events after the balance day are incidents – both advantageous and disadvantages - that take place between the balance sheet day and the point in time at which the annual accounts are approved for publication.

Occurrences that provide information concerning issues that existed on the balance day shall be included.

Significant occurrences that affect issues that came into existence after the balance sheet day are disclosed in notes.

1.32 CASH FLOW

The cash flow itemisation has been prepared according to the indirect method, and the company's bank balance is shown as a liquid asset.

1.33 COMPARATIVE FIGURES

When needed, comparative figures have been adjusted in order to correspond to changes in the presentation of the current year.

1.34 APPROVED STANDARDS AND INTERPRETATIONS

1) YET TO COME INTO EFFECT

Amendment to IFRS 2 Share based payment: Vesting conditions and cancellations

This amendment to IFRS 2 clarifies the vesting conditions. The accounting for cancellations of shared based payments that is a result that conditions other than the vesting conditions are not fulfilled is also described. The company plans to implement the amendment from 1 January 2009.

IFRS 3 (revised) – Business Combination

Compared to the existing IFRS 3 the revised IFRS 3 incorporates certain changes and clarifications related to the use of the purchase method. This relates to goodwill in business combinations achieved in stages, minority interests and contigent considerations. Transaction costs, other than share and debt issuance costs, will be expensed as incurred. The company expects to implement IFRS 3 (R) from the annual period starting 1 January 2010 without retrospective effect.

IFRS 8 – Operating segments

IFRS 8 supersedes IAS 14 - Segment reporting. The standard introduces "management approach" to the identification of the segments. The disclosure of the segment information shall be consistent with the internal reporting to the company's Chief Operating Decision Maker that is used to assess the segments performance and to allocate resources to the segments. IFRS 8 requires disclosure about the basis for the segment information, and each type of product and service where each segment generates revenue. The company will implement IFRS 8 1 January 2009 with comparable information.

IAS 1 (revised) – Presentation of Financial Statements

The revised standard introduces changes to the presentation of the financial statements, especially the statement of changes in equity and introduces a statement of non-owner transaction in the presentation of Comprehensive Income. The presentation of Comprehensive Income may be presented either in a single statement that includes both the profit and loss statement and all the non-owner transaction changes in equity or in a separate statement. The Company will implement IAS 1, 1 January 2009 with comparable information.

IAS 23 – Borrowing costs

The standard has been revised to require capitalization of borrowing costs when such costs related to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IAS 27 (revised) – Consolidated and separate financial statements

Compared with the existing IAS 27 the revised standard extends the guidance for accounting of change of ownership interest in a subsidiary and the exit of a subsidiary. According to the new standard the Company measures the interest retained in a former subsidiary at fair value when control of the subsidiary is lost, and the corresponding gains or losses are recognised in the income statement. The allocation of losses between the majority and the minority interest is also changed so that losses can be allocated to minority interest even if this results in that minority interest with a negative amount in the balance sheet. The Company plans to implement IAS 27 (R) from 1 January 2010.

Amendments to IAS 32 Financial Instruments - Presentation and IAS 1 Presentation of Financial Statements- Financial Instruments with redemption rights and Obligations Arising on Liquidation

The amended IAS 32 and IAS 1 requires instruments with redemption rights, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendments to IAS 1 relates to providing accompanying disclosures. The company plans to implement the changes in IAS 32 and IAS 1 from 1 January 2009.

Amendment to IAS 39 Financial instruments – Recognition and measurement - (Eligible Hedged Items)

The amended IAS 39 clarifies the principles for determining whether a hedged risk or portion of cash flows is eligible for designation for certain risks or components of the cash flow. The approved changes gives primarily additional guidance for hedging a one-sided risk (hedging with options) and hedging of inflation risk, but also clarifies that designated risks and cash flows must be identifiable and can be reliably measured. The company plans to implement the changes in IAS 39 from 1 January 2010.

IFRIC 13 – Customer Loyalty Programs

The interpretation discusses recognition and measurement of customer loyalty programs to reward previous purchases and to give incentives for additional purchases. The company will implement IFRIC 13 from 1 January 2009.

IFRIC 15 – Agreements for the construction of real estate

The interpretation address the accounting for real estate projects, which projects that shall be accounted for in accordance with IAS 11 construction contracts and which projects that shall be measured according to IAS 18. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 31 December 2008.

IFRIC 16 – Hedges of a net investment in a foreign operation

The interpretation addresses hedge accounting of the foreign currency exposure arising from a net investment in a foreign entity. The interpretation clarifies which types of hedges that can qualify for hedge accounting and the type of risks that can be hedged. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 31 December 2008.

IFRIC 17 – Distributions of non-cash assets to owners

The interpretation addresses accounting for distribution to owners in assets other than cash. The interpretation is not yet approved by EU and the effective date will first be for annual periods commencing after 31 December 2008.

2) EFFECTIVE

IFRIC 12 – Service concession arrangements

IFRIC 12 deals with public services related to infrastructure provided by private sector when public authorities regulates or controls which services that shall be provided, to whom the services shall be provided and to what price. The interpretation describes how these arrangements shall be accounted for. The interpretation was effective 1 January 2008, but was at that time not approved by EU. It is expected that EU sets an effective date for financial statements commencing after 31 December 2008. The Company plans to implement IFRIC 12 from 1 January 2009.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation discusses the limitation to recognise a defined benefit asset on the balance sheet, where legal or contractual minimum payments exceed the liability. The interpretation was effective 1 January 2008, but was at that time not approved by EU. It is expected that EU sets an effective date for financial statements commencing after 31 December 2008. The Company plans to implement IFRIC 14 from 1 January 2009.

NOTE 2 - BUSINESS ACQUISITIONS

Acquisition of license - Jotun

On 14 March 2008, Det norske signed an agreement to acquire a 70 percent interest in PL 103B. This represents 7 percent of the producing Jotun field. The purchase price, including tax balances amounted to NOK 72.0 million. The effective date for tax purposes was 1 January 2008, however the acquisition was finally completed on 1 August 2008. The net cash flow after tax in the period 1 January 2008 to 31 July 2008 has been entered into the balance sheet (Pro and Contra settlement). The acquisition of the interest in the Jotun field is regarded as a business combination and has been accounted for using the purchase method of accounting.

Det norske has performed a preliminary allocation of the net purchase amount to license rights. Det norske also assumes 7 percent of the abandonment liabilities. The present value of the abandonment liabilities is estimated at NOK 28.7 million at the date of transaction.

	2008
Purchase price before Pro & Contra	72 000
Pro & Contra settlement	(30 988)
Net purchase price	41 012
Tax payable on Pro & Contra oppgjør	19 575
Deferred tax benefit (related to "uplift")	(2 424)
Booked investments license rights	58 163
Capitalization of abandonment costs	28 700
Provision for abandonment costs	(28 700)
Tax-related value of acquired assets	24 696
Temporary difference as a basis for deferred tax	33 467
Deferred tax (78 %)	26 104
Goodwill	26 104

Goodwill in the amount of NOK 26.1 million is attributed to deferred tax due to different values for accounting and tax purposes pertaining to license rights/fixed assets.

The purchased producing licence, Jotun, had contributed with NOK 34.7 million to the company's income and NOK (43 million) to the company's result before tax in the period between acquisition (1 August 2008) and the balance sheet date. The reason for the negative result is that writedown of licence rights and associated deferred tax and goodwill of NOK 50.6 million due to reduced oil prices. The result from Jotun before writedown is NOK 7.5 million.

If the acquisition had been carried out before 1 january 2008, turnover and the result before tax for the company would have been NOK 58.2 million and NOK 23.5 million higher (respectively). The result before tax is after deducted of the calculated depreciation of purchased depreciable intangible and depreciable assets, and finally, calculated finance costs associated with the acquisition if the acqusition had been carried out 1 january 2008.

Acquisition of company - Noil Energy ASA

On 13 November 2007, the company formerly known as Pertra ASA (now Det norske oljeselskap ASA) acquired 83.7 percent of the shares in NOIL Energy ASA. The NOIL shares were exchanged for "Pertra" shares at an exchange ratio of 3:1 and was based on valuations carried out by an external consultant on acquisition. The transaction involved a share issue of 33 million shares at NOK 6,6 million and a premium of NOK 2 369 million. The fees to the consultant are included in the cost price.

On 6 December, a further 13.6 percent of the shares were purchased. This was financed by a share issue of NOK 5.4 million shares at NOK 1.1 million and a premium of NOK 386.8 million.

NOIL Energy ASA was a limited liability company with head office in Oslo, Norway. The company carried out the same type of businesses as Det norske oljeselskap. The purchase involved a goodwill of NOK 1 627.7 million that is subject to an annual impairment test. The management anticipates that the acquisition will lead to an improved position within the oil industry and will positively influence future earnings beyond the

value of the individual assets, and create a synergy with existing businesses. The voting rights correspond to the shareholding.
Larsen Oil & Gas ASA, that owned 1,06 percent of the shares in NOIL, required in January 2008 that all of their shares in NOIL should be redeemed in accordance with the Public Limited Liability Companies Act § 4-25. Larsen Oil and Gas ASA notified in connection with the redemption request that the company would accept a redemption rate of NOK 24.00 per share. The Board of Directors of Det norske oljeselskap approved a resolution at a Board meeting on 25 January 2008 to accept the redemption of Larsen Oil and Gas ASA at the rate offered, that is the same rate that all shareholders in NOIL Energy ASA were offered in the exchange of shares in Det norske oljeselskap in November 2007. At the same time the Board of Det norske oljeselskap approved a resolution to initiate compulsory redemption of all shareholders in NOIL and to offer these the same rate, NOK 24.00 per share. The settlement was paid in cash and represented NOK 75 810. This change resulted in an increased goodwill of NOK 45 218, from NOK 1 627 681 to NOK 1 672 899. The resolutions led to Det norske oljeselskap holding 100 percent of the shares in NOIL as of 1 February 2008. As a consequence of the redemption of the shares NOIL was removed from the OTC list from 29 January 2008.

One of the terms of this purchase was that the company should change its name from Pertra ASA to Det norske oljeselskap ASA.

The total effect of the acquisition on the financial statement:

(All figures in NOK 1000)	Capitalized value 13 Nov. 2007	Excess value	Acquistion value 13 Nov. 2007
Capitalized exploration and license expenditures	377 371	2 351 816	2 729 187
Property, plant and equipment	133 474	(684)	132 790
Longterm receivables including tax receivable	283 093		283 093
Inventory	8 656		8 656
Trade receivables	111 060		111 060
Other receivables	77 403		77 403
Tax receivable	214 744		214 744
Cash and cash equivalents	252 267		252 267
Deferred tax	(187 671)	(1 834 346)	(2 022 017)
Abondonment liabilities	(67 763)		(67 763)
Longterm debt	(63 196)		(63 196)
Shortterm debt credit institutions	(218 500)		(218 500)
Shortterm debt	(230 893)		(230 893)
Accounts payable	(25 839)		(25 839)
Minority 2.67 %	(17 734)	(13 798)	(31 532)
Net assets and debt	**646 472**	**502 988**	**1 149 460**
Compulsory redemption of minority of 2.67 %			30 704
Goodwill on acquisition 13 November		1 391 256	1 391 256
Goodwill on acquisition 6 December		236 425	236 425
Goodwill on compulsory redemption		45 218	45 218
Purchase price	**646 472**	**2 206 591**	**2 853 063**
Capital increase			2 763 978
Cash (Payments associated with compulsary redemption of minority interests)			75 810
Direct costs			13 275
Purchase price			**2 853 063**
Paid in cash			89 085
Cash received			-
Net cash out			**89 085**

The acquired company has contributed with 23 947 to the corporation's turnover and (28 720) to the corporation's result before tax in the period between the acquisition (13 November 2007) and the balance sheet date.
If the acqusition had been carried out before 1 January 2007, the corporation's total turnoverfor the whole period would have been 389 393 and the corporation's result before tax would have been (374 402).

Goodwill results mainly from the fact that the transaction is accounted according to IFRS 3 Business Combinations. The difference between the fair value of assets and the tax-related value at the time of the acquisition results in a provision for deferred tax. IAS 12 requires that provisions are made for deferred taxes related to acquisition of businesses, even if such transactions are carried out on an after-tax-basis due to §-10 rules in line with current petroleum tax laws. Goodwill is the corresponding account entry deferred tax. The goodwill is thereby a technical entry effect of deferred tax. In addition, a small part of the goodwill is associated with customer relations, technology, employees with special expertise, organisational skills and solutions, rig contracts, seismic data and anticipated synergy with NOIL Energy ASA's existing operations. These intangible assets are not separated due to immateriallity or because they do not meet the capitalization criteria in IAS 38.

NOTE 3 - SIGNIFICANT TRANSACTIONS AND IMPORTANT EVENTS IN 2008

Sale of Goliat and Yme licences

The company has carried out the sale of a 10 percent share in Yme (PL 316, also PL 316B, PL 316CS ad PL 316DS) and a 15 percent share in Goliat (PL 229, also PL 229B and PL 229C). The effective dates for these transactions were 1 January 2008. The implementation date was 30 December 2008. The buyer covered all costs from the effective date through a Pro & Contra settlement. The transactions are recognised in the accounts on the implementation date and had the following effect on the company's balance sheet and income statement:

Description	Accounting item	Goliat	Yme
Balance sheet items:			
Fee including interest and settlement for Pro & Contra	Cash and cash equivalents	1 255 742	
Fee including interest, tax balances and settlement for Pro & Contra *)	Trade receivable		545 901
Goodwill allocated to the license	Goodwill	(613 215)	
Deferred tax occurring on acquisition of company	Deferred tax	672 421	
Deferred tax - ordinary	Deferred tax	159 593	30 540
Capitalized exploration costs	Capitalized exploration costs	(207 783)	
Other intangible assets	Other intangible assets	(867 712)	
Property, plant and equipment - installation under construction	Property, plant and equipment	(80 216)	(363 126)
Share of working capital in the licence	Accounts payable, other short-term debt, other debt	14 139	41 088
Total net effect on balance-sheet items		332 970	254 404
Income statement items:			
Reimbursement of expensed costs in the license in 2008	Other operating revenues	22 885	2 763
Profit before effect of deferred tax	Other operating revenues	77 453	194 499
Interest on fees and Pro & Contra settlement	Interest income	73 039	26 602
Change in deferred tax over the income statement	Tax expense	159 593	30 540
Total net effect on profit/loss after tax, including interest		332 970	254 404

*) In accordance with the agreement made with the buyer, purchase price including interest, tax balance and settlement for Pro & Contra was paid on 20 January 2009. The title deeds were transferred to the buyer on the date the purchase was implemented. Det norske held a mortgage bond in the license, valid until the payment date of 20 January 2009.

Important events and transactions in 2008

Det norske and Lundin Norway AS signed a purchase and sales agreement for a 70 percent share in PL 103B. The license represents 10 percent of Jotun Unit. The agreement has been approved by the authorities and has an effective date of 1 January 2008. Det norske will take an active role in increasing production at Jotun and the surrounding area. Production of reserves at Jotun Unit are expected to be maintained until 2015 (see note 2).

Det norske oljeselskap ASA was allocated seven new licenses in the APA (Application in Predefined Areas) round in 2008, of which five are operatorships.

In 2008 there has been a number of exchanges of licences. For a complete overview of licence shares, see note 26.

The exploration well at the Trow prospect in PL 369 was dry and Storskrymten in PL 337 was found not to be commercial on a stand alone basis and both were expensed in the income statement in 2008. See note 5 "Exploration costs".

NOTE 4 - SEGMENT INFORMATION

Since the company was founded, the business has been conducted in its entirety within one and the same business segment, defined as exploration and production of petroleum in Norway.

NOTE 5 - EXPLORATION EXPENSES

	2008	2007
Seismic, well data, field studies and other exploration expenses related to license applications and regional studies	82 419	53 661
Share of exploration expenses from participation in licenses	236 019	131 643
Expensed dry wells, capitalized previous years	124 887	33
Expensed dry wells, capitalized this years	16 912	63 105
Share of payroll and operational expenses, reclassified as exploration expenditures	75 527	25 726
Research and development costs related to exploration activities	8 766	8 774
Total exploration expenses	**544 529**	**282 943**

The share of payroll and operational costs that can be related to operations and exploration activities are reclassified and shown as production and exploration costs respectively.

NOTE 6 - INVENTORY AND INVENTORY COST

Inventories includes petroleum that has been produced, but not liftet, and share of spare parts from license participation.

	2008	2007
Inventory of oil, produced but not delivered 31.12.	4 729	1 692
Share of spare parts inventory 31.12.	9 998	887
Total inventory 31.12.	**14 727**	**2 579**

Change in inventory of oil (exclusive of spare parts stocks)	**(3 037)**	**406**

The spare parts stocks are mainly equipment used for drilling of exploration wells.

NOTE 7 - PRODUCTION COSTS

	2008	2007
Production costs	125 657	43 238

Production costs include costs associated with leasing, operation and maintenance of production vessels, platforms and well intervention and work-over activities, CO2 fees etc. The share of payroll and administration costs that can be related to operations are also reclassified and shown as production costs. In the accounts for 2008 and from November 2007 the costs are related to the production licences Jotun, Varg, Enoch and Glitne, whilst the costs before November 2007 are only related to Varg.

NOTE 8 - REMUNERATION AND GUIDELINES FOR REMUNERATION OF MANAGEMENT AND BOARD OF DIRECTORS

Specification of payroll and payroll related costs	2008	2007
Salaries	115 657	57 447
Pension costs including employer's contribution (Note 19)	15 363	6 727
Employer's Social Benefit contributions	16 135	7 549
Other personnel costs	11 338	3 084
Salaries, invoiced to licenses or reclassified to exploration and production costs	(145 860)	(63 647)
Total payroll and payroll related costs	**12 634**	**11 160**

Total man-years	2008	2007
Total no. of man-years that have been in employment during the year.	101,3	39,5

Number of employees at the start of the year was 78. The number at 31 December 2008 was 127.

Remuneration to management in 2007	Comment	Fee	Salary	Bonus	Other benefits [1]	Other	Pensions	Total remuneration
Erik Haugane (Chief Executive Officer)			2 024	401	-	25	153	2 603
Sigmund Hanslien (Vice President Geology)			1 752	386	-	20	143	2 301
Tom Bugge (Vice President Exploration)			1 364	258	-	26	123	1 771
Stein Fines (Vice President Technology and HSE)			1 347	251	-	22	145	1 765
Anton Tronstad (Vice President Drilling and Well Operations)			1 364	301	-	23	158	1 846
Paul Hjelm-Hansen (Chief Financial Officer)			1 277	267	-	25	164	1 733
Vidar Bergo Larsen (Vice President, Business Development)	Joined 1 October 2007		284	-	600	8	48	941
Tore Lilloe-Olsen (hired General Manager NOIL Energy ASA)		142	-	-	-	-	-	142
Total remuneration to management in 2007		**142**	**9 411**	**1 865**	**600**	**148**	**935**	**13 102**

Remuneration to management in 2008	Comment	Fee	Salary	Bonus	Other benefits [1]	Other	Pensions	Total remuneration
Erik Haugane (Chief Executive Officer)			2 242	616	-	23	136	3 018
Sigmund Hanslien (Vice President Geology)			1 920	533	-	24	112	2 588
Tom Bugge (Vice President Exploration)			1 549	426	-	22	98	2 095
Stein Fines (Vice President Technology and Development)			1 544	413	-	19	141	2 117
Anton Tronstad (Vice President Drilling and Well Operations)			1 500	410	-	19	134	2 063
Paul Hjelm-Hansen (Chief Financial Officer)	Left the company 1 June 2008	555	1 910	390	-	14	73	2 942
Vidar Bergo Larsen (Vice President Business Development)			1 364	104	-	20	144	1 632
Anita Utseth (Vice President Health Safety and Environment)	Joined 1 April 2008		764	-	-	16	160	941
Torgeir Anda (Head of Corporate Communication)	Joined 1 July 2008	534	652	-	-	12	85	1 283
Øyvind Bratsberg (Chief Operating Officer)	Joined 1 June 2008		1 269	-	1 000	13	100	2 383
Finn Øistein Nordam (Chief Financial Officer)	Joined 1 July 2008		1 153	-	1 000	15	86	2 254
Odd Ragnar Heum (Vice President Reserve and Area Development)	Joined 1 March 2008		1 273	-	2 000	17	146	3 435
Tore Lilloe-Olsen (hired General Manager NOIL Energy ASA)		541	-	-	-	-	-	541
Total remuneration to management in 2008		**1 630**	**17 139**	**2 892**	**4 000**	**214**	**1 415**	**27 290**

[1] The amount relates to remuneration in order to recruit personell to key positions, among other things, to compensate for bonus earned at a previous employer. The amount after tax is utilised in it entirety for purchase of shares in the company.

Board of Director's fees	Comment	2008	2007
Kaare Moursund Gisvold, Chairman		574	500
Svein Sivertsen, Board member	Member of audit committee	277	227
Ivar Brandvold, Deputy Chairman		330	26
Tore Lilloe-Olsen, Board member		271	26
Eva Helene Skøelv, Board member	Member of audit committee	277	26
Barbro Lill Hætta-Jacobsen, Board member		231	26
Guri Helene Ingebrigtsen, Board member	Member of audit committee	277	26
Øistein Høimyr, employee representative	Left the board 16 August 2008	140	26
Jan Gunnar Opsal, employee representative	Joined 16 August 2008	38	-
Kristin Aubert, employee representative		270	26
Kjetil Grønskag, Board member	Left the board 16 November 2007	-	174
Halvdan Carstens, Board member	Left the board 16 November 2007	-	174
Ivar Aarseth, Board member	Left the board 16 November 2007	-	174
Eva Margrete Henderson Kristensen, Board member	Left the board 16 November 2007	-	174
Tove Elin Nedreberg, Board member	Left the board 16 November 2007	-	107
Total fees		**2 686**	**1 712**

After the age of 60 years the Chief Executive Officer (CEO) is obliged to resign his position if so required by the Board. As compensation for resignation prior to the age of 67 years, the CEO is entitled to a compensation equivalent to 70 percent salary from 60 to 67 years. A guarantee account has been established for this purpose. Allocations are made on an ongoing basis in the accounts and costs are calculated according to the same actuarial assumptions as the company's other pension liabilities.

No loans have been given nor security furnished for members of the senior management, the Board's employees or any other elected company bodies.

Shares owned by senior employees and the Board of Directors

The management of the company and some members of the Board have shares in the company. The summary below shows the number of shares and ownership in Det norske oljeselskap ASA that are owned both directly and indirectly through related parties. Indirect ownership through other companies is included in its entirety if the share is 50 percent or higher.

Management	Comment	No. of shares in total	Share in %
Erik Haugane (Chief Executive Officer)		1 362 181	2,10 %
Sigmund Hanslien (Vice President Geology)		62 690	0,10 %
Tom Bugge (Vice President Exploration)		762 585	1,17 %
Stein Fines (Vice President Technology and Development)		694 799	1,07 %
Anita Utseth (Vice President Health Safety and Environment)		12 000	0,02 %
Torgeir Anda (Head of Corporate Communication)		11 400	0,02 %
Øyvind Bratsberg (Chief Operating Officer)		9 200	0,01 %
Finn Øistein Nordam (Chief Financial Officer)		10 000	0,02 %
Odd Ragnar Heum (Vice President Reserve and Area Development)		20 800	0,03 %
Anton Tronstad (Vice President Drilling and Well Operations)		791 832	1,22 %
Vidar Bergo Larsen (Vice President Business Development)		10 466	0,02 %
Board of Directors	**Comment**		
Kaare Moursund Gisvold, Chairman	Left the board 2 February 2009	473 635	0,73 %
Svein Sivertsen, Board member	Left the board 2 February 2009	17 500	0,03 %
Ivar Brandvold, Deputy Chairman		-	0,00 %
Tore Lilloe-Olsen, Board member		-	0,00 %
Eva Helene Skøelv, Board member	Left the board 2 February 2009	-	0,00 %
Barbro Lill Hætta-Jacobsen, Board member	Left the board 2 February 2009	-	0,00 %
Guri Helene Ingebrigtsen, Board member	Left the board 2 February 2009	2 712	0,00 %
Jan Gunnar Opsal, employee representative		1 896	0,00 %
Kristin Aubert, employee representative		-	0,00 %
Diderik Schnitler, Chairman	Joined 2 February 2009	-	0,00 %
Jan Rune Steinsland, Board member	Joined 2 February 2009	-	0,00 %
Marianne Elisabeth Johnsen, Board member	Joined 2 February 2009	-	0,00 %
Marianne Lie, Board member	Joined 2 February 2009	-	0,00 %
Hege Sjo, Board member	Joined 2 February 2009	-	0,00 %
Total		**4 243 696**	**6,54 %**

Auditor's fees (all figures excl. VAT)	2008	2007
Statutory audit fee - Deloitte AS	585	250
Assurance services	89	555
Tax advisory services	-	17
Other consultancy services	320	364
Total fees to auditor	**994**	**1 185**
Set off against equity in connection with equity transactions	-	362
Total accounted fees to auditor	**994**	**823**

In addition, a fee of NOK 73 has been paid to Deloitte Advokatfirma DA.

Until the merger, the subsidiary NOIL Energy ASA used Ernst & Young AS as auditors. The statutory audit fee was NOK 425 in 2008 (847 in 2007). Fees for other services were 0 in 2008 (89 in 2007).

Management remuneration policy statement

Guidelines and adherence to these in 2008

The management remuneration policy for 2008 was in accordance with the guidelines that were included in the Annual Report for 2007 which were presented for advisory voting at the ordinary Annual General Meeting.

Guidelines for 2009 an until the ordinary Annual General Meeting in 2010

The Board of Directors has established guidelines for 2009 an until the ordinary Annual General Meeting in 2010 concerning the remuneration of the Chief Executive Officer and the management. The guidelines will be reviewed at the company's ordinary Annual General Meeting in 2009.

Management receive a base salary with an annual adjustment. Management participate in the same general arrangement that applies to all employees in the company concerning share bonus programs, defined benefit pension plans and other payments in kind such as free newspaper, free Internet connection at home and subsidised training fees. In special cases, the compay may offer other benefits in order to recruit persons to key positions, among other things, to compensate for bonus earned at a previous employer.

Adjustments in the base salary for the Chief Executive Officer are determined by the Board of Directors. Adjustments in the base salary for other senior employees is determined by the Chief Executive Officer within the framework for wage settlements determined by the Board of Directors. After the age of 60, the Chief Executive Officer is obliged to resign his position if the Board of Directors requests so. As compensation for resigning his position before the age of 67, the Chief Executive Officer will receive a compensation corresponding to 70 percent of his salary from 60 to 67 years.

A bonus system has been established for all employees in permanent positions (more than 50 percent employed). The bonus is determined after the end of the accounting year by the Board of Directors as they perform a discretionary assessment of the Company's total performance and result for the past year. Based on that, the Board will decide whether the employees should be awarded bonuses. The size of the bonus will be determined as a percentage of the base salary. A bonus for one year cannot exceed 40 percent of the base salary. Employees must subscribe to or purchases shares in Det norske oljeselskap ASA for 100 percent of the bonus amount after tax based on a tax rate of 50 percent. Bonuses are not awarded to employees that have left the company or are serving a period of notice or in any other way have ceased to be employed by the company at the point in time that the bonus is allocated. The company's management can determine that the implementation of the share bonus program can be carried out by a capital increase or that the employee himself (or a broker) purchases shares on behalf of all employees or that the company utilises its own stock of shares for this purpose. This type of capital increase must be approved by the Board of Directors based on a Board resolution or at the Annual General Meeting each time the system is implemented. The subscription rate in such case is the market rate for shares at the point in time the capital increase is determined by the Board or at the Annual General Meeting. If purchase of shares are excecuted, the employee or broker shall pay the market price to the seller.

For 2008, the Board of Directors determined in January 2009 that a bonus should be paid corresponding to 25 percent of the base salary. No other remunerations payable to the Chief Executive Officer or management are associated with shares, subscription rights, options or other share based items exist. No salary agreements in the company are linked to the development in the company's share price or share price performance.

In order to strengthen the company's ability to recruit new employees and to match similar arrangements at competitors, the company has established a borrowing facility for the employees. The employees can borrow up to 30 percent of gross annual salary at an interest rate equal to the taxable norm rate. The lender is a selected bank. The company provides a guarantee for the employees' loans. The company pays the difference between the market rate and the taxable norm rate. The employee's vacation pay and salary payments following a resignation are collateral for the guarantee provided by the company. The Bank will administer the facility and the company will pay a low yearly fee for this work.

The effect for the company of carrying out the above mentioned guidelines is that the company's net profit will be affected by the expenses associated with these incentive programs. In addition, if the employee bonus is carried out through a share issue, this will have a dilutive effect as the number of shares in the company will increase.

NOTE 9 - OTHER OPERATING EXPENSES

	2008	2007
Office and IT costs	45 002	14 046
Fees to consultants and auditors (fee to auditor specified in note 8)	35 517	12 397
Other operating expenses, including travel expenses	32 521	14 610
Operating expenses charged to licences/reclassified to exploration and production costs	(97 471)	(30 245)
Other operating expenses	15 569	10 807

The increase in other operating expenses from 2007 to 2008 is first and foremost due to an increase in the number of employees during the year, also that the comparing figures from 2007 only include the expenses from NOIL Energy ASA from and including 13 November.

NOTE 10 - FINANCIAL ITEMS

	2008	2007
Interest income	144 698	28 463
Currency gains	82 214	2 365
Total interest income and other financial income	226 912	30 828
Interest expenses	43 795	4 620
Amortisation of loan costs	1 140	390
Currency losses	19 929	19 236
Decreased value of financial investments	6 180	1 983
Total interest expences and other financial expences	71 043	26 228
Total financial items	**155 869**	**4 599**

Currency profit has mainly arised due to the exchange rate increase on USD related to the company's bank accounts and account receivables. Currency losses are due to realised and unrealised currency changes on the company's accounts payable in foreign currencies (mainly USD).

NOTE 11 - TAX

Tax base:	2008	2007
Income (loss) before tax	(416 145)	(247 485)
Permanent differences	(265 652)	(897)
Changes in temporary differences	515 055	(174 714)
Tax basis relevant to statutory tax rate 28 %	**(166 742)**	**(423 095)**
Effect of uplift current year	(16 673)	(18 162)
Financial items without special tax 50 %	(179 985)	(11 438)
Taxable income (loss) with special tax 50 %	**(363 400)**	**(452 694)**
Uplift to be carried forward	16 673	18 162
Tax basis relevant for 50 % special tax	**(346 727)**	**(434 533)**

Tax income/(tax cost) appears as follows:	Tax rate:	2008	2007
Tax payable on net financial items	28 %	(48 674)	(3 644)
Tax receivable due to exploration-related losses	78 %	270 447	339 377
Share of tax cost directly booked to equity		-	(390)
Adjustment of previous years tax receivable/payable and deferred tax		14 824	(3 673)
Effect of up-lift on taxes receivable/payable		-	(123)
Changes in deferred tax		405 043	(125 573)
Total tax income/tax expense		**641 640**	**205 976**
Effective tax rate in %		**(154,2 %)**	**(83,2 %)**

Reconciliation of tax income/(tax expense)	Tax rate:		
28 % company tax of result before tax	28 %	116 521	69 296
50 % special tax of result before tax	50 %	208 073	123 742
Interest on deficits carried forward		11 553	-
Tax effect of cost directly booked to equity		-	(390)
Adjustment of previous years tax receivable/payable		3 031	(3 673)
Tax effect of up-lift	50 %	8 337	10 581
Tax effect of financial items without special tax	50 %	86 918	5 719
Effect of permanent differences	78 %	207 209	699
Tax income/(tax expense)		**641 640**	**205 976**

The tax effect of temporary differences and deficit carried forward represent:	Tax rate:		
Capitalized exploration expenditures	78 %	196 204	441 422
Other intangible assets	78 %	999 475	1 839 138
Property, plant and equipment	78 %	34 328	98 075
Inventories	78 %	2 345	755
Other receivables	78 %	2 264	1 779
Pension liabilities	78 %	(12 608)	(6 337)
Provisions in accordance with generally accepted accounting policies	78 %	(227 258)	(81 358)
Deficit carried forward, continental shelf	28 %	(58 695)	-
Deficit carried forward, continental shelf	50 %	(88 433)	(127 004)
Total deferred tax		**847 622**	**2 166 470**

Reconciliation of change in deferred tax		
Deferred tax 1.1	2 166 469	18 874
Deferred tax related to acquisition of business included added value	23 680	2 022 024
Changes in deferred tax in result	(405 043)	125 573
Classification adjustement previous years	(12 066)	-
Writedowns with effect on deferred tax (note 14)	(252 998)	-
Sales with effect on deferred tax (note 3)	(672 421)	-
Deferred tax in the balance sheet 31.12	**847 622**	**2 166 469**

Reconciliation of calculated tax receivable	Tax rate:		
Payable tax on net financial items (28 %)	28 %	(48 674)	(3 644)
Payable tax on business acquisition (note 2)		(19 575)	-
Tax receivable due to exploration-related losses	78 %	270 447	339 377
Tax receivable from previous years' tax assessment		11 784	-
Calculated tax credit this year related to acquired business		-	282 311
Calculated tax receivable in the balance sheet 31.12		**213 982**	**618 044**

NOTE 12 - EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit of the year due to shareholders, amounting to NOK 225.5 million (NOK (41.5) million in 2007), by weighted average number of outstanding ordinary shares during the year of NOK 64.9 million (NOK 31.2 million in 2007).

There are no option schemes or convertible bonds in the company. This means that there is no difference between the earnings per share and the diluted earnings per share.

	2008	2007
Profit of the year to holders of ordinary shares	225 494	(41 509)

	2008	2007
Average number of ordinary shares throughout the year (1000)	64 925	31 241

Earnings per share	2008	2007
Continued business		
- Ordinary	3,47	(1,33)
- Diluted	3,47	(1,33)
Disposed business		
- Ordinary	-	-
- Diluted	-	-

Reconciliation of majority's share of profit:		2008 [1]	2007	
	Share		Result	Amount
Profit for the year in parent company	100,0 %	-	(33 018)	(33 018)
Profit in subsidiary in period 13.11.07-6.12.2007	83,7 %	-	(4 249)	(3 556)
Profit in subsidiary in period 7.12.2007-31.12.2007	97,3 %	-	(4 249)	(4 136)
Majority's share of eliminations in the consolidated accounts			-	9
Sum majority's share of net income		-		(40 701)

[1] On 25 July 2008 a merger was carried out between Det norske oljeselskap ASA and NOIL Energy ASA. The merger had effect on the financial statement and tax calculations from 01 January 2008, such that the company no longer constitutes a corporation.

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

PROPERTY, PLANT AND EQUIPMENT

2007	Production facilities in development	Production facilities, including wells	Inventory, office equipment etc.	Total
Acquisition cost 31.12.2006	**39 520**	**70 382**	**1 810**	**111 712**
Investments from acquisition of business (note 2)	-	130 177	2 613	132 790
Investments	157 769	(5 627)	8 161	160 303
Retirements	-	-	-	-
Acquisition cost 31.12.2007	197 289	194 932	12 584	404 804
Accumulated depreciation 31.12.2007	-	47 908	2 203	50 112
Net book value 31.12.2007	**197 289**	**147 024**	**10 381**	**354 692**
Depreciations this year	-	23 646	1 895	25 540

2008	Production facilities in development	Production facilities, including wells	Inventory office equipment etc.	Total
Acquisition cost 31.12.2007	**197 289**	**194 932**	**12 584**	**404 804**
Investments/reclassifications	430 403	81 168	14 982	526 553
Retirements/reclassifications	437 262	-	-	437 262
Acquisition cost 31.12.2008	190 430	276 099	27 566	494 096
Accumulated depreciation 31.12.2008	-	187 640	8 401	196 042
Net book value 31.12.2008	**190 430**	**88 459**	**19 164**	**298 054**
Depreciations this year	-	89 507	6 199	95 706
Writedowns this year	-	50 225	-	50 225

Production facilities in development are depreciated from production start. Production installations, including wells are depreciated according to the unit-of-production method. Office equipment, inventory etc. is depreciated linearly over the lifetime, 3-5 years.

Abandonment assets is included as part of the cost price on production installations in the table above.

INTANGIBLE FIXED ASSETS

2007	Goodwill	Software	Explorations expenditures	Licenses	Total
Acquisition cost 31.12.2006	**43 875**	**9 354**	**2 886**	**29 472**	**85 586**
Investments from acquisition of business (note 2)	1 627 681	-	330 966	2 398 221	4 356 868
Investments	-	10 485	184 015	(57)	194 444
Retirements	-	-	-	-	-
Acquisition cost 31.12.2007	1 671 556	19 839	517 867	2 427 636	4 636 898
Accumulated depreciation 31.12.2007	-	9 232	-	14 903	24 135
Net book value 31.12.2007	**1 671 556**	**10 607**	**517 867**	**2 412 733**	**4 612 763**
Depreciations this year	-	5 112	-	3 902	9 013

2008					
Acquisition cost 31.12.2007	**1 671 556**	**19 839**	**517 867**	**2 427 636**	**4 636 898**
Investments from acquisition of business (note 2)	71 322	-	-	58 163	129 485
Investments/reclassifications	-	8 929	118 912	7 148	134 989
Retirements/reclassifications	613 215	-	385 235	879 479	1 877 929
Acquisition cost 31.12.2008	1 129 663	28 768	251 544	1 613 468	3 023 443
Accumulated depreciation 31.12.2008	265 324	15 781	-	361 831	642 935
Net book value 31.12.2008	**864 339**	**12 987**	**251 544**	**1 251 637**	**2 380 507**
Depreciations this year	-	6 549	-	9 103	15 651
Writedowns this year	265 324	-	-	337 825	603 149

Reconciliation of depreciation in the income statement	**2008**	**2007**
Depreciation of property, plant and equipment	95 706	25 540
Depreciation of intangible fixed assets	15 651	9 013
Sum depreciation in the income statement	**111 357**	**34 553**

Reconciliation of write-down in the income statement	2008	2007
Writedowns of property, plant and equipment	50 225	-
Writedowns of intangible assets	603 149	-
Writedowns offset against deferred tax in the balance	(252 998)	-
Total writedowns in the income statement	**400 376**	**-**

Software is depreciated linearly over a lifetime of 3 years.
For further information concerning writedowns, see note 14 "impairment writedown of goodwilll and other assets".
In connection with the company's exploration facility, some licenses are pledged as shown in note 22. Fields under development includes an accrual of EUR 13.5 mill regarding a disagreement mentioned in note 25.

NOTE 14 - IMPAIRMENT OF GOODWILL AND OTHER ASSETS

Goodwill is allocated in the balance sheet as follows

Licenses	31.12.2008	31.12.2007
PL 001 B	53 272	51 832
PL 027 D	14 045	14 045
PL 028 B	20 633	20 075
PL 029 B	25 492	24 803
PL 038	4 814	38 408
PL 229	-	596 640
PL 265	231 837	225 570
PL 321	3 555	3 555
PL 332	46 074	44 841
PL 334	-	39 103
PL 341	57 713	56 153
PL 356	54 274	52 807
PL 362	21 067	20 118
PL 369	-	56 267
PL 380	49 070	47 743
PL 383	94 250	91 703
PL 440 S	47 428	64 365
PL 441	-	29 068
PL 442	24 541	23 877
PL 447	115 518	169 702
Other	758	880
Total goodwill	**864 339**	**1 671 556**

In accordance with the company's accounting principles, an impairment test of goodwill and assets have been conducted in the fourth quarter. The impairment test was carried out as of 31 December 2008. IFRS 3 requires that provisions are made for deferred taxes related to acquisition of businesses, even if such transactions are carried out on an after-tax-basis due to §-10 rules in line with current petroleum tax laws. Goodwill is the corresponding accounting entry to deferred tax.

In 2007 goodwill was allocated to every business acquisition as a cash generating unit. From 2008 goodwill is allocated to every license, and every license is regarded as a cash generating unit with respect to goodwill. Value per license for licenses still in the exploration phase is calculated by applying a multiple per barrel to risked resources. The company has as of 31 December 2008 updated all net risked volumes. To arrive at a value per barrel, the company has looked at average analyst estimates. The applied value per barrel is somewhat below this average.

For producing licenses and licenses in the development phase, recoverable amount is estimated based on discounted future after tax cash flows. Input to the calculations are reports from operators to the Revised National Budget 2009 (RNB). Future cash flows are calculated in the various licenses on the basis of expected production profiles and estimated proven and probable remaining reserves, see note 28. The discount rate applied is 8.0 percent after tax, which corresponds to a pre-tax discount rate of between 9.4 percent and 37.2 percent. The pre-tax discount rate varies among the fields due to different remaining tax balances for depreciation and uplift.

The following oil price assumptions are applied:

Year	Average USD
2009	46.6
2010	56.9
2011	62.7
2012	65.2
2013	67.1

Oil prices are based on the Brent Blend forward curve on London International Petroleum Exchange. Last year traded is 2013. Price assumption beyond this year is estimated by taking into account a 2.0 percent annual inflation rate from 2013 and forward.

Write downs are mainly due to lower oil prices and new reserve and resource estimates.

Based on the above mentioned evaluations, the following write-downs have been accounted for in 2008:

	License rights	Production facilities, including wells	Deferred taxes	Goodwill	Total
PL 027 B	(48 900)		24 421	(26 104)	(50 583)
PL 038			3 215	(33 700)	(30 485)
PL 048 B		(50 225)	-		(50 225)
PL 334	(56 500)		44 070	(40 190)	(52 620)
PL 369	(81 300)		63 414	(57 830)	(75 716)
PL 440 S	(26 324)		20 533	(18 725)	(24 516)
PL 441	(42 000)		32 760	(29 876)	(39 116)
PL 447	(82 801)		64 585	(58 898)	(77 115)
Total write-down	**(337 825)**	**(50 225)**	**252 998**	**(265 323)**	**(400 376)**

When a license is sold 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 15 - TRADE RECEIVABLES

The company's customers are large, financial solid oil companies. Trade receivable are mainly comprised of receivables related to the sale of oil and gas, sale and exchanges of licences, and also invoicing of costs to other licence partners.

	31.12.2008	31.12.2007
Receivables relating to the sale of oil and gas	20 013	43 622
Receivables related to the sale of Yme	545 901	
Other accounts receivable	17 549	84 615
Total accounts receivable	**583 463**	**128 237**

Credit risk and currency risk concerning accounts receivable are discussed in more detail in note 24 "Financial instruments"
No provisions for losses in connection with trade receivable have been made for 2008 or 2007.

As of 31 December the company had the following trade receivable that were due, but not paid and not written off:

Year	Sum [1]	Not due	<30 d	30-60d	60-90d	>90d
2008	583 463	550 713	31 158	-	7	1 572
2007	128 237	87 852	27 052	6 155	1 708	5 474

[1] The deviation between age-distributed current ledger and the sum of accounts receivable is due to unrealised agio/disagio

In the group "not due" are receivables related to the sale of the company's share in the Yme licence at 545 901. The company entered into an agreement with the purchaser for payment on 20 January 2009, against a mortgage claim in the licence valid up to the payment date. The amount was received on the agreed date. Receivables with due dates less than 30 days are paid just a few days after the due date. In the group 90 days are some receivables due from two foreign clients. The clients have confirmed the balance and the company expects payment to be made.

NOTE 16 - OTHER RECEIVABLES

	31.12.2008	31.12.2007
Prepayments, rig prepayment included	86 079	65 056
VAT receivable	7 839	11 142
Underlift (earned income)	4 242	3 558
Guarantee account, unsecured pension scheeme	3 653	2 573
Receivables related to operator licences	62 733	28 295
Capitalized loan expenses	4 960	5 990
Other receivables including receivables in operator licences	30 941	3 103
Total other receivables	**200 447**	**119 718**

NOTE 17 - CASH AND CASH EQUIVALENTS

	31.12.2008	31.12.2007
Bank deposits	1 460 176	552 741
Restricted bank deposits	8 110	8 806
Current deposits		23 580
Cash and cash equivalents in the Balance Sheet	**1 468 287**	**585 127**

The Company's undrawn loan facility is described in more detail in note 22.

The short-term investment valued at NOK 17 400 as of 31 December 2008 and NOK 23 580 as of 31 December 2007, is reclassified from cash to other short-term investment in 2008. This is due to changes in the market related to demand and tradeability of bonds and investments.

NOTE 18 - SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDENDS

	31.12.2008	31.12.2007
Share capital	12 985	12 985
Number of ordinary shares	64 925 020	64 925 020

Nominal value per share is NOK 0.2. All shares in the company carry equal voting rights.

Payments to share capital, share premium and other paid-in equity	No. of shares	Share capital	Share premium account	Other paid in equity
Issued and fully paid as of 1.1 2007	26 510 650	5 302	820 852	1 248
Capital increase 2007 - bonus shares	27 700	6	2 086	
Capital increase November 2007	33 000 000	6 600	2 369 400	
Capital increase December 2007	5 386 670	1 077	386 763	
Sum issued and paid at 31.12 2007	**64 925 020**	**12 985**	**3 579 101**	**1 248**
Capital increase 2008		-	-	-
Sum issued and paid at 31.12 2008	**64 925 020**	**12 985**	**3 579 101**	**1 248**

Changes due to disposal of profit/loss, are presented separately by, see "Changes in equity"
Earnings per share are indicated in note 12.

Overview of the 20 largest shareholders registered in VPS at 31 December 2008:	No. of shares	Stake:
DNO INTERNATIONAL ASA	23 967 500	36,9 %
FOLKETRYGDFONDET	3 722 286	5,7 %
VERDIPAPIRFOND ODIN NORGE	1 890 600	2,9 %
FERD AS INVEST	1 750 000	2,7 %
KLP LK AKSJER	1 479 633	2,3 %
KØRVEN AS	1 362 181	2,1 %
H.L.MANAGEMENT AND CONSULTANT	1 133 667	1,7 %
SPAREBANKEN MIDT-NORGE INVEST AS	900 668	1,4 %
VERDIPAPIRFOND ODIN NORDEN	830 366	1,3 %
UBS AG, LONDON BRANCH *	797 620	1,2 %
SJÆKERHATTEN AS	786 040	1,2 %
VERDIPAPIRFONDET KLP AKSJENORGE	755 183	1,2 %
VILJE 2M AS	754 830	1,2 %
OLEUM AS	752 900	1,2 %
BEAR STEARNS SECURITIES CORP. *	736 925	1,1 %
DNB NOR SMB	700 000	1,1 %
VINN INVEST AS	687 215	1,1 %
MORGAN STANLEY & CO. INC. *	663 000	1,0 %
ODIN OFFSHORE	632 600	1,0 %
KOTENG HOLDING AS	597 068	0,9 %
Other	20 024 738	30,8 %
Sum	**64 925 020**	**100,0 %**

* Registered as nominee account with the Norwegian Central Securities Depository (VPS)

Dividends

The company does not have free equity.

NOTE 19 - PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The company is required to have a mandatory pension scheme in accordance with the act on Mandatory Company Pensions. The company's pension scheme meet the requirements of these regulations.

Pension schemes

The company has a collective defined pension plan that encompasses a total of 110 persons. The scheme applies to salaries up to 12G and gives the right to a future defined benefit up to 66 percent of final salary. The benefit is mainly dependent on the number of years of contributions, the level of wages on reaching pensionable age and the scope of the benefits from the National Insurance. The liability is covered through an insurance company. The expected premium payments in 2009 are 7 618.

Persons employed in the subsidiary company NOIL Energy ASA have a defined contribution pension plan; however, these have been enrolled in the defined pension plan from 1 January 2009.

In addition to the secured pension scheme, the Chief Executive Officer has an unsecured early retirement arrangement. A guarantee account has been established in which an ongoing amount is deposited. These deposits are not added net against the liability, but classified in the balance sheet as other receivables with 3 646 for 2008. The obligation is calculated according to the same actuarial assumptions as the company's other pension liabilities. Both the obligation and the cost related to this arrangement are included in the figures below.

For accounting purposes it is presumed that the pension rights are earned on a straight - line basis. The part of the accumulated unrealised profits and losses as a consequence of actuarial assumptions that exceed the defined corridor is recognized over remaining average contribution time. The corridor is defined as 10 percent of the largest of the gross liability and gross assets. The pension liability is calculated with premises as of 31 December by an independent actuary.

Pension costs are estimated as follows:	Unsecured scheme		Secured scheme		Total	
	2008	2007	2008	2007	2008	2007
Benefits earned during the year	1 255	1 204	11 091	4 530	12 346	5 734
Interest cost of ongoing pension liabilities	150	98	311	203	461	301
Expected returns from pension funds	-	(119)	(384)	(178)	(384)	(298)
Amortisation of estimate deviations	-	34	(42)	-	(42)	34
Effect of plan changes	-	-	-	(1 304)	-	(1 304)
Administration costs	-	-	97	92	97	92
Net pension costs	**1 405**	**1 217**	**11 072**	**3 343**	**12 478**	**4 560**
Social security tax	198	188	1 567	598	1 765	787
Pension costs including social security tax	**1 604**	**1 405**	**12 639**	**3 941**	**14 243**	**5 346**
Pension costs, defined contribution plan including social security tax					1 862	1 381
Total pension costs, benefits and contribution plans including social security tax					**16 105**	**6 727**
Year's changes in gross pension liabilities						
Gross pension liabilities (PBO) at 1 January	3 197	1 430	6 610	5 142	9 807	6 572
Benefits earned during the year	1 255	1 204	11 091	4 530	12 346	5 734
Interest cost of ongoing pension liabilities	150	98	311	203	461	301
Year's actuarial losses/profit	251	465	(2 055)	(670)	(1 804)	-206
Effect of plan changes	-	-	-	(2 596)	-	(2 596)
Gross pension liability (PBO) at 31 December	**4 853**	**3 197**	**15 957**	**6 610**	**20 810**	**9 807**

	Unsecured scheme		Secured scheme		Total	
	2008	2007	2008	2007	2008	2007
Year's changes in gross pension assets:						
Gross pension funds 1.1.	-	1 607	3 797	2 508	3 797	4 115
Expected returns on pension funds	-	119	384	178	384	298
Actuarial losses/profit	-	224	(1 961)	(528)	(1 961)	(304)
Administration costs	-	-	(97)	(92)	(97)	(92)
Effect of plan changes	-	-	-	(434)	-	(434)
Reclassification of funds unsecured scheme	-	(2 573)	-	-	-	(2 573)
Premium payments		622	5 874	2 165	5 874	2 787
Actual value of pension funds 31.12.	**-**	**-**	**7 997**	**3 797**	**7 997**	**3 797**
Net pension funds/liabilities(-) 31.12.	(4 853)	(3 197)	(7 960)	(2 813)	(12 813)	(6 010)
Estimated deviations not added to result	-	212	(1 354)	(1 297)	(1 354)	(1 085)
Plan changes not added to result	-	-	-	-	-	-
Employer's NI contribution	(685)	(451)	(1 313)	(579)	(1 998)	(1 030)
Net pension funds/liabilities added to balance (-) 31.12.	**(5 539)**	**(3 436)**	**(10 627)**	**(4 689)**	**(16 164)**	**(8 125)**
Changes in funds						
Net pension funds/liabilities added to balance (-) 01.01.	(3 436)	(37)	(4 689)	(3 218)	(8 125)	(3 255)
Year's pension costs	(1 604)	(1 405)	(12 639)	(3 941)	(14 243)	(5 346)
Payments from operations	-	-	-	-	-	-
Reclassification of funds unsecured scheme	(499)	(2 573)	-	-	(499)	(2 573)
Payments	-	579	6 702	2 470	6 702	3 049
Net pension funds/liabilities (-) 31.12.	**(5 539)**	**(3 436)**	**(10 627)**	**(4 689)**	**(16 164)**	**(8 125)**

Historical information	2008	2007	2006	2005
Net present value of benefit pension plan	20 810	9 807	6 573	2 110
Fair value of pension funds	7 997	3 797	4 834	1 012
Total deficit in pension plan	**12 813**	**6 010**	**1 739**	**1 098**
Experience gain (losses) on plan liabilities	(1 804)	(206)	(659)	(224)
Experience gain (losses) on pension assets	(1 961)	(304)	394	-

Calculating pension costs and net pension liabilities are based on a number of assumptions. The discount interest rate is determined based on observed government bond interest in Norway with a supplement for the maturity period. The pension liability's average maturity period is calculated at 25 years, which is the difference between the pensionable age and the average age in the company. Salary increases, pension regulation and G-regulation are based on historical observations for the company and based on an expected long-term inflation rate of 2.5 percent. In 2008 the company has applied the Norwegian Accounting Institution's assumptions dated 6 January 2009.

Economic assumptions	2008	2007
Discount rate	3,80 %	4,70 %
Returns on pension funds	5,80 %	5,75 %
Wage increases	4,00 %	4,50 %
Pension regulation	3,75 %	4,25 %
Average turnover	1,50 %	2,00 %
Actuarial assumptions	**2008**	**2007**
Mortality table	K2005	K2005
Disability tariff	IR-02	IR-02
Voluntary retirement before 40 years	8,00 %	2,00 %
Voluntary retirement after 40 years	0,00 %	0,00 %

Percentage distribution of pension funds by investment category	2008	2007
Shares	6.00 %	24.80 %
Bonds	32.40 %	21.50 %
Money markets	11.50 %	7.50 %
Capital bonds	28.70 %	27.70 %
Property	17.10 %	15.60 %
Other	4.30 %	2.90 %
Sum	**100.00 %**	**100.00 %**

The pension scheme is placed in Vital that has a long-term perspective on the management of the capital. Vital seeks to achieve the highest possible level of returns by composing an investment portfolio that gives the maximum risk-adjusted rate of returns. The actual value-adjusted returns on the pension funds in 2008 were 2.9 percent compared to an estimated 5.75 percent.

NOTE 20 - ABANDONMENT PROVISION

Provisions for abandonment liabilities	31.12.2008	31.12.2007
Provisions as of 1 January	81 133	21 928
Investments	28 700	67 763
Imputed interest present value calculation	7 665	2 253
Changes in estimate	17 115	(10 811)
Provisions as of 31 December	**134 612**	**81 133**

Abandonment liabilities for the company are related to Varg, Enoch, Glitne and Jotun.

This is based on an implementation concept in accordance with the Act Pertaining to Petroleum Activitie and international rules and guidelines. In the calculation of the liability, the assumption applied is an inflation rate of 2.0 percent and a discount rate of 8.0 percent.

NOTE 21 - DEFERRED INCOME AND OTHER ALLOCATIONS FOR LIABILITIES

	31.12.2008	31.12.2007
Deferred income	38 669	10 402
Other liabilities	6 463	-
Total deferred income and other liabilities	**45 132**	**10 402**

Through participation in a rig consortium along with six other oil companies, Det norske has reserved the drilling rig Bredford Dolphin for a period of three years (1095 days). Altogether the rig consortium has agreed to utilise the rig for 945 days. The company, along with another oil company, has furnished a guarantee for the obligation related to the remaining 150 days. As compensation for the company's part of this obligation, Det norske will receive USD 10 000 per day for the first 945 drilling days. The compensation as of 31 December 2008 represents 38 669. The amount is paid an escrow into account and the account provides as a security for the obligation. This account is classified as a long-term financial asset. The current amount in the account as of 31 December 2008 was 36 734 and as of 31 December 2007, 5 160. The amount will be recognized as income when it is no longer probable that Det norske has such an obligation.

NOTE 22 - INTEREST BEARING LOANS AND ASSETS PLEDGED AS SECURITY

	31.12.2008	31.12.2007
Gross amount of loan	-	130 000
Accrued costs	-	1 375
Total borrowing	**-**	**128 625**

As of 31 December 2007, short-term loans were comprised of loan withdrawals for exploration facilities, in DnB NOR BANK ASA.

The company has a revolving exploration facility of 1 500 000 in DnB NOR BANK ASA. The maximum amount is limited to 95 percent of the tax refund related to exploration costs. The company can utilies on the loan up to 31 December 2010 and the final repayment will take place in December 2011.

Available drawing limit as of 31.12.:	31.12.2008	31.12.2007
"Calculated tax receivable" in the balance sheet	213 982	618 044
95 percent of "Calculated tax receivable" = available withdrawal	203 283	587 142
Withdrawal utilised	-	130 000
Unused withdrawal	**203 283**	**457 142**

As security the bank has a mortgage in an escrow account into which the tax receivable is paid.

In addition, the bank has pledge in the following licenses:

Production license:	Share
PL 265	30 %
PL 321	25 %
PL 341	30 %
PL 364	50 %
PL 369	20 %
PL 380	70 %
PL 408	70 %
PL 432	100 %

NOTE 23 - OTHER CURRENT LIABILITIES

	31.12.2008	31.12.2007
Current liability related to overcall in licences	32 910	119 368
Share of other current liabilities from licenses	154 750	176 026
Other current liabilities	129 582	48 030
Total other current liabilities	**317 241**	**343 423**

NOTE 24 - FINANCIAL INSTRUMENTS

Categories of financial assets and liabilities

The company has the following financial assets and liabilities: Financial assets at an actual value over the income statement, loans and receivables, and other liabilities. The last two items are accounted for at amortised cost, whilst the first is accounted for at actual value.

Financial risk

The company utilises financial instruments such as bank loans, bank deposits and investments in bonds. The aim of these financial instruments is to obtain capital for investments that are necessary for the company's operations. In addition, the company has financial instruments such as accounts receivable, supplier accounts payable, etc. that are directly connected to the company's daily operations. The company does not have any financial derivatives.

The company's financial risk control shall ensure that all risk of any importance is identified, analysed and handled in a systematic and cost-effective manner. Established control routines give a sound basis for reporting and follow-up of the risk to which the company is exposed.

The most important financial risks that the company is exposed to are related to oil prices, currency exchange rate, interest rate, capital requirements and partialy loan and other terms.

(i) Oil price risk and currency risk

Income is mainly derived from the sale of petroleum. The company is thus exposed to risks related to fluctuations in oil prices. Developments in currency rates involve both direct and indirect economic risk for the company. The company's petroleum income is in US dollars (USD) whilst the majority of costs in both 2007 and 2008 have been in Norwegian kroner (NOK). The cash utilised is both in USD and NOK. All bank deposits shall be placed on account with an interest and rate in USD, EUR or NOK. All investments in funds shall be in Norwegian kroner denomination. Currency derivatives for USD/NOK or EUR/NOK may also be used. Foreign currency use of derivates are limited to purposes of hedging currency risk. No forward contracts or other agreements have been arranged to reduce the company's oil price and currency risk in 2008 and thus the operations-related market risk.

The table below indicates the company's sensitivity to potential changes in USD, viewed in relation to NOK.

	Change in currency rate	Effect on result and equity
As of 31.12.2008	+ 10 %	15 025
	- 10 %	(15 025)
As of 31.12.2007	+ 10 %	16 073
	- 10 %	(16 073)

The company's USD exposure as of 31 December 2008 was net USD 21 468 (NOK/USD 6,9989) and USD 29 704 (NOK/USD 5.411) as of 31 December 2007. This is comprised of an exposure from receivables and bank USD 27 329 (corresponding figures for 2007 were USD 38 307), and deferred income (Bredford Dolphin), supplier accounts payable and other short-term debt of USD 5 861 (USD 8 603 in 2007).

(ii) Interest risk

The company is exposed to interest risk in connection with the need for future loans. The company is debtfree as of 31 December 2008 and will most likely not require loan capital during 2009. The company has an overdraft facility in a bank, for the purpose of financing exploration activity (see note 22).

Interest risk in relation to the liquid assets is relatively limited. The average interest sensitivity including exposure from financial derivatives, according to the company's guidelines, shall not exceed one year for the collective portfolio of investments.

The company has chosen not to show a sensitivity analysis for the interest risk, as this is assessed as being immaterial.

(iii) Credit risk

The risk that counterparties do not have the economic means to meet their obligations is regarded as minor, as, historically, there have not been any losses on accounts receivable. The company's clients are large and creditworthy oil companies and it has therefore not been regarded as necessary to draw up guidelines that assess the client's credit profile. In the management of the company's liquid assets, low credit risk is given priority. Liquid assets are deposited in bank accounts, bonds and funds that represent a low credit risk. Maximum credit risk exposure is represented by the value of the financial assets in the balance sheet. The company regards its maximum risk exposure to be the value of accounts receivable and other short-term receivables and investments. See notes 15, 16 and 17.

(iiii) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as these become due for payment. The company has considerable cash reserves as of 31 December 2008 (1 468 287). The combination of limited production revenue and an active exploration and development program place demands on the control of liquidity risk. The company will handle any increased future capital requirements through the sale of assets, loans, use of supplier-financed development, business contracts, strategic alliances or a combination of these, also an adjustment of the company's activity levels if so required. The liquid assets and current unused overdraft facility (see note 22) will be more than adequate to finance the company's operations through 2009. The table shows an overview of the payment structure of the company's financial obligations, based on undiscounted contractual payments.

Financial obligations	Date	Less than 1 year	1 year	2 years	Total
Supplier accounts payable	31.12.2008	94 287	-	-	94 287
Supplier accounts payable	31.12.2007	112 788	-	-	112 788
Short-term loans	31.12.2007	128 625	-	-	128 625

For further information on the company's overdraft facility, see note 22 "Interest bearing loans and mortgages"

Determination of actual value

The capitalized value of cash and cash equivalents and loans is approximately equal to the actual value due to the fact that these instruments have short due dates. Correspondingly, the value of accounts receivable and accounts payable are approximately equal to their actual value, as these are subject to "normal" terms and conditions. The actual value of "financial assets at actual value over the income statement" is determined by employing the assessment rates determined by the Norwegian Securities Dealers Association . This asset has had a value decrease of 6 180. The loss is accounted for in the income statement as 'other finance cost'.

Maximum risk exposure is represented by the balance-added value of the financial assets in the balance sheet.

Below is a comparison of balance sheet values and their actual value for the company's financial instruments:

	31.12.2008		31.12.2007	
Actual value of financial instruments:	Net book value	Actual value	Net book value	Actual value
Financial assets at fair value through profit or loss result:				
Short-term investments	17 400	17 400	23 580	23 580
Loans and receivables				
Accounts receivable	583 463	583 463	128 237	128 237
Other short-term receivables	200 447	200 447	119 718	119 718
Calculated tax repayment	213 982	213 982	618 044	618 044
Cash and cash equivalents				
Cash and cash equivalents	1 468 287	1 468 287	561 547	561 547
Other liabilities				
Accounts payable	94 287	94 287	112 788	112 788
Short-term loans	-	-	128 625	128 625

Provitions of guaranties

Det norske, along with another oil company, has established a guarantee for a liability related to the lease of the drilling rig Bredford Dolphin beyond the consortium's reservation of the rig (150 days). As compensation for the obligation the company receives USD 10 000 per day for the drilling days that the consortium has reserved the rig for. The amount is paid into an escrow account and this account functions as security for the liability. This account is classified as a long-term financial asset. See note 21 "Deferred income" for further information.

Capital structure and equity

The company's objectives in investment and management of capital is to maintain a low risk profile. On investment and management of liquid assets, the company shall maintain adequate liquidity to cover ongoing obligations. In our ordinary bank accounts we shall at all times maintain adequate liquidity that as a minimum covers the anticipated cash flow from operational activities and investment activities for a minimum of two months ahead.

On investment and management of liquid assets, the company shall attempt to maximise the returns from the surplus liquidity. Consideration shall be made for an expected or actual risk of large outgoing payments for the coming 12 month period. Surplus liquidity that corresponds to the anticipated sum of outgoing payments for a rolling 12 month period ahead, shall be subject to stricter requirements regarding low risk and availability.

The surplus liquidity is defined as a portfolio comprised of liquid assets other than assets that are deposited in ordinary bank accounts and unused overdraft facilities.

For surplus liquidity the requirement for low liquidity risk (i.e. the risk that managed assets cannot be converted into pure and accessible liquid assets within a defined time frame) is generally more important than the desire for higher returns.

The company is not subject to any external capital requirements.

Most of the company's surplus liquidity is received either just before or just after the year end and is therefore mainly deposited in bank accounts as of 31 December 2008.

NOTE 25 - LIABILITIES, LEASE AGREEMENTS AND GUARANTEES

FUTURE MINIMUM LEASE OBLIGATIONS IN RELATION TO NON-TERMINABLE LEASE AGREEMENTS

Rig contracts

Bredford Dolphin and Songa Delta

Through the participation in a rig consortium with five other oil companies, Det norske oljeselskap has reserved the drilling rig Bredford Dolphin until the summer of 2010. In addition the company, along with another oil company, has entered into an agreement with Odfjell Drilling regarding the lease of the rig Songa Delta. The agreement secures rig capacity for 24 months during a period of three years. A contract for drilling management has been signed with Odfjell Management for the same period of three years.

The rig contracts above will be utilised for exploration drilling on the company's licenses in current and future license portfolios. The minimum lease obligation cannot be reliably determined as it is dependent on the actual share of the licenses at which the rig is used. The table below indicates therefore the company's total lease obligations associated with these agreements. The total obligation will be reduced with the proportion that is paid by the partners in the various licenses.

The future total lease obligation associated with rig contracts is assumed to be as follows:

	Bredford Dolphin		Songa Delta incl. drilling management		Sum	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Within 1 year	588 941	263 451	363 637	36 006	952 578	299 457
1 to 5 years	107 080	519 153	1 770 199	1 906 392	1 877 280	2 396 433
After 5 years	-	-	-	-	-	-
Total	**696 021**	**782 604**	**2 133 837**	**1 942 399**	**2 829 858**	**2 695 890**

Lease liabilities pertaining to ownership interests in licenses

Operational lease liabilities and other long-term liabilities pertaining to ownership interests in partner-operated oil and gas fields are shown in the table below. Liabilities related to rig contracts mentioned above are not included.

	31.12.2008	31.12.2007
Within 1 year	54 656	60 155
1 to 5 years	164 351	272 887
After 5 years		30 252
Total	**219 007**	**363 295**

Lease liabilities office premises

The company's liabilities related to lease of office accomodation are as follows:

	31.12.2008	31.12.2007
Within 1 year	21 042	8 934
1 to 5 years	122 402	106 733
After 5 years	155 868	172 120
Total	**299 312**	**287 787**

The company has two lease agreements for offices in Oslo. The longest of these runs until 2018. The company wishes to sublet parts of these offices.

Liability for damages/insurance

As the case is for other licensees on the Norwegioan Continental Shelf, the company has unlimited liability for damage, including pollution. The company has insured its pro rata liability on the Norwegian continental shelf at least on the same level as other oil companies. The installations and the liability are covered by an operations insurance policy.

Guarantees

The company has furnished the guarantee related to the rig contract for the lease of Bredford Dolphin, for further details see note 22.

Uncertain liabilities

In order to ensure the progress of the Frøy project (PL 364) Det norske accepted commitments in relation to the contractor for engineering services, and other commitments relating to that contractor's subcontractors during the period before 1 October 2008. There is a disagreement in the license as to whether the cost should be covered in its entirety by Det norske or if it should be shared between the licence partners, Premier Oil Norge AS and Det norske. The disputed amount is a total of EUR 13.5 million. The entire amount has been provided for as "Other short-term liabilities" with "Property, plant and equipment – fields under development" as the offsetting entry.

If the Lease & Operation contract with the contractor is signed before 1 October 2009, the amount will be refunded by the contractor and become part of the project's total costs and be covered by the licence's payment of day rates for the rig during the lease period of 10 years.

In addition to the EUR 13.5 million stated above, there is a dispute between Det norske and the contractor regarding the coverage of a contract overrun totally of EUR 3.2 million. The company has not made provisions in respect of this potential liability.

NOTE 26 - INVESTMENT IN JOINTLY CONTROLLED ASSETS

Investment in jointly controlled assets is calculated using the gross method (proportional consolidation), based on the share of the assets.

The company has the following investments in licences on the Norwegian continental shelf, as of 31 December:

License	31.12.2008	31.12.2007
Production licenses in which Det norske is operator:		
PL 001 B	35 %	35 %
PL 028 B	35 %	35 %
PL 103 B	70 %	0 %
PL 242	35 %	35 %
PL 305*/PL 305 B*	0 %	30 %
PL 321/PL 321 B	25 %	25 %
PL 337	45 %	45 %
PL 341	30 %	30 %
PL 356	100 %	100 %
PL 364	50 %	50 %
PL 380	70 %	100 %
PL 383	55 %	100 %
PL 408	70 %	70 %
PL 414	40 %	40 %
PL 432	100 %	100 %
PL 440 S	30 %	30 %
PL 441*	0 %	60 %
PL 447	30 %	50 %
PL 450	75 %	0 %
PL 460	52,5 %	0 %
PL 463 S	70 %	0 %
PL 476	40 %	0 %
PL 482	65 %	0 %
PL 483 S	40 %	0 %
PL 491	40 %	0 %

Producion licenses in which Det norske is partner:		31.12.08	31.12.07
PL 027 D **		10 %	0 %
PL 029 B		20 %	20 %
PL 035		25 %	25 %
PL 035 B		15 %	25 %
PL 038		5 %	5 %
PL 048 B		10 %	10 %
PL 048 D		10 %	10 %
PL 229		0 %	15 %
PL 229 B	Supplementary area	0 %	15 %
PL 229 C		0 %	15 %
PL 265		30 %	30 %
PL 272		25 %	25 %
PL 316		0 %	10 %
PL 316 B	Supplementary area	0 %	10 %
PL 316 CS		0 %	10 %
PL 316 DS		0 %	10 %
PL 332		40 %	40 %
PL 334 *		0 %	30 %
PL 362		15 %	25 %
PL 369		20 %	20 %
PL 387		30 %	30 %
PL 442		20 %	20 %
PL 451		40 %	0 %
PL 453 S		25 %	0 %
PL 458		30 %	0 %
PL 485		15 %	0 %
PL 490		20 %	0 %
PL 492		30 %	0 %

* Relinquished in 2008. This has no effect on the accounts for 2008.

** Det norske will have a total owner share of 35 percent after the drilling of the exploration well at the Eitri prospect has been carried out.

In the APA-round 08, Det norske was awarded operatorships in PL 432B (100 percent, supplementary area), PL 497 (35 percent), PL 500 (35 percent), PL 504 (58.5 percent) and PL 512 (30 percent). As partner, Det norske was awarded shares in PL 494 (30 percent) and PL 502 (33.3 percent). These licenses were formally awarded in January 2009.

Det norske has agreed licence exchanges with StatoilHydro, in which Det norske assumes an owner share of 10 percent in PL 102B and 57 percent in PL 169B. In exchange StatoilHydro will receive 10 percent in PL 265. The transactions are contingent on the approval of the authorities.

NOTE 27 - TRANSACTIONS WITH RELATED PARTIES

DNO International ASA

DNO International is the largest owner of Det norske oljeselskap ASA with a 36.9 percent ownership. The overview of the 20 largest shareholders is included in note 18.

Transactions with DNO International ASA

The company has carried out some minor transactions with DNO International ASA, mainly in connection with hiring/hiring out of personnel. The agreements have been made on regular commercial terms. In addition, DNO International ASA, as a part of an integration agreement contract from 2007 has covered 10 000 in connection with the transfer of seismic rights from NOIL to Det norske. The agreements was made on regular commercial terms.

Transactions with a related party to a former member of the Board of Directors

Kjetil Grønskag was a member of the Board of Directors of the company until 16 November 2007. As of 31 December 2008 he was a member of the company's nomination committee.

Kjetil Grønskag is also a member of the Board of Directors of Odfjell Drilling Ltd and some of its subsidiaries. Related parties to Grønskag have considerable ownership stakes in Odfjell Drilling Ltd. Det norske has, along with Revus Energy ASA, entered into a three-year contract with Deep Sea Rig AS, a company associated with Odfjell Drilling Ltd.

Det norske, Revus Energy and Odfjell Drilling Ltd. have entered into an agreement concerning drilling services that includes project planning, logistics and other related services. This agreement also includes drilling operations related to Frøy (PL 364).

Disclosure requirement, management

For further information concerning remuneration to key personnel in the management team, see note 8.

Receivables/debt Related party		31.12.2008	31.12.2007
DNO International ASA	Accounts payable	(19)	(6 266)
DNO International ASA incl/subs.	Accounts receivable	1 136	11 909

Income/costs Related party	Transaction	2008	2007
DNO International ASA	Purchase of services/invoicing of costs	(13 051)	(2 539)
DNO International ASA incl/subs.	Hire of personnel	236	577

NOTE 28 - PETROLEUM RESERVES AND RESOURCES

Classification of Reserves and Contingent Resources

The reserve and contingent resource volumes have been classified in accordance with the NPD classification system (http://www.npd.no/regelverk/r2002/Ressursklassifisering_n.htm) and are consistent with Oslo Stock Exchange's guidelines for the disclosure of hydrocarbon reserves and contingent resources, see figure below.

	POTENTIAL RESOURCES		CONTINGENT RESOURCES				RESERVES		
NPD category	9	8	7	6	5	4	3	2	1
Description	Leads. Conceptual ideas of possible prospects	Prospects. A mapped rock volume believed to contain hydrocarbons	Discoveries under evaluation	Discoveries where development is unlikely	Discoveries where development is likely	Discoveries where development is being planned	Fields where PDO has been concluded by the Licensees	Fields under development, PDO approved	Fields in production

Table 1: NPD's classification system used by Det norske oljeselskap.

Reserves, Developed and Undeveloped

Det norske oljeselskap ASA has interests in four fields in production (Category 1):

- Varg – operated by Talisman, Det norske 5 percent
- Glitne – operated by StatoilHydro, Det norske 10 percent
- Enoch – operated by Talisman, Det norske 2 percent
- Jotun – operated by ExxonMobil, Det norske 7 percent

Our assessments of the remaining reserves in these fields are based on the operator's evaluation.

The Varg Field (PL 038) is located south of Sleipner Øst. The field is developed with the production vessel "Petrojarl Varg" with integrated oil storage, and a connected wellhead platform. Oil is exported using shuttle tankers. Two new wells were completed in 2008, proving up new reserves and increasing the total production to around 14,000 bopd. Proved reserves (1P/P90) include reserves with an accumulated probability of 90 percent from existing wells, assuming no new wells are being drilled. Remaining proved plus probable reserves (2P/P50) are based on production cut-off in 2012 and contain the total volumes from the base case production profile provided by the operator, assuming no infill drilling. Total ultimate recoverable reserves are estimated at 95 million barrels of oil, while total remaining proved and probable reserves are estimated at 16.5 million barrels, hereof 9.4 million barrels developed. The 7 million barrels of undeveloped reserves are associated with planned wells in 2010 and onward. The reserves reflect a longer production time than earlier reported due to an extended lease period with the FPSO owner.

The license period expires in 2021. The expected lifetime is up to 2012.

The Glitne Field (PL 048 B) is located 40 kilometers northeast of the Sleipner area. The field is produced by sub-sea wells tied to the production vessel "Petrojarl 1", and oil is exported using shuttle tankers. Total reserves are determined by the operator based on decline analysis combined with reservoir simulation and with a production cut-off in 2010. The main uncertainty in future production is the water cut development in individual wells. Remaining reserves are assessed probabilistically considering relevant uncertainties related to the production. A final production well is under consideration pending the analysis of a recently acquired 4D seismic survey. All proved and probable reserves are classified as "Developed assets". Total initial recoverable reserves are estimated at 52 million barrels of oil, while remaining reserves are estimated at 2.1 million barrels of oil.

The license period expires in 2013. The expected lifetime is up to 2010.

The Enoch Field (PL 048B) straddles the Norwegian/UK border and is located in the UK block 16/13a and in the Norwegian block 15/5 southwest of the Glitne Field. The field is developed by a single, horizontal sub-sea well and tied back to the UK Brae A platform where the oil is processed and exported via the Forties pipeline network. The gas is sold to Brae. Production started in May 2007. The field has been unitized with the license owners in British sector, and Det norske's overall share is 2 percent (10 percent of the Norwegian license PL 048 D). Total initial proved plus probable reserves (Enoch Unit) are estimated by the operator at 15 million barrels of oil equivalents of which 10.2 million barrels remain. Volumes in Table 1 include only the Norwegian part of the field and are classified as "Developed assets".

The license period expires in 2018. The expected lifetime is up to 2017.

The **Jotun Field (PL 027 B, PL 103)** is developed with an integrated wellhead platform (Jotun B) with 24 well slots and a FPSO (Jotun A) with three stage separation. Oil is shuttled to the Slagen refinery and gas is exported into Statpipe. Proved reserves (2P/P50) include expected volume from existing wells, assuming no new wells are being drilled and abandonment of the field in 2015. Total reserves are determined by the operator based on decline analysis combined with reservoir simulation. The main uncertainty in future production is the water cut development in individual wells. Total initial recoverable reserves are estimated at 148 million barrels of oil. Total remaining proved and probable reserves are estimated at 11.41 million barrels oil and classified as "Developed assets". Det norske's share of production from the Varg, Glitne, Enoch, and Jotun fields during 2008 amounts to 0.66 million barrels of oil equivalents.

The license period expires in 2015. The expected lifetime is up to 2015.
The **Frøy Field (PL 364)** is operated by Det norske (50 percent) with Premier Oil Norge AS as a partner. A PDO was submitted to the authorities in September 2008 and subsequently committed by both Det norske and the partner Premier Oil Norge AS. OED has granted an extension of the license for 10 years until 2019. The field was in production from 1995 to 2001 and produced 35 million barrels with Elf as operator. Based on a comprehensive evaluation of the reservoir and production history, the best estimate is that the recovery factor can be increased from the original 18 percent to minimum 40 percent, increasing recovered volumes by 56 million barrels. The reserves are classified as "Development decided".

The license period expires in 2019. The expected lifetime is up to 2022.

Reserves by field

DEVELOPED ASSETS (CATEGORY 1)

As of 31.12.2008	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents
PL 038 - Varg	5.81	0.0	5.81	5 %	0.29	9.43	0.0	9.43	5 %	0.47
PL 048B - Glitne	0.73	0.0	0.73	10 %	0.07	2.13	0.0	2.13	10 %	0.21
Enoch-enhet (Norge)	0.43	0.0	0.43	10 %	0.04	1.97	0.01	2.04	10 %	0.20
Jotun-enhet	10.24	0.0	10.24	7 %	0.72	11.41	0.0	11.41	7 %	0.80
Totalt					1.12					1.69

UNDER DEVELOPMENT (CATEGORY 2)

As of 31.12.2008	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents
PL 038 - Varg	3.59	0.0	3.59	5 %	0.18	7.02	0.0	7.02	5 %	0.35
Totalt					0.18					0.35

DEVELOPMENT DECIDED (CATEGORY 3)

As of 31.12.2008	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents	Liquids (million barrels)	Gas (bcm)	Million barrel of oil equivalents	Interest %	Net million barrel of oil equivalents
PL 364 - Frøy	34.17	0.0	34.17	50 %	17.09	55.82	0.0	55.82	50 %	27.91
Totalt					17.09					27.91

Reserves: 1 x 10^9 Sm^3 gas = 1 x 10^6 Sm^3 o.e. = 6,29 MBOE.

NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

Changes in ownership

In accordance with the integration agreement between NOIL and Pertra, DNO International ASA was obliged to reduce its ownership in Det norske to a maximum of 25 percent within the end of 2008. In October, the Board of Directors in Det norske granted an extension of this deadline until 15 March 2009. DNO reduced it's ownership to 25 percent share on 7 January 2009.

Election of new Board of Directors

An Extraordinary General meeting of Det norske oljeselskap ASA was held on the 2 February 2009, after a request from DNO International. At the meeting, five new Board members were elected. Diderik Schnitler was elected as Chairman, Jan Rune Steinsland, Marianne Elisabeth Johnsen, Marianne Lie and Hege Sjo were elected as new Board members. Ivar Brandvold and Tore Lilloe-Olsen were re-elected.
The new Board members were elected for two years, whilst the existing Board members were re-elected for one year.

Ongoing activities

The exploratory well 30/11-7 in the Fulla prospect in PL 272/035B was completed in 2009. The well indicated between 6 million and 19 million barrels of oil equivalents in the form of gas and condensate. An appraisal well is being planned drilled in the spring to help decide the size of the discovery. Det norske has a 15 percent share in Fulla.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

We confirm to the best of our knowledge that the financial statements for 2008 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act.The information presented in the financial statements gives a true and fair view of the Company's assets, liabilities, financial position and result for the period viewed in their entirety.

The Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties.

Board of Directors
Sandvika in Verdal, 25 March 2009

Diderik Schnitler, Chairman

Ivar Brandvold, Board member

Jan Rune Steinsland, Board member

Marianne Elisabeth Johnsen, Board member

Hege Sjo, Board member

Marianne Lie, Board member

Tore Lilloe-Olsen, Board member

Jan Gunnar Opsal, Board member

Erik Haugane, Chief Excecutive Officer

Kristin Aubert, Board member

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Det norske oljeselskap ASA

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of Det norske oljeselskap ASA as of 31 December 2008, showing a profit of NOK 225.494.000. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income, cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU, has been applied to prepare the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2008, and the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with generally accepted International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Trondheim, 25 March 2009
Deloitte AS

Karl O. Sanderød (signed)
State Authorised Public Accountant (Norway)

WORDS AND PHRASES

HSE	Health, Safety, and Environment
PDO	Plan for Development and Operation, submitted to the authorities for approval
APA	Awards in Predefined Areas ("TFO" in Norwegian), an annual licensing round in mature areas on the Norwegian Shelf.
NPD	Norwegian Petroleum Directorate
PSA	Petroleum Safety Authority Norway
MPE	Ministry of Petroleum and Energy
SPE	Society of Petroleum Engineers
G&G	Geology and Geophysics
2D seismic	Powerful echo sounders that receive sound reflected from the underground along straight lines
3D seismic	As 2D seismic, but here the sound is captured in a net of receivers, enabling the construction of a three-dimensional picture of the underground. Smaller oil traps can more often than not be mapped only with the use of 3D seismic. Det norske oljeselskap's prospects have all been mapped using 3D seismic.
SBL	SeaBed Logging, or electromagnetic surveying. An electromagnetic field is set up on the seabed or in the ocean, measuring electric resistance in the underground. Under favorable conditions such measuring will detect whether there are hydrocarbons located on various depths. The method is being used as one of several elements in probability studies conducted prior to drilling operations.
Prospect	A defined volume that has been mapped where it is probable that hydrocarbons are present
Reserves	Proven petroleum that with certainty will be produced, in accordance with the SPE standard
Resources	Petroleum that is proven, but that may not be produced, as well as calculations of petroleum in mapped prospects not yet drilled. Classified according to NPD's definitions.
P10. P50. P90	Respectively 10%, 50%, and 90% probability
1 Sm^3	One standard cubic meter = 6.293 barrels of oil. 1 Sm3 oil corresponds to 1000 Sm^3 gas (one oil equivalent; o.e.)
1 barrel	One tierce, corresponding to 1 barrel = 42 gallons ~ 159 liters
IFRS	International Financial Reporting Standards
NGAAP	Norwegian Generally Accepted Accounting Policies