

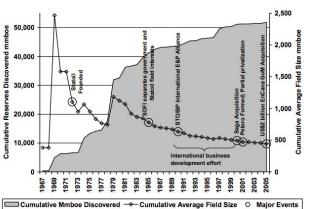
9 10

11

12

13 14





CUMULATIVE RESERVE DISCOVERY HISTORY IN NORWAY

 $\mbox{Gordon \& Stenvoll (2007) StatOil: A Study in Political Entrepreneurship, Fig. 1. } \\$ 

## Download data from www.statoil.com

| For the year ended 31 December  |       |       |       |  |  |
|---------------------------------|-------|-------|-------|--|--|
| Entitlement production          | 2010  | 2009  | 2008  |  |  |
| Norway                          |       |       |       |  |  |
| Crude oil (mmbbls) <sup>1</sup> | 256   | 279   | 302   |  |  |
| Natural gas (bcf)               | 1,370 | 1,367 | 1,348 |  |  |
| Natural gas (bcm)               | 38.8  | 38.7  | 38.2  |  |  |
| Combined oil and gas (mmboe)    | 500   | 523   | 542   |  |  |
| Eurasia excluding Norway        |       |       |       |  |  |
| Crude oil (mmbbls) <sup>1</sup> | 18    | 19    | n/a   |  |  |
| Natural gas (bcf)               | 51    | 49    | n/a   |  |  |
| Natural gas (bcm)               | 1.4   | 1.4   | n/a   |  |  |
| Combined oil and gas (mmboe)    | 27    | 28    | n/a   |  |  |
| Africa                          |       |       |       |  |  |
| Crude oil (mmbbls) <sup>1</sup> | 53    | 63    | n/a   |  |  |
| Natural gas (bcf)               | 41    | 54    | n/a   |  |  |
| Natural gas (bcm)               | 1.2   | 1.5   | n/a   |  |  |
| Combined oil and gas (mmboe)    | 60    | 73    | n/a   |  |  |
| America                         |       |       |       |  |  |
| Crude oil (mmbbls) <sup>1</sup> | 26    | 20    | n/a   |  |  |
| Natural gas (bcf)               | 47    | 48    | n/a   |  |  |
| Natural gas (bcm)               | 1.3   | 1.4   | n/a   |  |  |
| Combined oil and gas (mmboe)    | 34    | 29    | n/a   |  |  |
| Outside Norway                  |       |       |       |  |  |
| Crude oil (mmbbls) <sup>1</sup> | n/a   | n/a   | 85    |  |  |
| Natural gas (bcf)               | n/a   | n/a   | 121   |  |  |
| Natural gas (bcm)               | n/a   | n/a   | 3.4   |  |  |
| Combined oil and gas (mmboe)    | n/a   | n/a   | 106   |  |  |
| Total                           |       |       |       |  |  |
| Crude oil (mmbbls) <sup>1</sup> | 352   | 381   | 386   |  |  |
| Natural gas (bcf)               | 1,509 | 1,519 | 1,469 |  |  |
| Natural gas (bcm)               | 42.8  | 43.0  | 41.6  |  |  |
| Combined oil and gas (mmboe)    | 621   | 652   | 648   |  |  |

| <sup>1)</sup> Crude oil includes natural gas liquids (NGL), condensate and bitumen. NGL includes both LPG and naphta. |
|---|
|---|

| Sales Volumes                        | Year ended |             |       |
|--------------------------------------|------------|-------------|-------|
|                                      | 2010       | 2009        | 2008  |
| Statoil: (1)                         |            |             |       |
| Crude oil (mmbbls) (2)               | 354        | 381         | 372   |
| Natural gas (bcf)                    | 1472       | 1462        | 1387  |
| Natural gas (bcm) (3)                | 41.7       | 41.4<br>642 | 39.3  |
| Combined oil and gas (mmboe)         | 616        | 642         | 619   |
| Third party volumes: (4)             |            |             |       |
| Crude oil (mmbbls)(2)                | 310        | 257         | 242   |
| Natural gas (bcf)                    | 247        | 192         | 127   |
| Natural gas (bcm) (3)                | 7.0        | 5.4         | 3.6   |
| Combined oil and gas (mmboe)         | 354        | 291         | 265   |
| SDFI assets owned by the Norwegian S | tate:      |             |       |
| Crude oil (mmbbls) (2)               | 172        | 200         | 213   |
| Natural gas (bcf)                    | 1,610      | 1,431       | 1,440 |
| Natural gas (bcm) (3)                | 45.6       | 40.5        | 40.8  |
| Combined oil and gas (mmboe)         | 458        | 455         | 470   |
| Total                                |            |             |       |
| Crude oil (mmbbls) (2)               | 835        | 838         | 827   |
| Natural gas (bcf)                    | 3,329      | 3,085       | 2,955 |
| Natural gas (bcm) (3)                | 94.3       | 87.4        | 83.7  |
| Combined oil and gas (mmboe)         | 1428       | 1388        | 1353  |

in the table above are based on include NGL and condensate. All (GCV) of 40 MJ/scm. crude oil include both volumes

| Alternate production estimate for 2008  |                 |                 |              |        |  |  |
|---|-----------------|-----------------|--------------|--------|--|--|
|   | Thousand bbl /d | Million bbl /yr | Million cf/d | Bcf/yr |  |  |
| 2008  | 1,199           | 438             | 4,647        | 1,696  |  |  |
| Source: Hults, & Thurber, 2012, Introduction, Table 1.1, page 24, in Victor et al, eds, 2012, Oil and Governance.  Table 1.1 is based on information from Wood Mackenzie's Pathfinder Database; www.woodmacresearch.com |                 |                 |              |        |  |  |

Faroe Is.

Statfjord Kollsnes

Statfjord Karste

Steipner

Steipner

Draupner

Easington

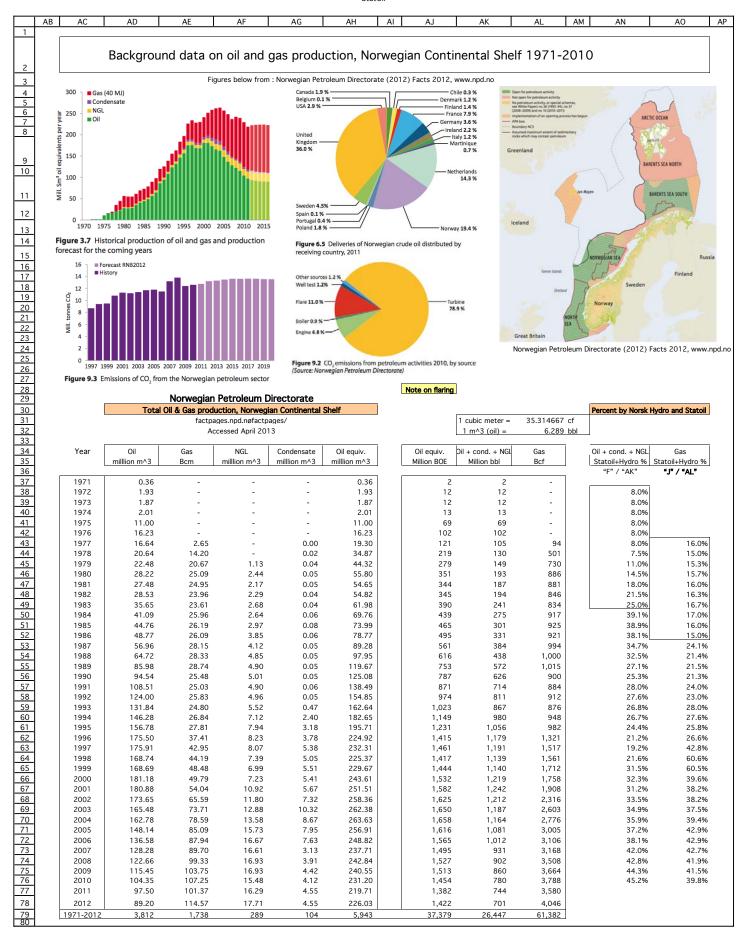
United Kingdom

Netherlands

Dornum

Netherlands

Norway's gas transport system, Statoil Factbook 2010, page  $\,$  41.



#### Cell: H9

#### Comment: Rick Heede:

Statoil was incorporated as a limited liability company under the name Den Norske Stats Oljeselskap AS on 18 September 1972. As a company wholly owned by the Norwegian State, Statoil's role was to be the government's commercial instrument in the development of the oil and gas industry in Norway. In 2001, the company became a public limited company listed on the Oslo and New York stock exchanges, and it changed its name to Statoil ASA. On 1 October 2007, the oil and gas division of Norsk Hydro ASA was merged with Statoil, and the company was given the temporary name of StatoilHydro. On 1 November 2009, the company changed its name back to Statoil.

Source: www.statoil.com: history

With the Ekofisk discovery in 1969, the Norwegian oil adventure really began. Production from the field started on 15 June 1971, and in the following years a number of major discoveries were made. Exploration in the 1970s was confined to the area south of the 62nd parallel. The shelf was gradually opened, and only a restricted number of blocks were awarded in each licensing round. Foreign companies dominated exploration off Norway in the initial phase, and were responsible for developing the country's first oil and gas fields. Statoil was created in 1972, and the principle of 50 percent state participation in each production licence was established. This rule was later changed so that the Storting (parliament) can evaluate whether the level of state participation should be lower or higher, depending on circumstances.

From 1 January 1985, the State's participation in petroleum operations was reorganised. The State's participation was split in two, one linked to the company and the other becoming part of the State's Direct Financial Interest (SDFI) in petroleum operations. SDFI is an arrangement in which the State owns interests in a number of oil and gas fields, pipelines and onshore facilities. Each government take is decided when production licences are awarded and the size varies from field to field. As one of several owners, the State pays its share of investments and costs, and receives a corresponding share of the income from the production licence. The Storting resolved in the spring of 2001 that 21.5 percent of the SDFI's assets could be sold. 15 percent was sold to Statoil and 6.5 percent was sold to other licensees. The sale of SDFI shares to Statoil was seen as an important element on the way to a successful listing and privatisation of Statoil. Statoil was listed in June the same year, and now operates on the same terms as every other player on the NCS. Petoro was established in May 2001 as a state-owned limited company to manage the SDFI on behalf of the State. At the end of 2006, 52 fields were in production on the NCS. In 2006, these fields produced 2.8 million barrels of oil (including NGL and condensate) per day and 88 billion standard cubic metres (scm) of gas. www.regjeringen.neen/dep/oed/Subject/Oil-and-Gas/Norways-oil-history-in-5-minutes.html

#### Cell: M9

#### Comment: Rick Heede:

World Bank, 2008b, page 200L "Statoil (then StatoilHydro) is an integrated oil and gas company organized as a public limited liability company. In a 2001 decision the Storting (Norwegian Congress) required that the Norwegian state must continue to own two-thirds of StatoilHydro. Currently the Norwegian government owns 62.5% of Statoil, which ownership interest is managed by the Ministry of Petroleum and Energy. The government plans to increase its ownership interest to 67% over time."

World Bank (2008b) A Citizen's Guide to National Oil Companies, Part B: Data Directory, World Bank, Washington, & Center for Energy Economics, Bureau of Economic Geology Jackson School of Geosciences University of Texas, Austin, 764 pp.

#### Cell: W18

#### Comment: Rick Heede:

Gordon, Richard, & Thomas Stenvoll (2007) "Statoil: Lessons from a study of political entrepreneurship," in: The Changing Role of National Oil Companies in International Energy Markets, James Baker III Institute for Public Policy, Rice University, 2 March 2007.

#### Cell: AJ28

#### Comment: Rick Heede:

In Figure 9.2, flaring is 11 percent of ~13 million tonnes CO2. This is contrary to the vision for Norwegian petroleum development as stated by the Norwegian Parliament in 1971: Thurber & Istad (p. 642) "Ten Commandments for the Norwegian oil sector," by Storting, 1971, one of which is "The flaring of gas not to be allowed except for short testing periods."

## Cell: AK32

## Comment: Rick Heede:

 $Quest\ Offshore\ Resources,\ Inc.,\ www.questoffshore.com/Home/ConversionCalculator/Particles and the conversion of th$ 

### Cell: D33

# Comment: Rick Heede:

Norsk Hydro annual reports 1983-1990 show reams of charted data, but typically aggregates oil and gas in TOE accompanied by no specifics. Oil and gas production (data in TOE) and a chart in the 1987 report (p. 38) showing oil vs gas.

We have estimated Hydro's oil production from its approximate "equity shares of NCS (Norwegian Continental Shelf) production" 1971 to 1986 -- from ~8 percent and declining to ~3.5 percent in 1986 (see percentages in column C). Approximated from Thurber & Tangen Istad, 2012, Figure 14.2 (citing Norwegian Petroleum Directorate data).

This should be viewed as provisional until actual production data is found.

Thurber, Mark C., & Benedicte Tangen Istad (2012) "Norway's evolving champion: Statoil and politics of state enterprise," in Victor et al, eds, Oil & Governance, pp. 599-654.

# Cell: B37

### Comment: Rick Heede:

The Norwegian government increased its stake in Norsk Hydro to 51 percent at the end of 1970, and it was thought that Hydro would become Norway's primary oil company. Instead the new administration decided to creat a wholly-owned state enterprise -- Statoil, in 1972. The government also directed the remaining private Norwegian oil interests to merge in what became Saga Petroleum, which was acquired by Norsk Hydro in 1999 (although Elf Acquitaine also bid for the privately-held company).

## Cell: E37

### Comment: Rick Heede:

The Norwegian government directed the remaining private Norwegian oil interests (after having created Statoil and invested in Norsk Hydro) to merge into what became Saga Petroleum in ~1972, which was acquired by Norsk Hydro in 1999 (although Elf Acquitaine also bid for the privately-held company).

We do not have a complete record of Saga's oil and gas production, but Oil & Gas Journal OGJ 100, Sep1993, shows 1992 oil production of 29.5 million bbl, 23.3 million bbl in 1991; gas production totaled 17.1 Bcf in 1992, and 12.4 Bcf in 1991. Inasmuch as our protocol attributes previous oil and gas production to the acquiring entity, it is safe to suggest that Statoil's total undercounts production by a 200-300 million bbl or more.

## Cell: AN38

# Comment: Rick Heede:

These percentages are calculated by CMS for 1972-1983.

## Cell: H39

### Comment: Rick Heede:

According to the Norwegian Petroleum Directore, natural gas production started in 1977. We have roughly estimated the gas production by both Norsk Hydro and Statoil for 1977 to the Oil & Gas Journal estimates (starting in 1987). WE do not, however, have production data from either Hydro or Statoil for these years, and the allocation between companies may be inaccurate. However, the sum of both companies' production (column J) is considerably below the percentage of total NCS production attributed to Hydro + Statoil (based on O&GJ estimates); see the calculations in column AO on page 3.

Also see details in the oil production calculations for Hydro (1971-1986) and Statoil (1979-1983) in cell notes D33 and E41, respectively.

### **Cell:** 139

# Comment: Rick Heede:

See comment in cellI note H39.

#### Cell: E41

# Comment: Rick Heede:

We do not have Statoil equity production data for 1979 to 1986, and approximate production from its equity perceentage share of NCS and total NCS production.

We have estimated Statoil's oil production from its approximate "equity shares of NCS (Norwegian Continental Shelf) production" 1979 to 1986 -- from ~4 percent and increasing to ~16 percent in 1983 (see percentages in column C). Approximated from Thurber & Tangen Istad, 2012, Figure 14.2 (citing Norwegian Petroleum Directorate data).

This should be viewed as provisional until actual production data is found, or provided by Statoil.

Thurber, Mark C., & Benedicte Tangen Istad (2012) "Norway's evolving champion: Statoil and politics of state enterprise," in Victor et al, eds, Oil & Governance, pp. 599-654.

## Cell: AO43

#### Comment: Rick Heede:

These percentages are calculated by CMS for 1977-1986.

#### Cell: E50

#### Comment: Rick Heede:

Ambiguous data in Statoil's annual report for 1984. Mentions production by field (but no equity production data), "Statoil's total access to crude increased in 1984 ... exceeded 13 million tonnnes" p. 12 (but does not define access), etc.

Takes the datum cited for "access" to crude oil of 13 million tonnes @ 7.33 bbl per tonne = 94.9 million bbl.

#### Cell: E51

#### Comment: Rick Heede:

CMS interpolated for 1985-1986 and 1989.

#### Cell: B56

# Comment: Rick Heede:

Statoil joined forces with BP from 1990 to 1999 to explore and produce oil and gas internationally, in Kazakhstan, Azerbaijan, Vietnam, China, Angola, Nigeria, and Algeria; assets in Kazakhstan and Vietnam were later sold. Statoil is one the most internationalized of state-owned National Oil Companies.

Thurber and Tangen Istad, 2012, page 622.

#### **Cell:** 163

# Comment: Rick Heede:

Estimate not available from OGJ100. CMS interpolates.

#### Cell: B67

#### Comment: Rick Heede:

While Statoil was partially privatized in 2001, Thurber and Tangen Istad believe the Norwegian government will retain "more than two-thirds stake in Statoil for the foreseeable future." (2012, page 603."

#### Cell: D73

#### Comment: Rick Heede (Jan10):

Hydro (previously Norsk Hydro) sold its oil & gas assets to StatOil as of October 2007.

## Cell: E74

# Comment: Rick Heede:

AR 2010 online http://www.statoil.com/AnnualReport2010/en/OurOperations/ProductionVolumesAndPriceInformation/Pages/EntitlementProduction.aspx; updated 2008 production

### **Cell:** 174

## Comment: Rick Heede:

AR 2010 online, link in oil comment, 2008 value consistent

### Cell: T74

### Comment: Rick Heede:

Statoil "working interest liquids production in 2008" at 1,199 thousand bbl per day.

Victor, Hults, & Thurber, 2012, Introduction, Table 1.1, page 24, in Victor et al, eds, 2012, Oil and Governance. Table 1.1 is based on information from Wood Mackenzie's Pathfinder Database; www.woodmacresearch.com

## Cell: V74

### Comment: Rick Heede

Statoil "working interest natural gas production in 2008" at 4,647 thousand cf per day. Victor, Hults, & Thurber, 2012.

# Cell: A079

# Comment: Rick Heede:

Page Intentionally Left Blank.