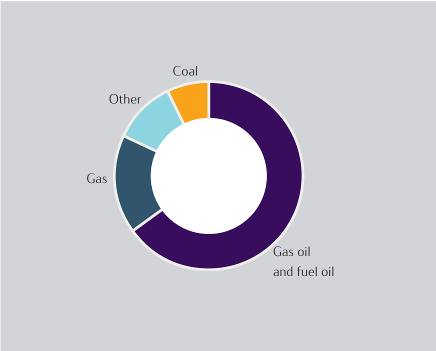
4.1.2 Gas sales agreements

Statoil manages, transports and markets approximately 80% of all NCS gas.

Due to the relatively large size of the NCS gas fields and the extensive cost of developing new fields and gas transportation pipelines, most of Statoil's gas sales contracts are long-term contracts that typically run for 10 to 20 years or more. Under these contracts, the purchasers agree to take daily and annual quantities of gas and, if the gas is not taken, they are obliged to pay for the contracted quantity. The majority of Statoil's long-term sales contracts have reached plateau level.

Long term sales indexation split



Prices under traditional long-term contracts are generally tied to a formula based on the prevailing prices for substitute fuels for natural gas, typically heavy fuel oil and gasoil. By contrast, the most recent long-term gas sales contracts in the UK are priced with reference to a daily UK market gas price index. There can be significant price fluctuations during the life of the contract. Under the traditional long-term contracts, prices are typically adjusted quarterly and are calculated on the basis of the prevailing prices in the three to nine months before the date of adjustment as published in reference indices. However, the price formula, which allows for monthly or quarterly adjustment, does not pick up on all trends in the marketplace, e.g. changes in the taxation of gas and competing fuels imposed by national governments. Therefore, most of our long-term gas contracts contain contractual price adjustment mechanisms that can be triggered at regular intervals, either by the buyer or the seller. Under our long-term sales contracts either party is entitled to initiate a price review process under certain circumstances.

In 2009, Statoil was involved in commercial discussions (in lieu of a price review) or in formal price review processes for approximately 75% of the volumes covered by our long-term sales contracts.