



Hydro Oil & Energy

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Operations and Production Norway



Running NCS operations in "*innovative and efficient ways*"

Capital Markets Day

December 12, 2003

Our Mission...

...is to create a more viable society by developing natural resources and products in innovative and efficient ways

Our common Values are:

- Courage
- Determination
- Cooperation
- Respect
- Foresight

An innovative and efficient operator

- Continuous focus improves personnel safety and reduces environmental discharges
- Cost-effective offshore operations prolong field life
- Advanced drilling techniques increase oil production
- Concentration on core areas enables future value generation
- New, successful development projects contribute to continued production growth

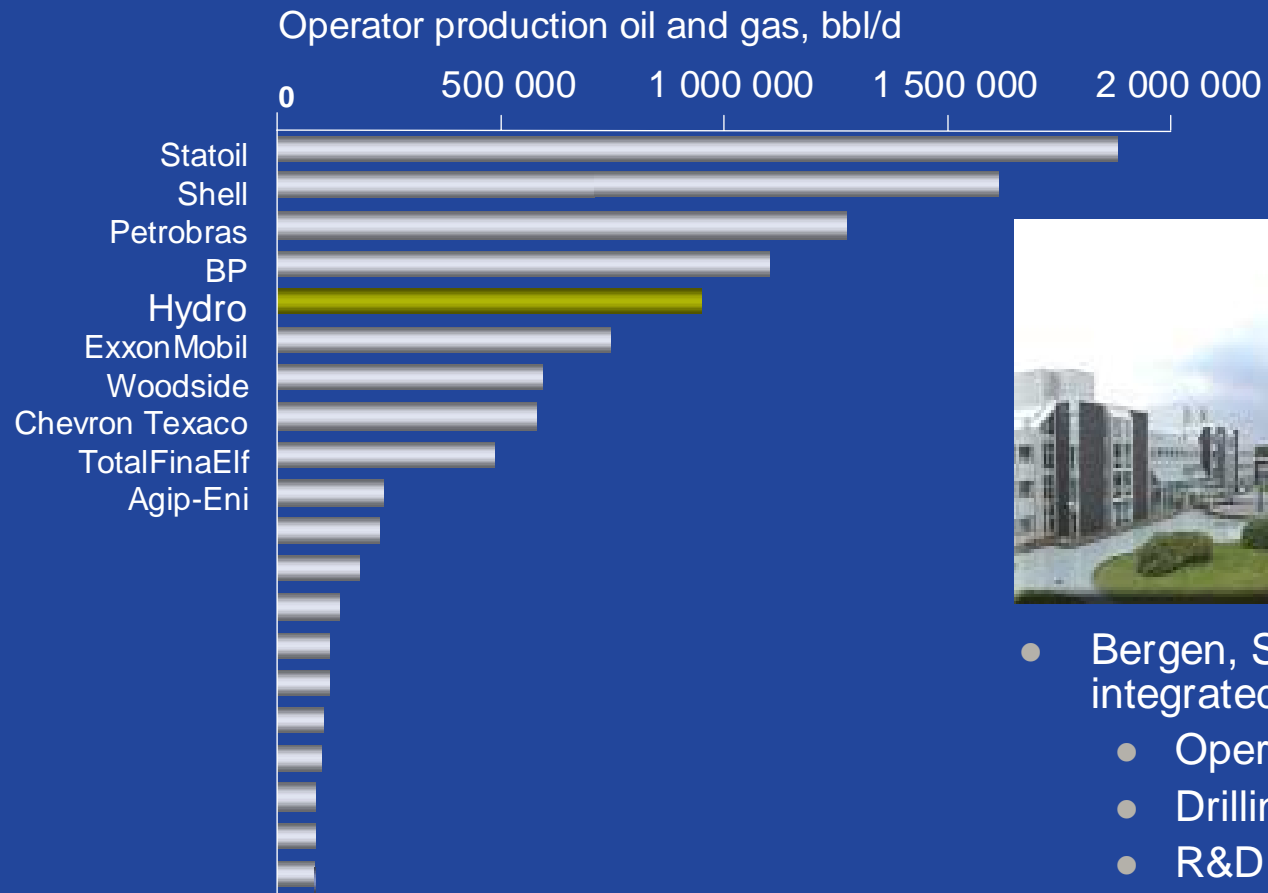
Operations and Production Norway

Hydro is operator for:

- ~ 900.000 bbl/d - 30% of total Norwegian oil production
- 15 installations



A large offshore operator (Water depths above 100 meter)

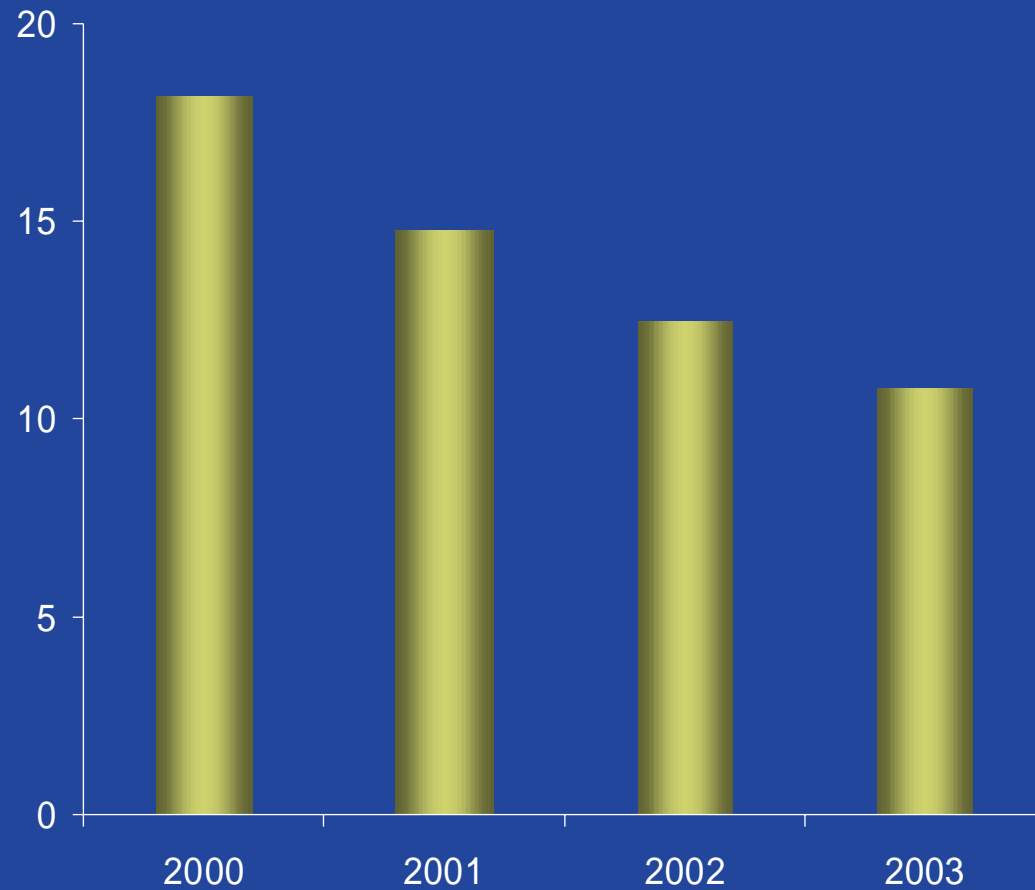


- Bergen, Sandsli integrated headquarter for
 - Operations
 - Drilling
 - R&D

Source: Infield; McKinsey

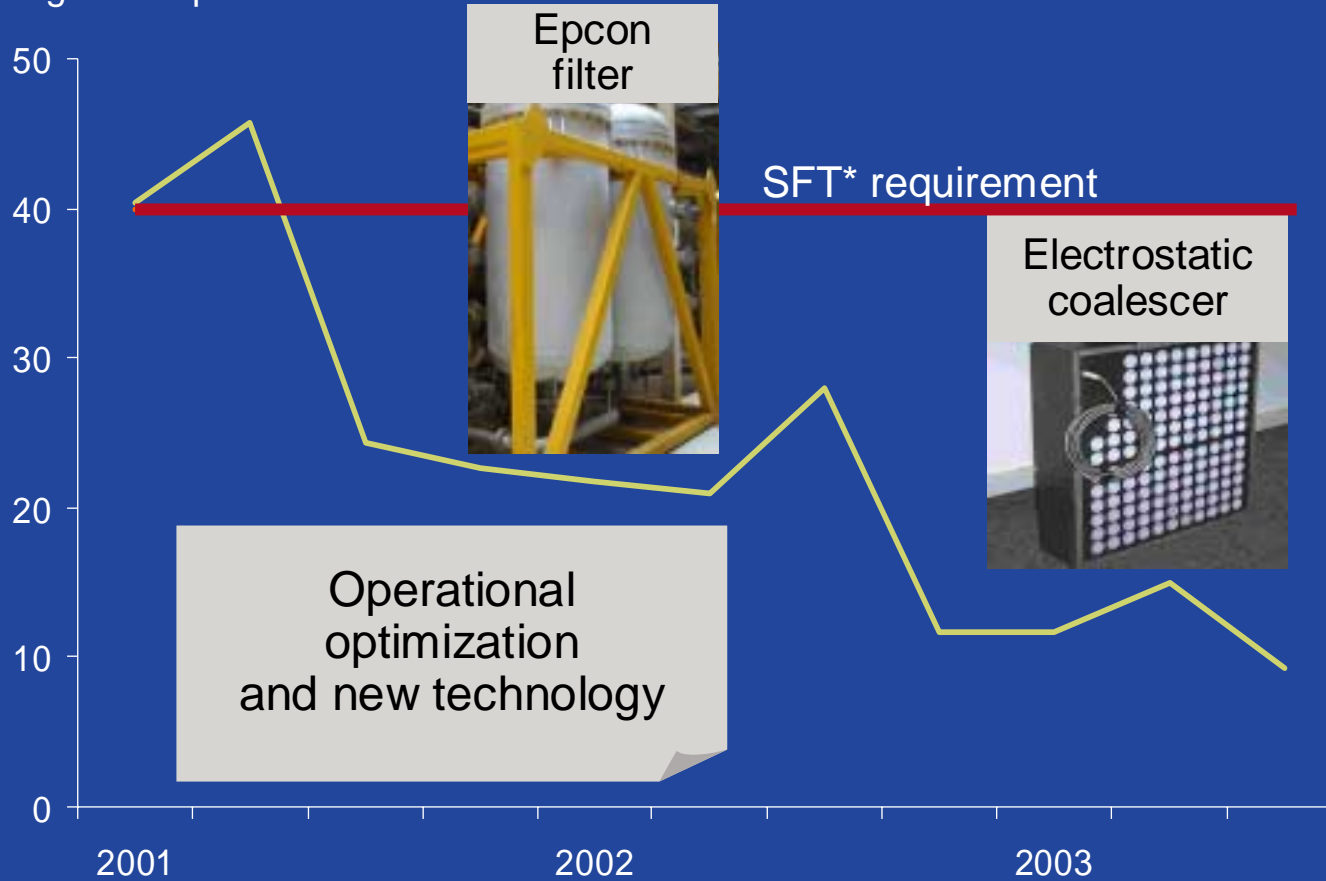
Positive development in injury rate on Hydro operated fields

Personnel injuries
per million work hours



Respect for the environment Troll C reduces discharges to sea

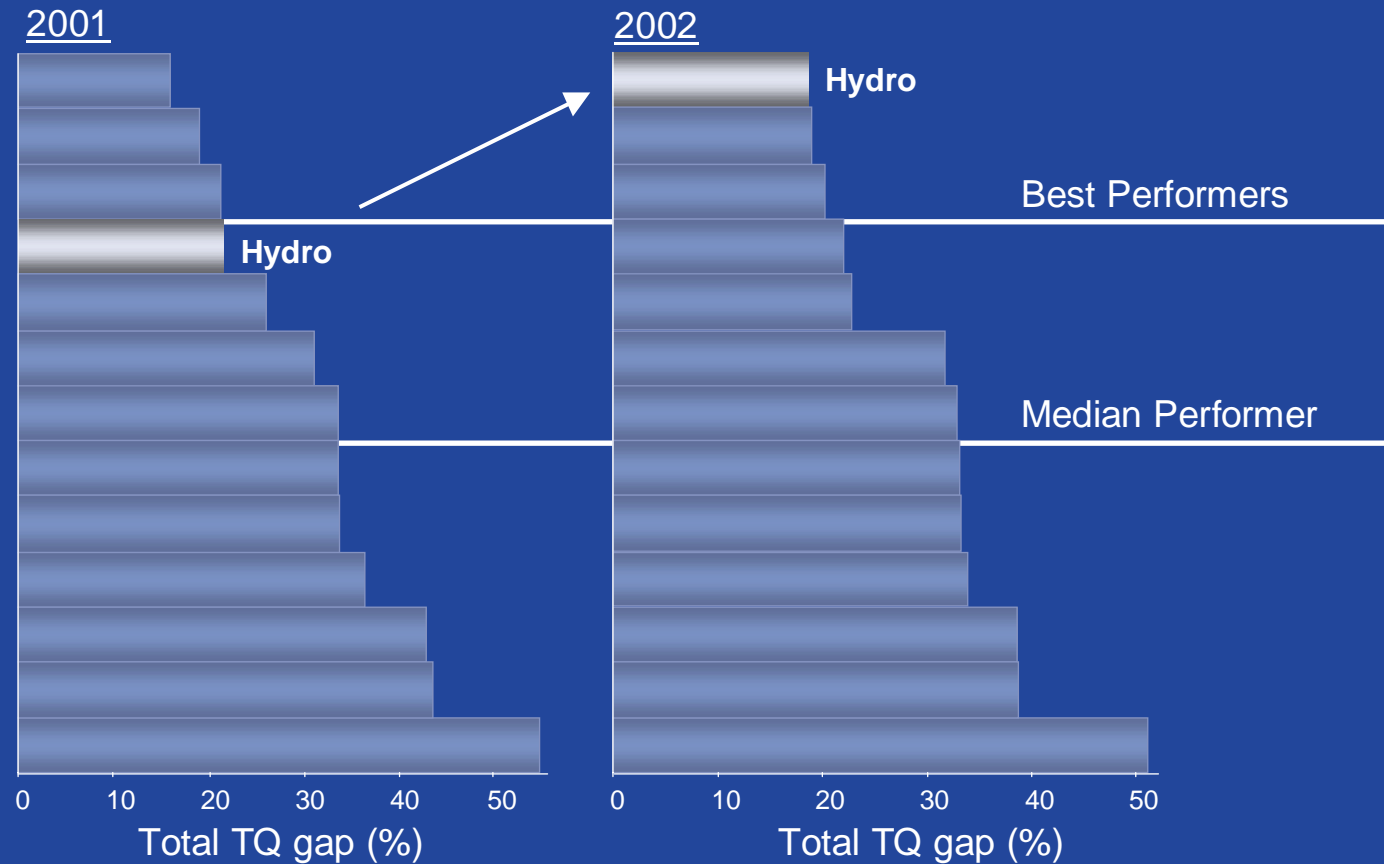
Mg/l Oil in produced water



*Pollution Control Agency

An efficient offshore operator

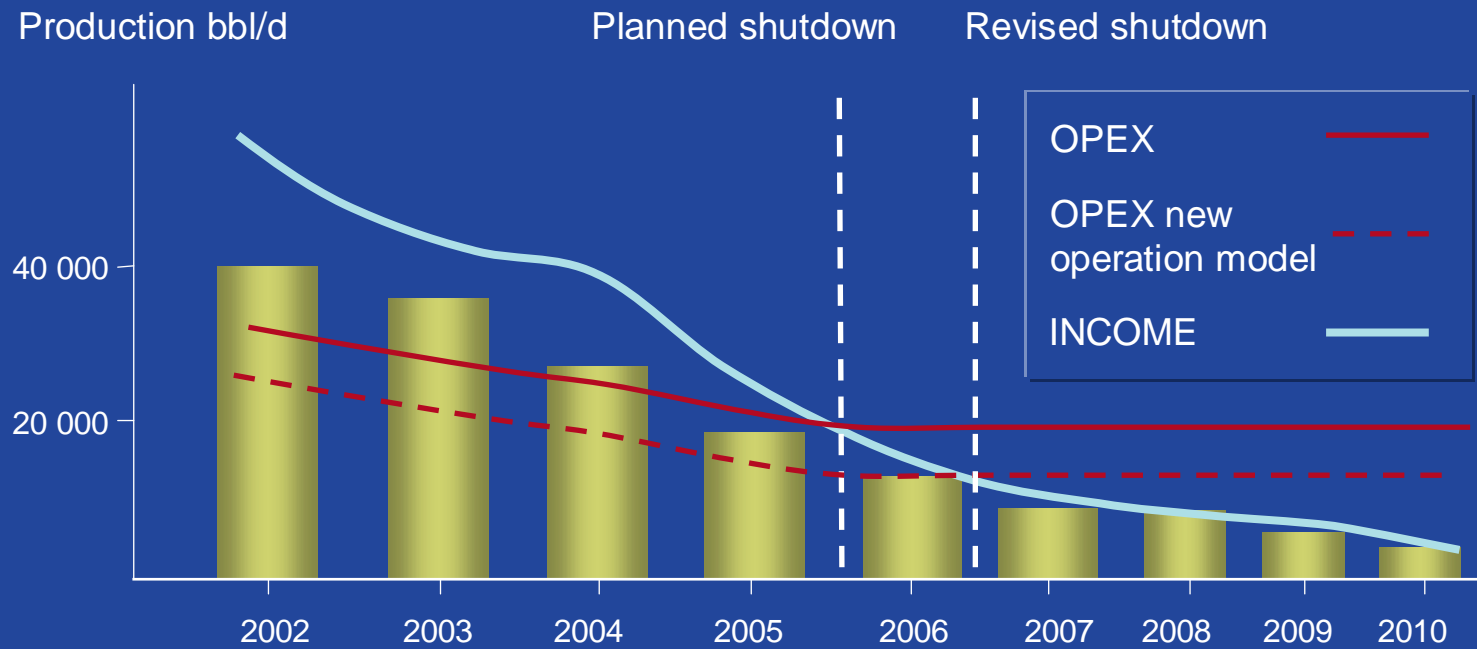
McKinsey Benchmark 2002 (Norway and UK North Central)



Source: McKinsey 2002

More efficient operations extend Brage life

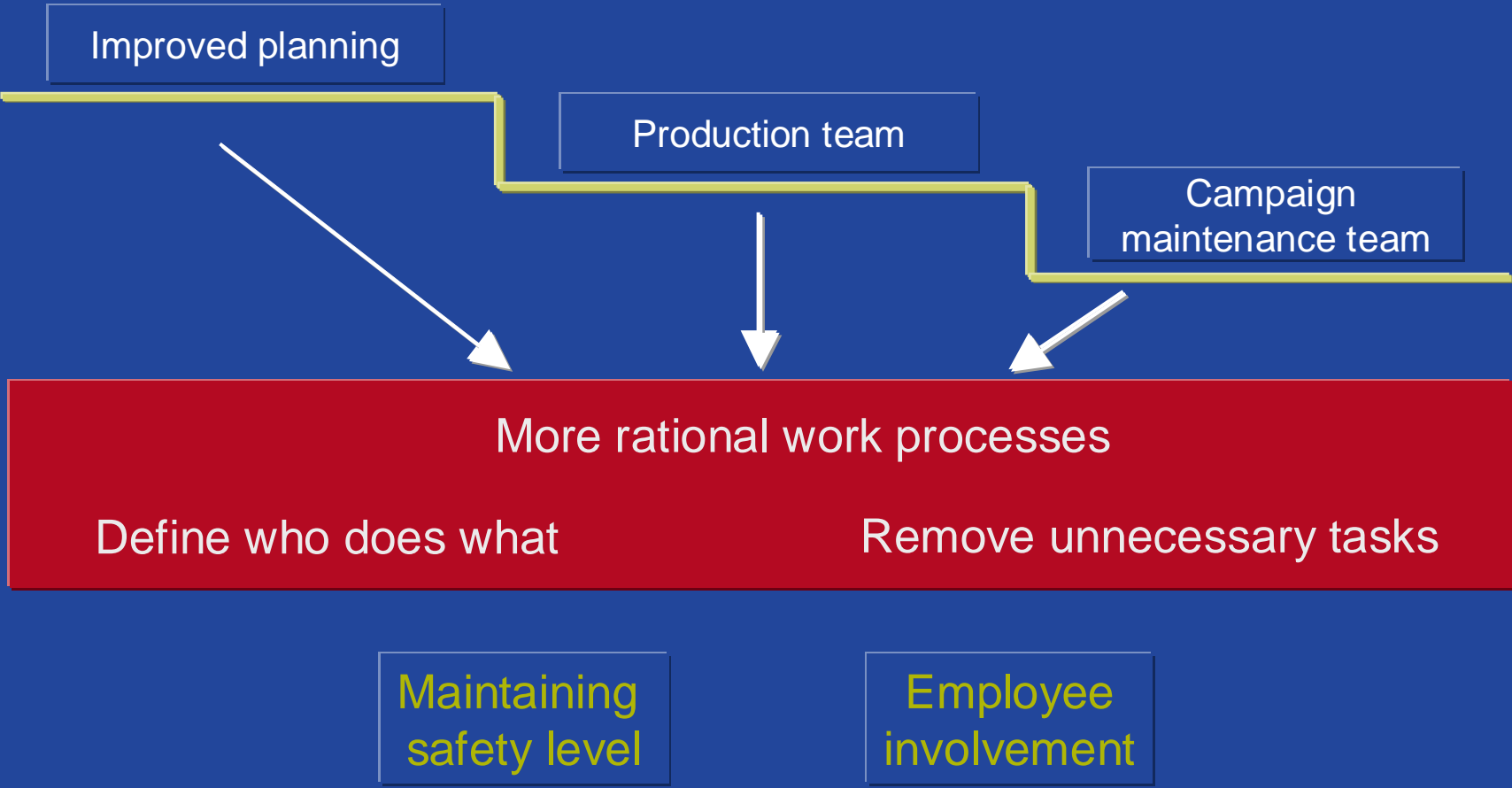
OPEX reduction extends lifetime by 1-2 years



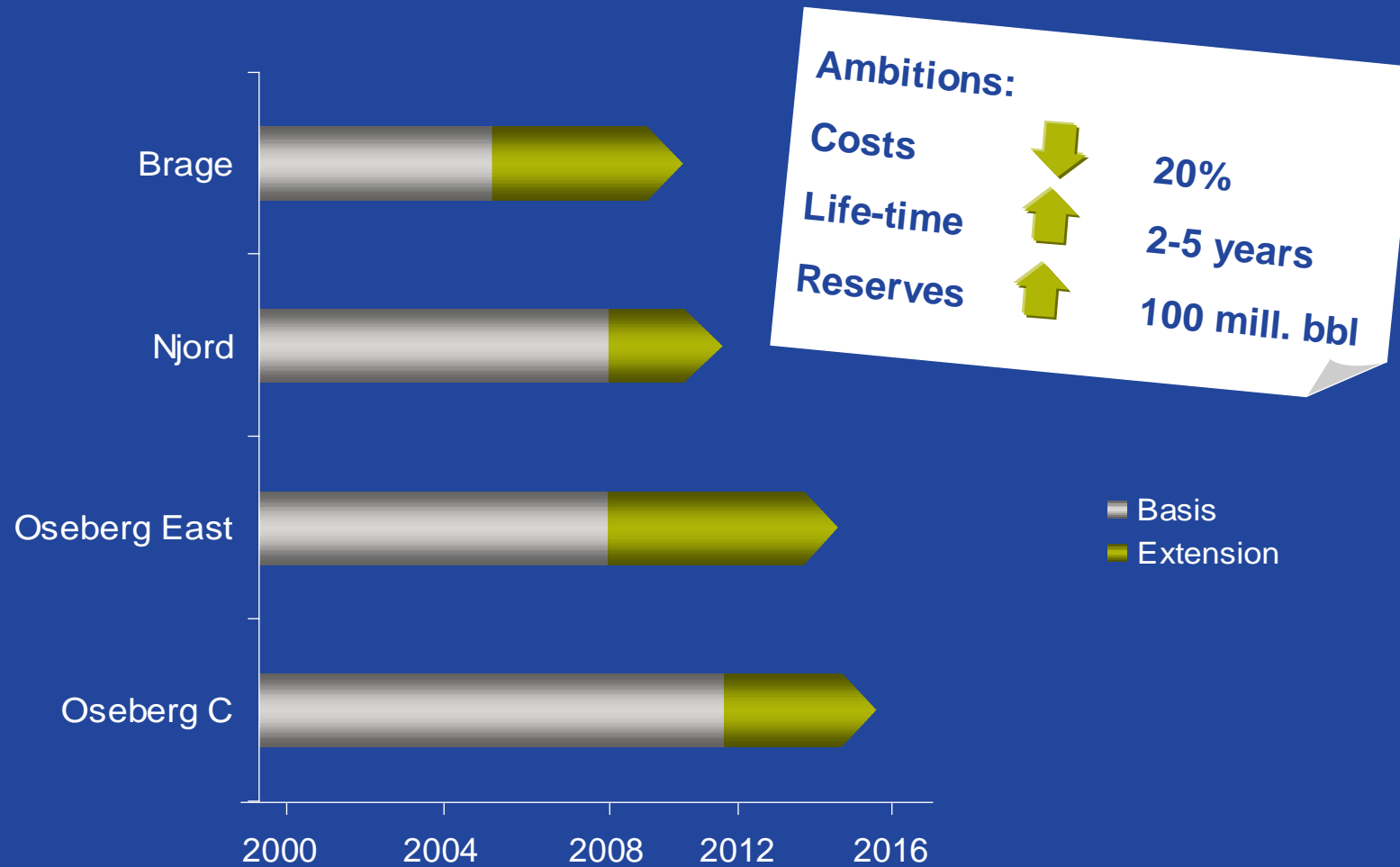
New wells can further extend life by 1-5 years

Key elements in new Brage organisation

Operating cost reduction of approx. NOK 100 million – 25%

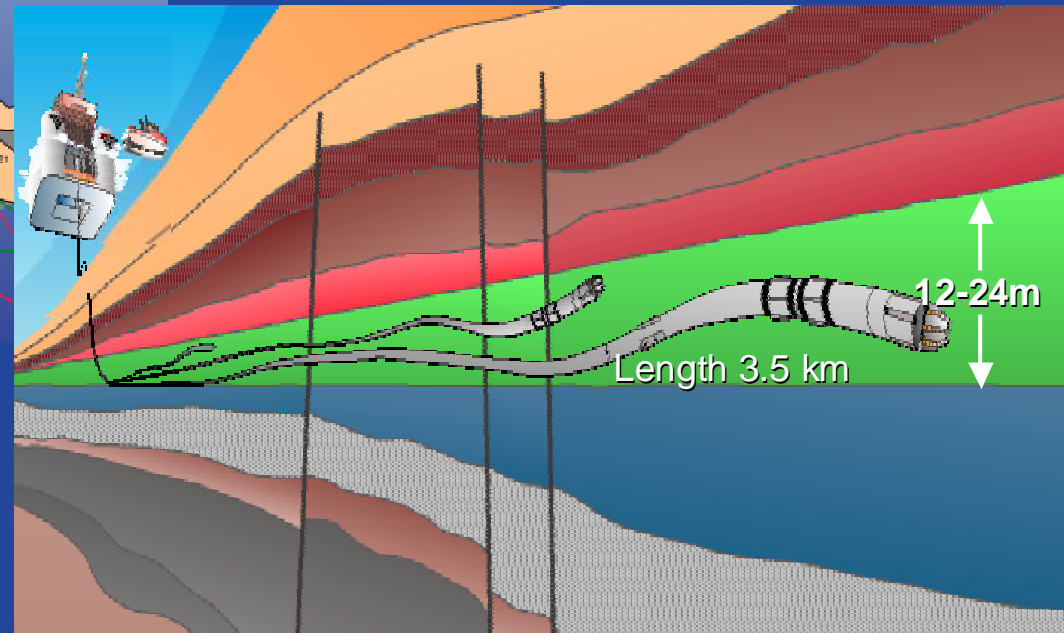
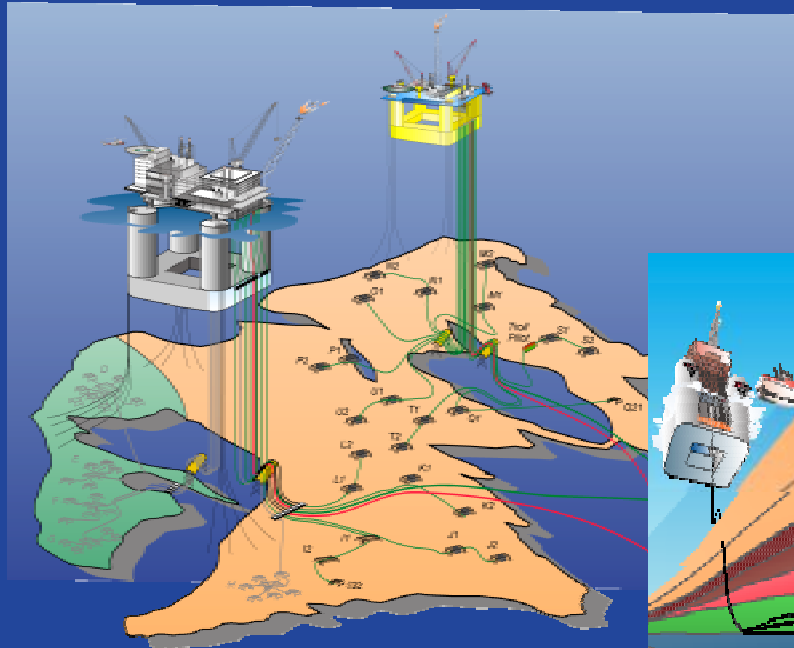


Ambitions to extend production life



Courage to push technological boundaries

Horizontal well no. 100 drilled on Troll Oil



Advanced drilling technology has created 1 400 million barrels of oil on Troll

1986: Reserves: 0

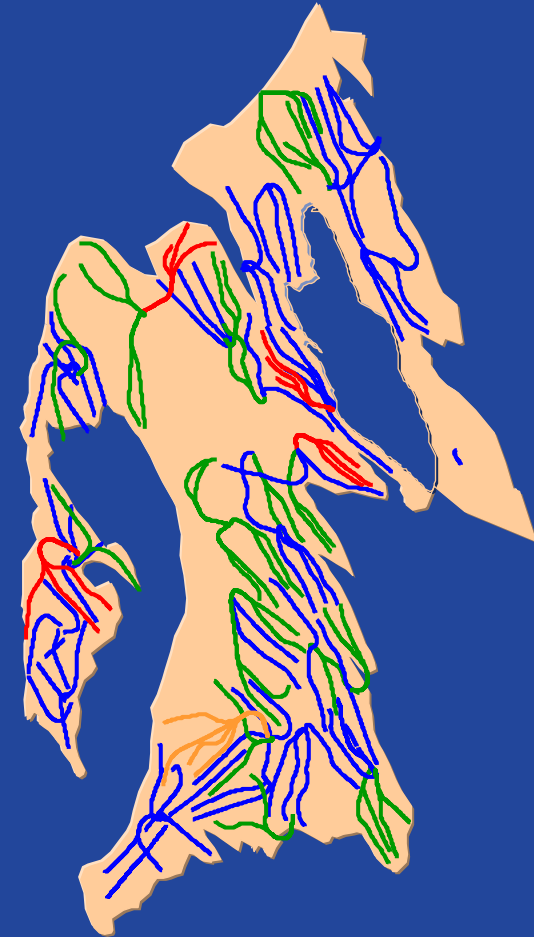
1997: 23 wells
Reserve estimate: 1 200 mill. bbl

2000: 62 wells
Reserve estimate: 1 330 mill. bbl

2003: 100 wells
Reserve estimate: 1 400 mill. bbl

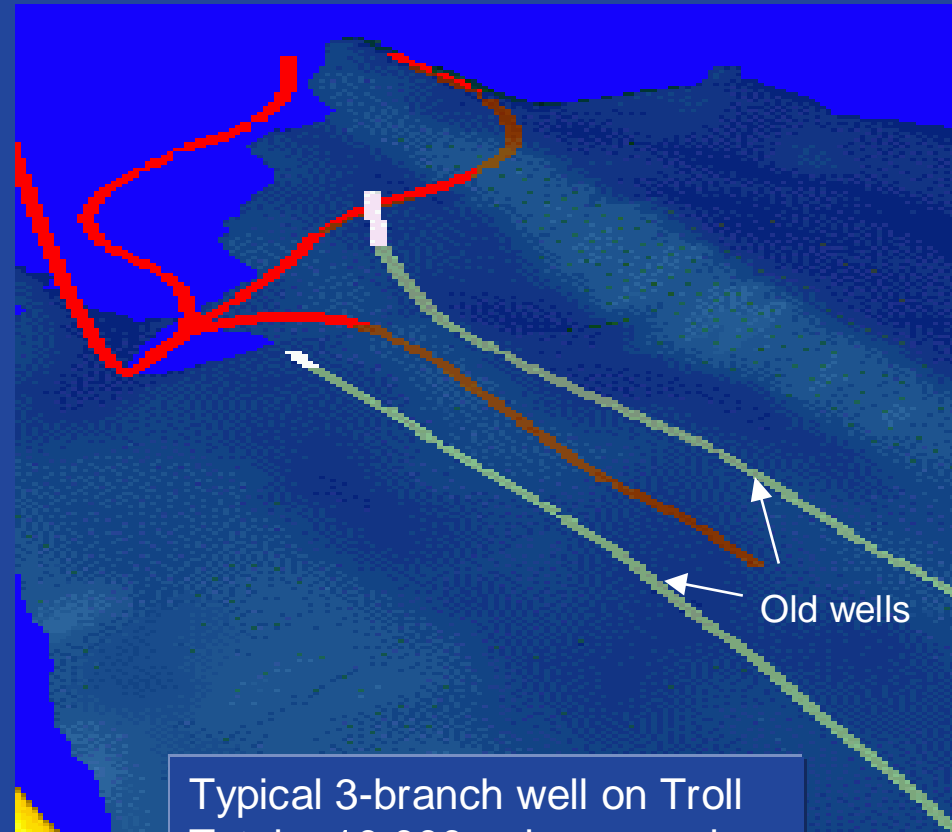
- Triple-branch wells
- Dual-branch wells
- Single horizontal wells

21 dual-branch and 4 triple-branch wells



Multilateral wells make new reserves profitable

- Hydro has drilled 30 of 60 multilateral wells in the North Sea area
- Multilateral wells make smaller oil pockets profitable (from 2 mill. bbl to 1 mill. bbl)

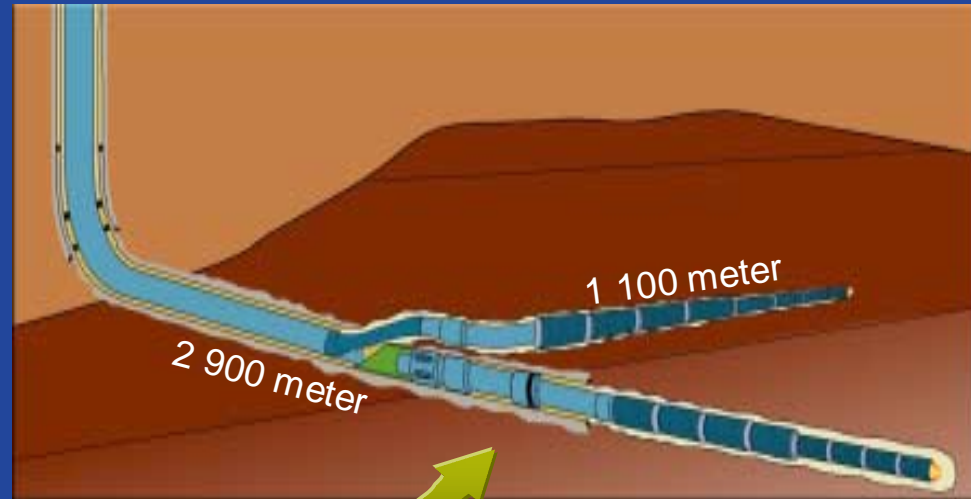
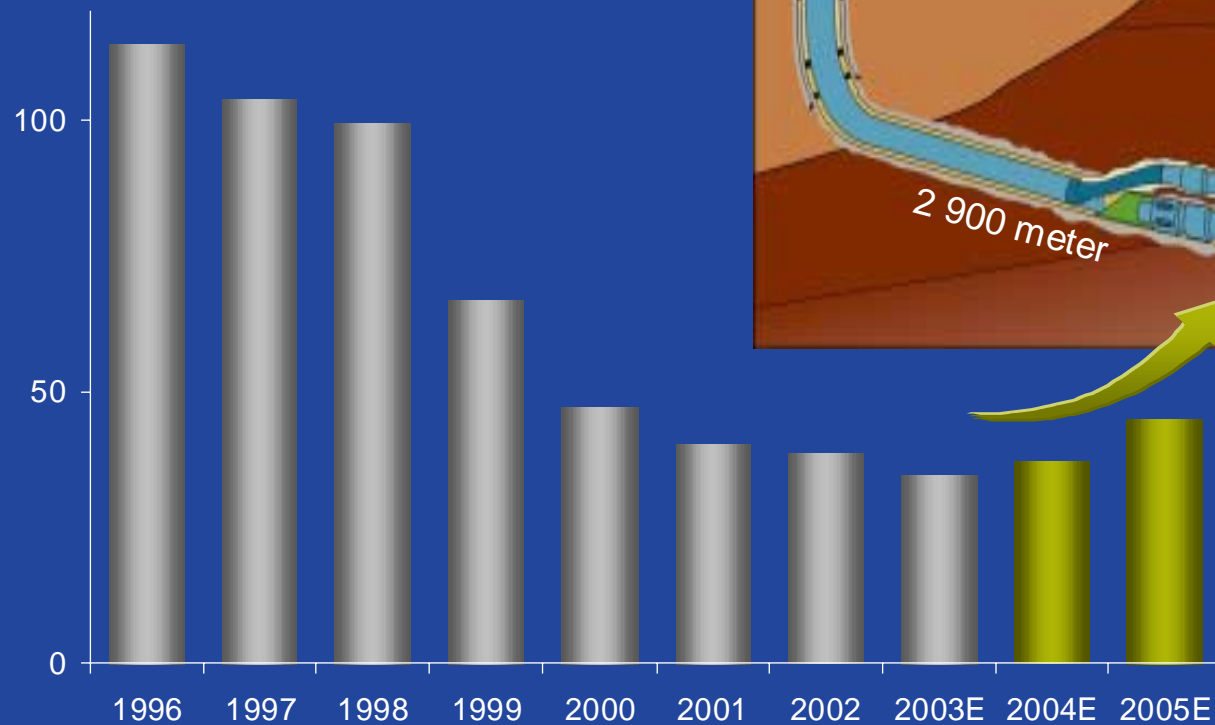


Typical 3-branch well on Troll
Total ~ 10 000 m in reservoir

Advanced drilling provides increased production on mature fields

Brage

Oil production 1 000 bbl/d



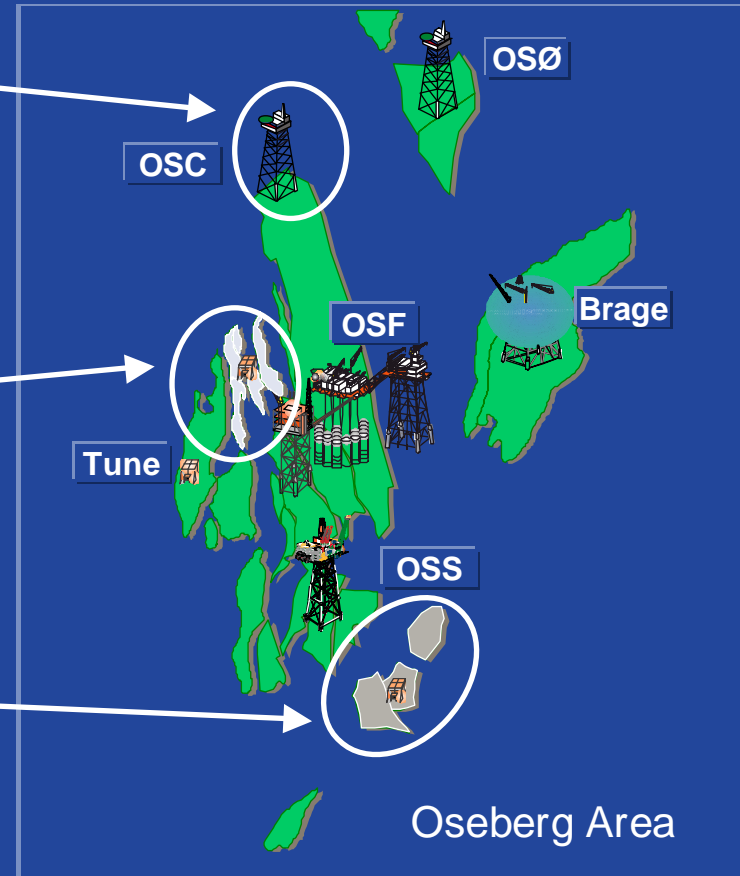
Foresight to further develop core areas

New projects increase reserves by ~ 70 million bbl

- Oseberg C Gas module
 - Additional reserves: 15 million bbl oil

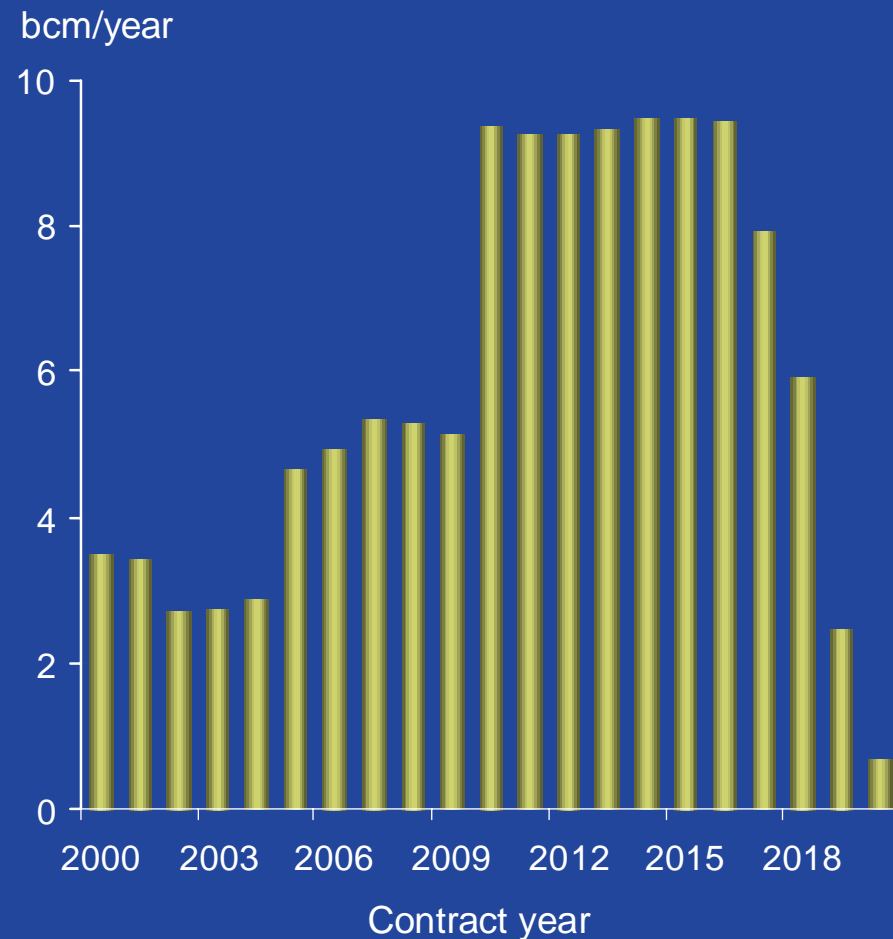
- Vestflanken
 - Reserves: 30 million bbl oil, 5 bcm gas

- Oseberg South J structure
 - Reserves: 24 million bbl oil



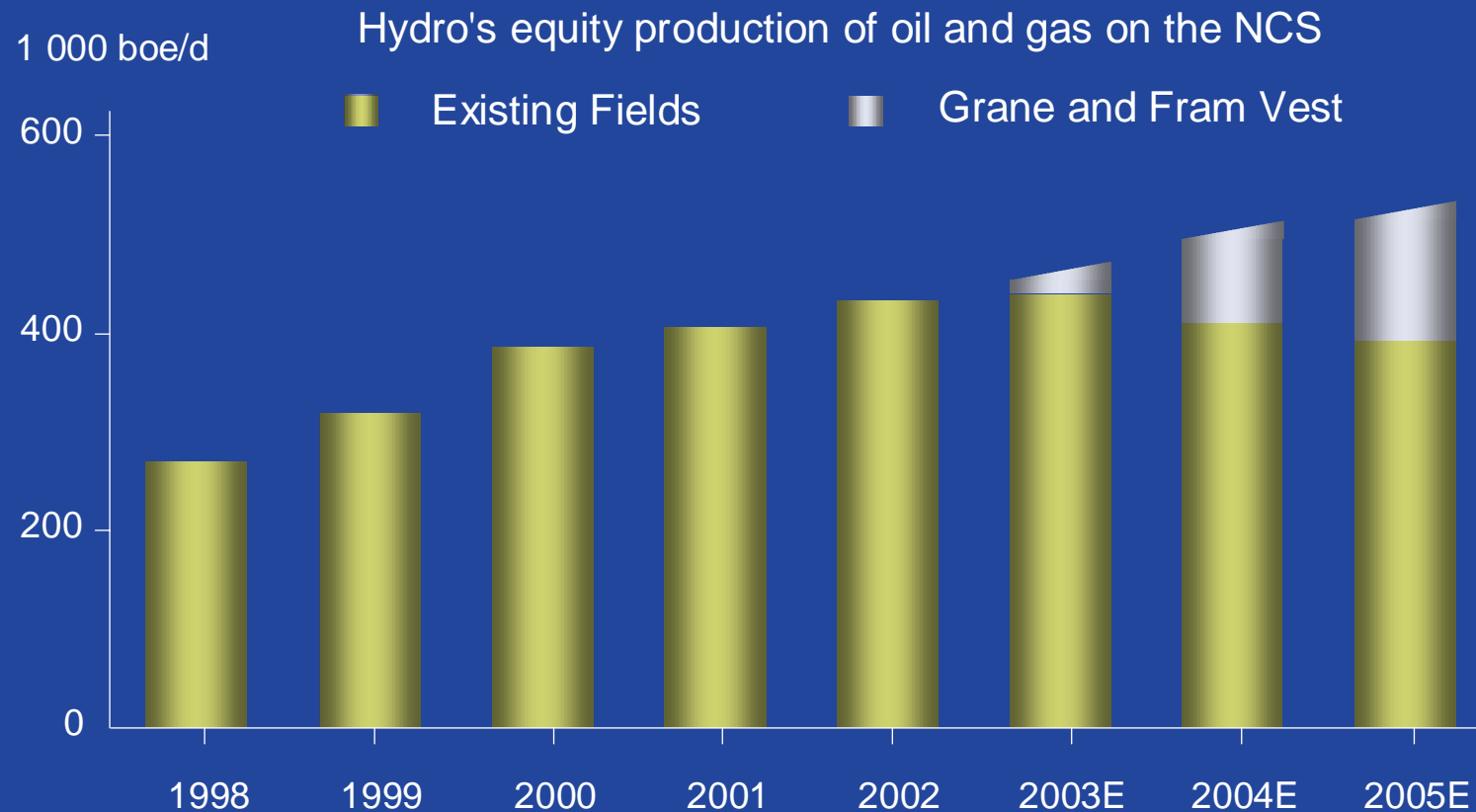
Oseberg – an increasingly important centre for gas exports

- Flexibility for swing production
- Investments already made
- Remaining reserves*:
116 bcm



Based on OED Fact Sheet
* incl. TOGI

Grane and Fram Vest contribute to continued strong production growth for Hydro



Successful project execution through cooperation with contractors

Grane – largest new Oil Development in Norway

- Discovered: 1991
- Plan for Development and Operations approved: June 2000
- Main Contractor: Aker Kværner
- Started: September 2003

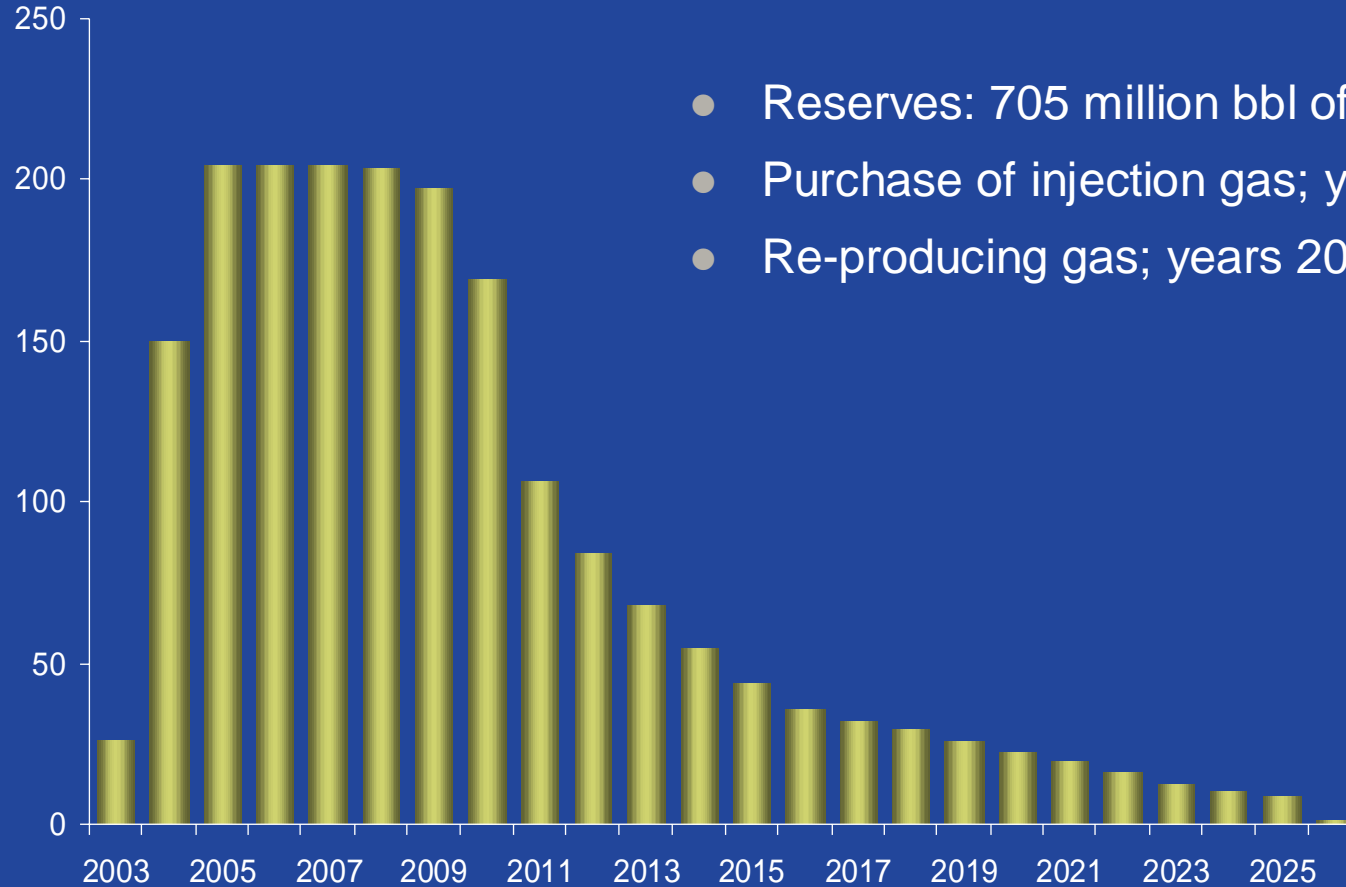


1.5 Bn NOK below budget – 1 month ahead of schedule

20 years+ of Grane production

Oil production

1 000 bbl/d
250



- Reserves: 705 million bbl of oil
- Purchase of injection gas; years 2003-2011
- Re-producing gas; years 2026-2032

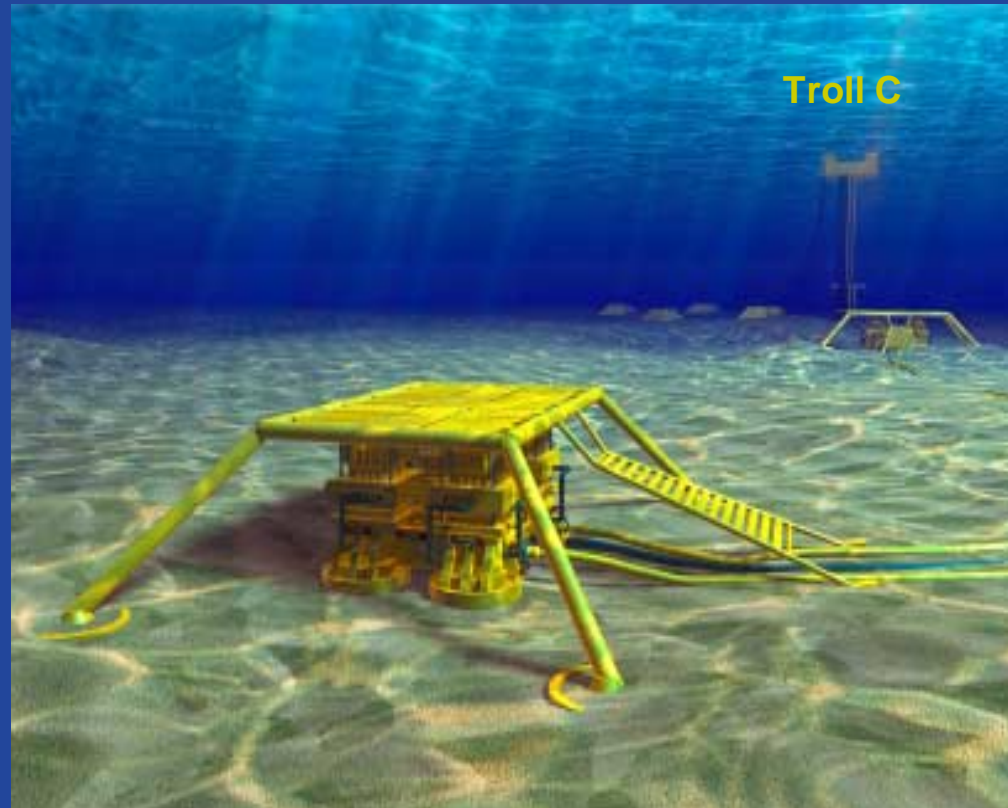


HYDRO

Determination means defining a goal and staying the course

Fram Vest

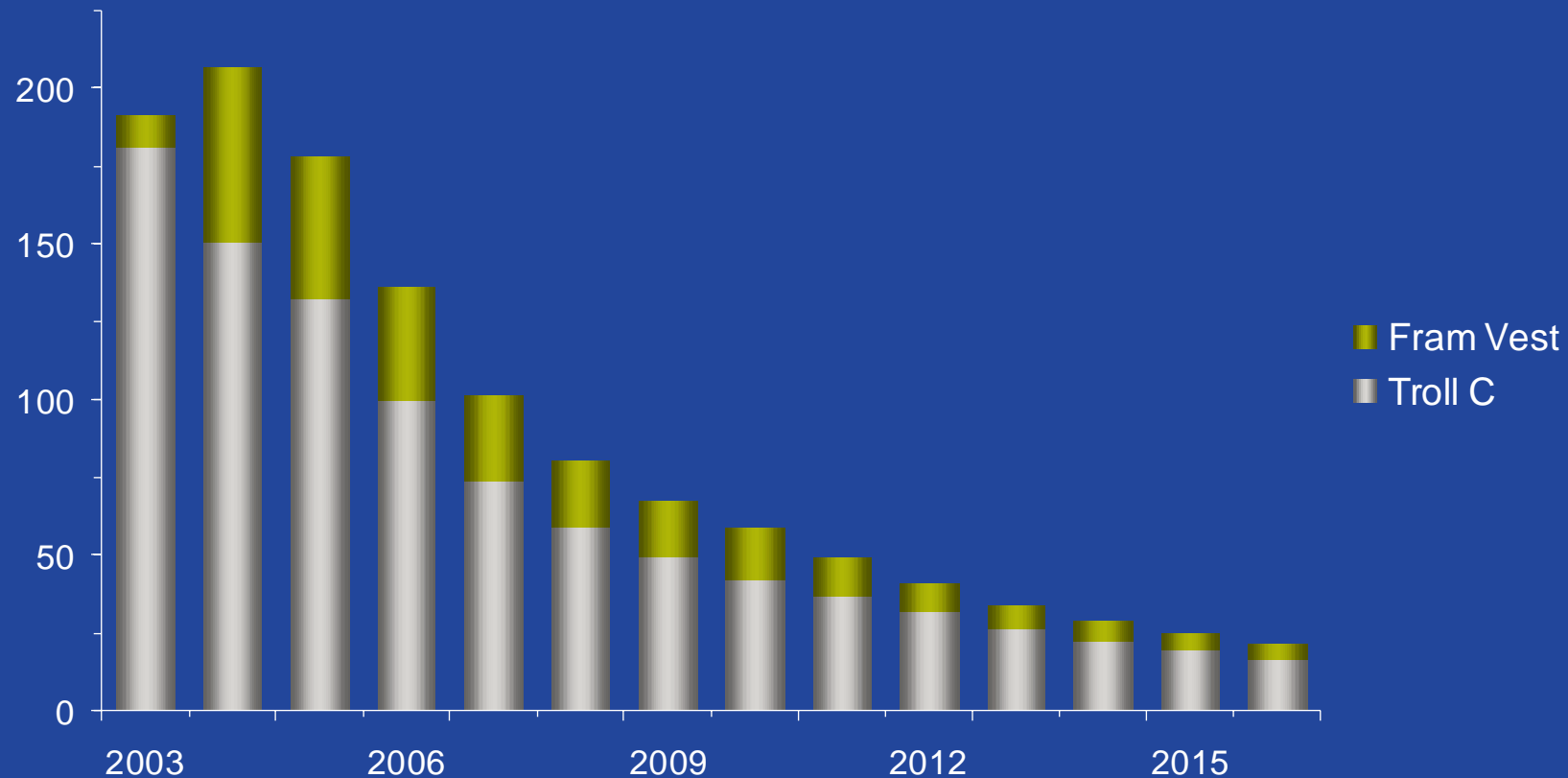
- Started on time:
October 2, 2003
- Subsea development
25 km from Troll C
- 650 million NOK (20%)
below budget
- Hydro 25% share



Fram Vest contributes to extended life for existing infrastructure

Expected production
1 000 bbl/d

Reserves: 100 million bbl oil, 8 bcm gas



Summary

- Continuous focus on Health, Safety and Environment
- Cost-effective operations and advanced drilling increase oil recovery and extend field life
- Maximizing values in Hydro's core areas on the NCS by successful project execution and use of existing infrastructure

Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

With respect to each non-GAAP financial measure Hydro uses in connection with its financial reporting and other public communications, Hydro provides a presentation of what Hydro believes to be the most directly comparable GAAP financial measure and a reconciliation between the non-GAAP and GAAP measures. This information can be found in Hydro's earnings press releases, quarterly reports and other written communications, all of which have been posted to Hydro's website (www.hydro.com).