

BR1

CHWP000

This form should be completed in black.

Return delivered for registration of a branch of an overseas company

(Pursuant to Schedule 21A, paragraph 1 of the Companies Act 1985)

021714

Corporate name (See note 5)
Business name
Country of Incorporation
Identity of register
Legal form

Form containing registration details: CN FC 25661, BN BR 007940, NORWEGIAN OIL SERVICES AS, NORWAY, THE BRØNNØYSUND REGISTER CENTRE, and registration no. 932 436 981.

1 See note 2

PART A - COMPANY DETAILS 1

* State whether the company is a credit or financial institution

* Is the company subject to Section 699A of the Companies Act 1985?

YES [] NO [x]

(1) These boxes need not be completed by companies formed in EC member states

Governing law (See note 4)

Norwegian BUSINESS ENTERPRISE REGISTRATION ACT 1985

Accounting requirements

Period for which the company is required to prepare accounts by parent law. from 01.01 to 31.12
Period allowed for the preparation and public disclosure of accounts for the above period 6 months



A05 COMPANIES HOUSE 0063
COMPANIES HOUSE 16/12/04
COMPANIES HOUSE 07/12/04
A10 0480
COMPANIES HOUSE 30/10/04

(2) This box need NOT be completed by companies from EC member states, OR where the constitutional documents of the company already show this information.

Address of principal place of business in home country

c/o Fa. Bente Wilhelmsen

Rådhusgaten 23B, N-0158 Oslo, Norway

Objects of company

See attached Articles of Association § 2

Issued share capital

NOK 703.000,-

Currency NOK

Company Secretary(ies)

(See note 10)

Name

* Style / Title _____

Forenames Bente

Surname Wilhelmsen

* Voluntary details

* Honours etc. _____

Previous Forenames _____

Previous surname _____

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985 otherwise, give your usual residential address. In the case of a corporation, give the registered or principal office address.

Address ††

Rådhusgaten 23B

Post town Oslo

County / Region Oslo

Postcode NO158

Country Norway

Company Secretary(ies)

(See note 10)

Name

* Style / Title _____

Forenames _____

Surname _____

* Voluntary details

* Honours etc. _____

Previous Forenames _____

Previous surname _____

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985 otherwise, give your usual residential address. In the case of a corporation, give the registered or principal office address.

Address ††

Post town _____

County / Region _____

Postcode _____

Country _____

(You may photocopy this page if required)

Directors

(See note 10)

Name

*Style/Title MR

Forenames Leoned

Surname Tiahlo

* Honours etc. _____

Previous Forenames _____

Previous surname _____

Address
24 ROSEMONT ROAD

Post town RICHMOND

County / Region SURREY

Postcode TW106QL Country ENGLAND

Day Month Year

Date of Birth

2	5	0	1	1	9	4	9
---	---	---	---	---	---	---	---

Nationality BRITISH

Business Occupation DIRECTOR

Other Directorships DRAKE ENERGY LIMITED

SCOPE OF AUTHORITY

Give brief particulars of the extent of the powers exercised. (e.g. whether they are limited to powers expressly conferred by the instrument of appointment; or whether they are subject to express limitations.) Where the powers are exercised jointly give the name(s) of the person(s) concerned. You may cross refer to the details of person(s) disclosed elsewhere on the form.

The extent of the authority to represent the company is:- (give details)

Full authority without limitation to represent the company in Norway

and at the branch.

These powers:-

Mark box(es) as appropriate

May be exercised alone

OR

Must be exercised with:-
(Give name(s) of co-authorised person(s))

(You may photocopy this page as required)

Directors

(See note 10)

Name

* Voluntary details

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985 otherwise, give your usual residential address. In the case of a corporation, give the registered or principal office address

Address ††

SCOPE OF AUTHORITY

Give brief particulars of the extent of the powers exercised. (e.g. whether they are limited to powers expressly conferred by the instrument of appointment; or whether they are subject to express limitations.) Where the powers are exercised jointly give the name(s) of the person(s) concerned. You may cross refer to the details of person(s) disclosed elsewhere on the form.

Mark box(es) as appropriate

(You may photocopy this page as required)

* Style / Title _____										
Forenames _____										
Surname _____										
* Honours etc. _____										
Previous Forenames _____										
Previous surname _____										

Post town _____										
County / Region _____										
Postcode _____ Country _____										
Day Month Year										
Date of Birth <table border="1"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Nationality _____										
Business Occupation _____										
Other Directorships _____										

The extent of the authority to represent the company is :- (give details)										

These powers :-										
# <input type="checkbox"/> May be exercised alone										
OR										
# <input type="checkbox"/> Must be exercised with :-										
(Give name(s) of co-authorised person(s))										

Constitution of company

to 9)

(See notes 6

Mark box(es)
as applicable

A certified copy of the instrument constituting or defining the constitution of the company
 AND
 * A certified translation
 * is / are delivered for registration

* Delete as applicable

AND/OR

A certified copy of the constitutional documents and latest accounts of the company, together with a certified translation of them if they are not in the English language, must accompany

A copy of the latest accounts of the company
 AND
 * A certified translation
 * is / are delivered for registration

AND/OR

The company may rely on constitutional and accounting documents previously filed in respect of another branch registered in the United Kingdom.

The Constitutional documents (* and certified translations)
 AND / OR
 The latest accounts (* and certified translations)
 of the company were previously delivered on the registration of the branch of the company at :-
 Cardiff Edinburgh Belfast
 Registration no.

AND/OR

The company may rely on particulars about the company previously filed in respect of another branch in that part of Great Britain, provided that any alterations have been notified to the Registrar.

the particulars about the company were previously delivered in respect of a branch of the company registered at THIS registry.
 Registration no.

AND/OR

The company may also rely on constitutional documents and particulars about the company officers previously filed in respect of a former Place of Business of that company, provided that any alterations have been notified to the Registrar.

The Constitutional documents (* and certified translation)
 AND / OR
 Particulars of the current directors and secretary(ies)
 were previously delivered in respect of a place of business of the company registered at THIS registry.
 Registration no.

NOTE :- In all cases, the registration number of the branch or place of

PART B - BRANCH DETAILS

Persons authorised to represent the company or accept service of process

Give details of all persons who are authorised to represent the company as permanent representatives of the company in respect of the business of the branch.

Give details also of all persons resident in Great Britain, who are authorised to accept service or process on the company's behalf.

*Delete as appropriate

SCOPE OF AUTHORITY

(This part does not apply to a person only authorised to accept service on behalf of the company).

Give brief particulars of the extent of the powers exercised, (e.g. whether they are limited to powers expressly conferred by the instrument of appointment; or whether they are subject to express limitations.)

Where the powers are exercised jointly give the name(s) of the person(s) concerned. You may cross refer to the details of person(s) disclosed elsewhere on the form.

Mark box(es) as appropriate

* Style / Title <u>MR</u>	
Forenames <u>Leoned</u>	
Surname <u>Tiahlo</u>	
Address <u>24 Rosemount Road, Richmond</u>	
Post town <u>London</u>	
County/Region <u>Surrey</u>	Postcode <u>TW10 6QL</u>
Is # <input checked="" type="checkbox"/>	Authorised to accept service of process on the company's behalf
*AND/OR	
Is # <input checked="" type="checkbox"/>	Authorised to represent the company in relation to that business
The extent of the authority to represent the company is:- (give details)	
<u>Full authority without limitation to represent the company in Norway</u>	
<u>and at the branch.</u>	
These powers:-	
# <input checked="" type="checkbox"/>	May be exercised alone
# <input type="checkbox"/>	OR
# <input type="checkbox"/>	Must be exercised with:- (Give name(s) of co-authorised person(s))

Persons authorised to represent the company or accept service of process

Give details of all persons who are authorised to represent the company as permanent representatives of the company in respect of the business of the branch.

Give details also of all persons resident in Great Britain, who are authorised to accept service or process on the company's behalf.

* Delete as appropriate

SCOPE OF AUTHORITY

(This part does not apply to a person only authorised to accept service on behalf of the company)

Give brief particulars of the extent of the powers exercised. (e.g. whether they are limited to powers expressly conferred by the instrument of appointment; or whether they are subject to express limitations.)

Where the powers are exercised jointly give the name(s) of the person(s) concerned. You may cross refer to the details of person(s) disclosed elsewhere on the form.

Mark box(es) as appropriate

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985 otherwise, give your usual residential address. In the case of a corporation, give the registered or principal office address.

(You may photocopy this page as required)

* Style / Title _____

Forenames _____

Surname _____

Address †† _____

Post town _____

County / Region _____ Postcode _____

Is # Authorised to accept service of process on the company's behalf
 * AND/OR

Is # Authorised to represent the company in relation to that business
 The extent of the authority to represent the company is :- (give details)

These powers :-

May be exercised alone

OR

Must be exercised with :-
 (Give name(s) of co-authorised person(s))

Address of branch

(See note 11)

Address 17 / 19 COCKSPUR STREET 3RD FLOOR

Post town LONDON

County / Region LONDON UK Postcode SW15BL

Branch Details

(See note 12)

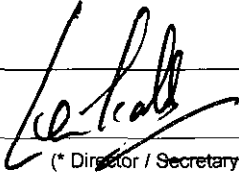
	Day	Month	Year
Date branch opened	01	07	2004

Business carried on at branch _____

BUSINESS DEVELOPMENT FOR INTERNATIONAL OIL AND GAS

EXPLORATION AND PRODUCTION

SIGNATURE

Signed  _____

(* Director / Secretary / Permanent representative)

Date 27.10.2004

This form contains continuation sheets.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Name _____

Address _____

_____ Postcode _____

Telephone _____ Extension _____

When completed, this form together with any enclosures should be delivered to the Registrar of Companies at

For branches established in England and Wales

For branches established in Scotland

Companies House
Crown Way
Cardiff
CF14 3UZ

Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

DX 235 Edinburgh
or LP - 4 Edinburgh 2

THE BRØNNØYSUND REGISTER CENTRE

Organization number: 932 436 981

Limited Company

Date of incorporation: 1982-05-10

Transferred to the Register of
Business Enterprises: 1989-04-07

Name: NORWEGIAN OIL SERVICES AS

Business address: Rådhusgaten 23 B
c/o Reg Revisor Bente Wilhelmsen
0158 OSLO

Municipality: 0301 OSLO

Country: Norway

Share capital NOK: 263,000.00
The capital is fully paid-upGeneral manager/Managing director:
Leoned Tiahlo

Board of Directors:

Chairman of the Board:
Leoned Tiahlo
24 Rosemont RD Richmond
TW106QL Surrey
GREAT BRITAINDeputy board member(s):
Christine Varnavides

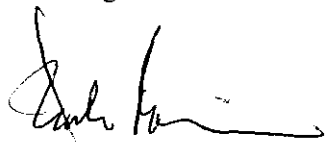
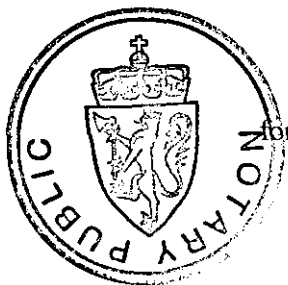
Signature:

Each board member signs for the business enterprise.

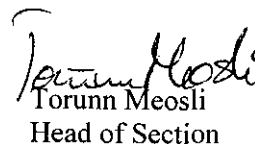
Auditor:

Auditor number: 948 275 309
KARL MARTIN EMBLEMSVÅG
Bånkallstubben 14
0964 OSLO

State authorized public accountant

BRØNNØYSUNDREGISTRENE
The Brønnøysund Register CentreForetaksregisteret, 2004-10-19
The Register of Business EnterprisesHandwritten signature of Erik Fossum.Erik Fossum
Notary Public

for the Brønnøysund Register Centre

Handwritten signature of Torunn Meosli.Torunn Meosli
Head of Section



Brønnøysundregistrene

The Register of Business Enterprises, 8910 Brønnøysund
Organization number 974 760 673
Internet address: <http://www.brreg.no>

Information department: +47 75 00 75 00
Fax: +47 75 00 75 05

The certificate of registration contains information concerning one particular business enterprise registered in the Register of Business Enterprises, identified by its organization number.

The information contained in the certificate will only pertain to matters registered in the Register of Business Enterprises as of the date of the printout.

Matters for which notification is required and for which notification has not been given, and which are contrary to what has been registered, cannot be brought to bear against a third party, unless said third party was aware of or should have been aware of the matters, cf. the Norwegian Business Enterprise Registration Act § 10-1.

Any person has the right of access to the information registered in the Register of Business Enterprises. This does not apply to (Norwegian) personal identity numbers.

We would like to draw your attention to the fact that as of 1998-07-10, the format and paper quality of the certificate of registration have been changed.

Advokatfirma Aabø-Evensen & Co AS
Postboks 6944 St. Olavsplass
0130 OSLO

Your ref.	Our ref.	Files	Date
Finn Eirik Winther	1852/04 SB-HID		2004-11-24

CONFIRMATION

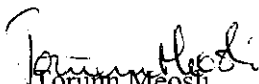
DNO EXPLORATIONS SCANDINAVIA AS, organization number 932 436 981, was transferred to the Register of Business Enterprises on 7 April 1989.

In the notification registered in the Register of Business Enterprises on 16 December 2003 the following change regarding the name was registered:

Name: **NORWEGIAN OIL SERVICES AS**

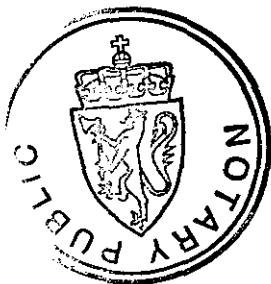
After this latest change no further changes have been registered in the Register of Business Enterprises regarding the name.


BRØNNØYSUNDREGISTRENE – Opplysningsavdelingen
THE BRØNNØYSUND REGISTER CENTRE – The Department of Distribution


Torunn Meoshi
Head of Section




Hild Dybdahl
Junior Executive Officer




Geir Ebbesen
Notary Public
for the Brønnøysund Register Centre

VEDTEKTER
for
NORWEGIAN OIL SERVICES AS
ORG.NR. 932436981

å jour pr 20. oktober 2004.

§ 1

Selskapets navn er Norwegian Oil Services AS.

§ 2

Selskapets formål er undersøkelse etter, utvinning og utnyttelse av petroleum-, gass og naturforekomster, samt alt hva dermed står i forbindelse. Det kan delta sammen med andre foretagender i slik virksomhet. Selskapet kan ved aksjetegning eller på annen måte interessere seg i andre foretagende, samt i enkeltstående tilfelle yte lån og stille garanti eller sikkerhet for fremmed gjeld.

§ 3

Selskapets forretningskontor er i Oslo.

§ 4

Selskapets aksjekapital er NOK 703.000,- - kroner fordelt på 703 aksjer à NOK 1.000,-.

§ 5

Selskapets styre består av fra ett til tre medlemmer som velges for to år ad gangen. Generalforsamlingen velger også styrets formann. Har styret ett eller to medlemmer, skal dessuten velges en varamann.

Styrets formann skal ikke ha avgjørende stemme.

Selskapets firma tegnes av hvert av styrets medlemmer.

§ 6

Den ordinære generalforsamling skal behandle og avgjøre følgende saker:

1. Fastsettelse av resultatregnskap og balanse.
2. Anvendelse av årsoverskudd og dekning av underskudd i henhold til den fastsatte balanse, samt utdeling av utbytte
3. Fastsette godtgjørelse til styret og revisor
4. Valg av styre og styrets formann, samt eventuelt varamenn
5. Andre saker som er nevnt i innkallelsen

Selskapets generalforsamling ledes av styrets formann.



Erik Fossum
Erik Fossum
notarius publicus
for Brønnøysundregistrene



Torunn Meosli
Torunn Meosli
underdirektør

ARTICLES OF ASSOCIATION
for
NORWEGIAN OIL SERVICE AS
ORG. NO. 932436981

as last amended on 7 October 2004

Article 1

The company's name is Norwegian Oil Service AS.

Article 2

The company's object is to explore for, produce and exploit petroleum, gas and natural resources, and any other activities related thereto. The company may participate together with other enterprises in such activities. The company may, through subscription for shares or in some other manner invest in other enterprises, and in individual cases grant loans or furnish guarantees or security for third party debts.

Article 3

The company's registered office is in Oslo.

Article 4

The company's share capital is NOK 703,000 divided into 703 shares, each with a nominal value of NOK 1,000.

Article 5

The company's Board of Directors consists of between one and three members elected for two years at a time. The Annual general Meeting also elects the Chairman of the Board. If the Board consists of one or two members, a deputy member shall also be elected.

The Chairman of the Board shall not have a casting vote.

Each member of the Board shall be entitled to sign for the company.

Article 6

The business of the ordinary general meeting is as follows:

1. Adoption of the income statement and balance sheet.
2. Application of the profit or coverage of loss for the year in accordance with the adopted balance sheet, and the distribution of dividend.
3. Adoption of the remuneration to the Board of Directors and the auditor's fee.
4. Election of the Board of Directors and Chairman of the Board, and of any deputies.
5. Any other business that is mentioned in the notice of meeting.

The company's General Meeting shall be chaired by the Chairman of the Board.

True translation certified
Douglas Ferguson
Government Authorised Translator





Organisasjonsnr 932 436 981

AS

DNO EXPLORATIONS SCANDINAVIA AS
Postboks 1345 Vika
0113 OSLO

Retur til:
Brønnøysundregistrene
Regnskapsregisteret
8910 BRØNNØYSUND

VEDLEGG TIL ÅRSREGNSKAP 2002

Registrerte opplysninger per 15.02.2003

Eventuelle endringer dette regnskapsår

Startdato 01.01.2002

Endret startdato
(d d m m å å å å)

Avslutningsdato 31.12.2002

Endret avslutningsdato
(d d m m å å å å)

Morselskap i konsern Nei

Endret konsernforhold

Morselsk

Ikke morselsk

Må fylles ut:

Følges regnskapsreglene for små foretak?		<input checked="" type="checkbox"/>	Ja	<input type="checkbox"/>	Nei
Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den				Dato	031203
Sted/dato	OSLO 3/12/03	Underskrift av representant for selskapet			

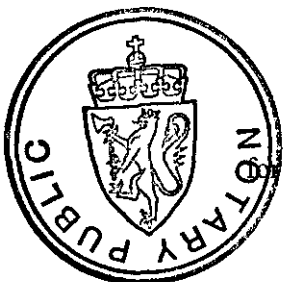
Bare til bruk for Regnskapsregisteret

K	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rets	<input type="checkbox"/>
G	<input checked="" type="checkbox"/>	Nyve	<input type="checkbox"/>	Admr	<input type="checkbox"/>	Kregn	Ja	<input type="checkbox"/>	Nei	<input checked="" type="checkbox"/>	Uti kregn	<input type="checkbox"/>							
M	<input type="checkbox"/>	V	<input type="checkbox"/>	Ant.s regn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Ant.s totalt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	ov.b	årsb	res	bal	e.bal	gj.bat	rev	i-rev	k-res	k-bal	k-n	k-rev	i-k-rev	n					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	alm.n	kto	d.k																brev

DNO Explorations Scandinavia AS

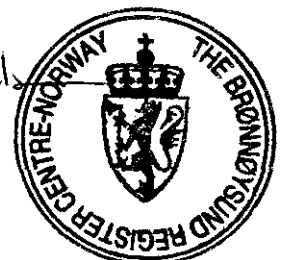
Resultat (NOK 1000) 01.01 - 31.12

	Note	2 002	2 001
DRIFTSINNETEKTER			
Driftsinntekter, olje og gass		322	1 162
Andre inntekter		193	-
Sum driftsinntekter		515	1 162
DRIFTSKOSTNADER			
Prosjektkostnader Olje og Gass	2, 3	5 157	-
Andre driftskostnader	3	247	733
Nedskrivinger	9	1 047	-
Sum driftskostnader		6 451	733
DRIFTSRESULTAT		-5 936	429
FINANSINNETEKTER OG FINANSKOSTNADER			
Andre renteinntekter		7	-
Rentekostnader til DNO ASA		-52	-
Netto gevinst (tap) på valutatransaksjoner		-89	-
Sum finansposter		-134	-
RESULTAT FØR SKATTEKOSTNAD		-6 070	429
Skatt	10	-106	-
ÅRETS RESULTAT		-6 177	429



Erik Fossum
 Erik Fossum
 Notary Public
 the Brønnøysund Register Centre

Ingvill Nilsen
 Ingvill Nilsen
 Advisor



DNO EXPLORATIONS SCANDINAVIA AS

ÅRSBERETNING 2002

Selskapet er å anse som "Små foretak", jfr. Regnskapsloven § 1-6 og § 3-3.

Selskapet har hovedkontor i Oslo og et avdelingskontor i London.

Selskapets virksomhet utgjør;

- Arbeid for a) å sikre investering i Ocean Energy Ltd (Kypros) og b) den relaterte mulighet for en direkte rett til deltagelse i et russisk oljeprosjekt.
- Utvikling av nye forretningsmuligheter i Russland og Midt-Østen
- Onshore gas prosjekt i West Virginia (USA)

Selskapets aksjekapital er tapt. Selskapet har vært delfinansiert av aksjonær og hovedkreditor DNO ASA. Selskapets årsregnskap for 2002 er avlagt under forutsetning om fortsatt drift. Selskapet leier inn ressurser (inklusive Daglig Leder), og har ingen ansatte.

Styret er i 2003 i diskusjoner med hovedkreditoren, DNO ASA, vedrørende ulike alternativer for fortsatt aktivitet og det er styrets oppfatning at utfallet av disse diskusjoner tilsier at selskapet blir solvent og at der kan sikres en stabil likviditetsmessig situasjon.

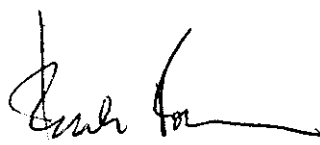
Selskapets virksomhet kan forurense det ytre miljø (USA), uten at styret er kjent med at forurensning av betydning har skjedd i 2002.

Oslo, 17. november 2003



Len Tiahlo
Administrerende direktør og Styreformann

Helge Eide
Styremedlem



Erik Fossum
Notary Public
the Brønnøysund Register Centre

Ingvill Nilsen
Ingvill Nilsen
Advisor



Ernst & Young AS
Oslo Atrium
Postboks 20
N-0051 Oslo

NO 976 389 387 MVA
Tel. +47 24 00 24 00
Fax +47 24 00 24 01
www.ey.no

Medlemmer av Den norske Revisorforening

Til generalforsamlingen i
DNO Explorations Scandinavia AS

Revisjonsberetning for 2002

Denne beretning erstatter tidligere avgitt beretning, datert 1. juli 2003, som ble avgitt ved utløpet av lovens frist for avholdelse av generalforsamling. Fullstendig årsregnskap og årsberetning var på dette tidspunkt ikke avgitt av selskapets styre og administrerende direktør.

Vi har revidert årsregnskapet for DNO Explorations Scandinavia AS for regnskapsåret 2002, som viser et underskudd på kr 6.177.415. Vi har også revidert opplysningene i årsberetningen om forutsetningen om fortsatt drift. Årsregnskapet består av resultatregnskap, balanse og noteopplysninger. Årsregnskapet og årsberetningen er avgitt av selskapets styre og administrerende direktør. Vår oppgave er å uttale oss om årsregnskapet og øvrige forhold i henhold til revisorlovens krav.

Vi har utført revisjonen i samsvar med revisorloven og god revisjonsskikk i Norge. God revisjonsskikk krever at vi planlegger og utfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon. Revisjon omfatter kontroll av utvalgte deler av materialet som underbygger informasjonen i årsregnskapet, vurdering av de benyttede regnskapsprinsipper og vesentlige regnskapsestimater, samt vurdering av innholdet i og presentasjonen av årsregnskapet. I den grad det følger av god revisjonsskikk omfatter revisjon også en gjennomgåelse av selskapets formuesforvaltning og regnskaps- og interne kontrollsystemer. Vi mener at vår revisjon gir et forsvarlig grunnlag for vår uttalelse.

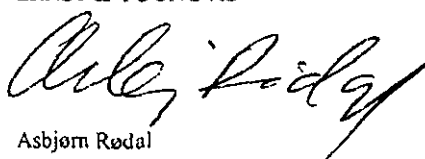
Det har i løpet av 2002 ikke vært ført regnskap løpende. Vi har så langt ikke fått forelagt revisjonsbevis som viser at det i løpet av 2003 er ført regnskap for selskapet. Forholdet er omtalt i nummerert brev til selskapet.

Vi mener at

- årsregnskapet er avgitt i samsvar med lov og forskrifter og gir et uttrykk for selskapets økonomiske stilling 31. desember 2002 og for resultatet i regnskapsåret i overensstemmelse med god regnskapsskikk i Norge
- ledelsen, på grunn av svakhetene i regnskapsrutinene som er beskrevet ovenfor, ikke har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av regnskapsopplysninger i samsvar med lov og god regnskapsskikk i Norge
- opplysningene i årsberetningen om forutsetningen om fortsatt drift er konsistent med årsregnskapet og er i samsvar med lov og forskrifter.

Uten at det har betydning for konklusjonene i avsnittet over, vil vi presisere at selskapets aksjekapital er tapt og at selskapets fortsatte drift er avhengig av finansiering fra aksjonærene eller en vesentlig resultatforbedring. Så langt har dette vært sikret ved at en av selskapets aksjonærer, DNO ASA, har finansiert selskapets drift. I innkalling til generalforsamling 3. desember 2003 fremgår at 19,7 MNOK kan bli konvertert fra mellomværende til egenkapital. Selskapet er videre, som det fremgår av årsberetningen, i diskusjoner med DNO ASA vedrørende ulike alternativer for fortsatt aktivitet. Årsregnskapet er derfor avlagt under forutsetning av fortsatt drift. Skulle selskapet likevel bli å avvike som følge av konkurs vil dette først og fremst påvirke klassifiseringen av gjeldsposter fra langsiktig til kortsiktig gjeld samt at der måtte avsettes for avviklingskostnader. Vi vil i tillegg presisere at selskapets årsberetning og årsregnskap ikke ble avgitt innen lovens frist. Selskapet har heller ikke sendt inn ligningspapirene for 2002.

Oslo, 17. november 2003
ERNST & YOUNG AS



Asbjørn Rødal
statsautorisert revisor

DNO Explorations Scandinavia AS

Balanse (NOK 1000)

Eiendeler

	Note	31.12.2002	31.12.2001
OMLØPSMIDLER			
Forskuddsbetalt skatt USA		-	1 017
Fordringer	5	417	183
Kontanter og kontantekvivalenter		438	1 067
Sum omløpsmidler		855	2 267
SUM EIENDELER		855	2 267

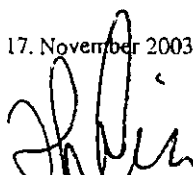
Egenkapital og gjeld

		31.12.2002	31.12.2001
EGENKAPITAL			
Innskutt egenkapital			
Aksjekapital	7	262	262
Sum innskutt egenkapital		262	262
Opptjent egenkapital			
Udekket tap	7	-24 009	-17 832
Sum opptjent egenkapital		-24 009	-17 832
Sum egenkapital		-23 747	-17 570
GJELD			
Langsiktig gjeld			
Lån prosjektfinansiering DNO ASA	8	2 336	-
Langsiktig gjeld til DNO ASA	8	19 779	19 660
Sum langsiktig gjeld		22 115	19 660
Kortsiktig gjeld			
Leverandørgjeld		1 756	-
Annen kortsiktig gjeld		730	177
Sum kortsiktig gjeld		2 486	177
Sum gjeld		24 601	19 837
SUM EGENKAPITAL OG GJELD		855	2 267



Len Tiahlo
Daglig leder
Styreformann

Oslo, 17. November 2003



Helge Eide
Styremedlem

Note 1: Regnskapsprinsipper

Regnskapet er avlagt i henhold til Regnskapsloven av 1998 og god regnskapskikk i Norge. Videre er regnskapet avlagt etter god regnskapskikk for små foretak. Ved utarbeidelsen av regnskapet må ledeisen bygge på forutsetninger og estimater som vil påvirke enkelte eiendeler og gjeldsposter. Faktiske tall kan avvike fra disse. De tilhørende noter er en integrert del av regnskapet.

Periodiserings- og vurderingsprinsipper.

Regnskapet bygger i samsvar med god regnskapskikk på transaksjons-, oppførings-, sammenstillings-, forsiktighets- og kongruensprinsippet. Sikring hensyntas.

Klassifisering.

Klassifisering av poster i regnskapet bygger på at eiendeler som knytter seg til varekretsløpet, fordringer som tilbakebetales innen ett år, samt eiendeler som ikke er bestemt til varig eie eller bruk for virksomheten er omløpsmidler. Andre eiendeler er anleggsmidler. Skillet mellom kortsiktig og langsiktig gjeld trekkes ved ett år til forfallstidspunktet. Førsteårs avdrag på langsiktig gjeld reklassifiseres ikke til kortsiktig gjeld.

Kontanter og kontantekvivalenter inkluderer kasse-, bank- og andre likvidbeholdninger samt kapitalplasseringer med forfall innen 3 måneder fra anskaffelsestidspunktet.

Periodisering, herunder betingede utfall.

Kostnadsføringen følger sammenstillingsprinsippet. Ved usikkerhet kostnadsføres tap som er sannsynlige og kvantifiserbare, mens betingede gevinster utsettes.

Transaksjoner i utenlandsk valuta

Pengeposter i utenlandsk valuta omregnes til balansedagens kurs. Realiserte og urealiserte kursgevinster og kurstap inngår i årets resultat. Transaksjoner i utenlandsk valuta regnskapsføres til gjennomsnittlig valutakurs for året.

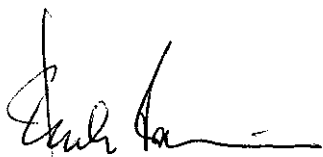
Utsatt skatt

Balanseføring av utsatt skattefordel forutsetter at fremtidig anvendelse kan sannsynliggjøres.

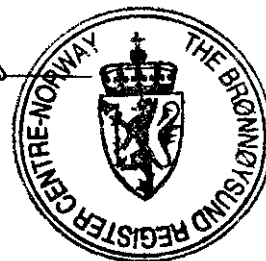
Utviklings-/prosjekt kostnader

Utviklings-/prosjekt kostnader blir utgiftsført fortløpende inntil de resulterer i noe konkret med mulig inntekspotensiale.




Erik Fossum
Notary Public
the Brønnøysund Register Centre


Ingvill Nilsen
Advisor



DNO Explorations Scandinavia AS
Noter til årsregnskapet 2002

Note 2: Vesentlige hendelser i 2002

Selskapet har i 2002 arbeidet videre med å sikre investeringen i Ocean Energy Ltd. (Kypros), samt den relaterte mulighet for en direkte rett til deltagelse i et russisk oljeprosjekt.

I 2002 søkte selskapet om en produksjonsdelingsavtale for Blokk 9 i Sudan. I tillegg har selskapet opprettet et representasjonskontor i Damaskus, Syria, relatert til prosjekter i Midt-østen.

Note 3: Opplysninger om lønn, ansatte og andre godtgjørelser

Selskapet har ingen ansatte. Det er ikke foretatt utbetalinger av lønn eller honorarer til ansatte eller styrets medlemmer i 2002. Daglig leder har fakturert selskapet for konsulenttjenester sum NOK 71 1380 (GBP 60630)

Det foreligger ikke lån til aksjonærer eller styremedlemmer.

Det er kostnadsført NOK 200.262 knyttet til innleie av konsulenttjeneste fra et styremedlem i DNO ASA.

Revisjonshonorar og annen godtgjørelse til revisor:

Det er kostnadsført kr 30.000 eks.mva. i revisjonshonorar for 2002. Kostnader til konsulenttjenester fra Deloitte & Touche i forbindelse med skattlegging i USA er kostnadsført med kr. 29.900.

Note 4: Varige driftsmidler

Anleggsmidlene avskrives i takt med inntektsstrømmen fra gassfeltene, og ble i 1997 nedskrevet til NOK 0,-.

Note 5: Fordringer

	Balanse 31.12.2002	Balanse 31.12.2001
Oversikt over utestående fordringer		
Utlegg som refunderes	63	-
DNO London kontor, utlegg som refunderes	189	-
Fordring mot Eastern Energy fra før 1998.	-	30
Depositum skatt USA som blir refundert	12	-
Opptjent, ikke mottatt inntekt fra Eastern American Energy Corp.	153	153
Totalt andre fordringer	417	183

Note 6: Mellomværende mot DNO ASA

Langsiktig mellomværende til DNO ASA er på 19,779 mill kroner per 31.12.02. Det er ikke belastet renter. Lånet vil stå tilbake for annen gjeld.

Note 7: Egenkapital

Egenkapitalbevegelse NOK 1.000	Aksjekapital	Overkurs-fond	Annen EK	Sum
Egenkapital pr 01.01 2002	262	-	-17 832	-17 570
Årets resultat	-	-	-6 177	-6 177
Egenkapital pr 31.12 2002	262	-	-24 009	-23 747

Aksjekapitalen består av 262 aksjer pålydende NOK 1.000.

Oversikt over selskapets aksjonærer pr. 31.12.02:	Aksjer	Eierandel
Lukoil Overseas Holding Ltd	131	50 %
Bitech Medyn Services	81	31 %
DNO ASA	50	19 %
Sum	262	100 %

DNO Explorations Scandinavia AS
Noter til årsregnskapet 2002

Note 8: Langsiktig Gjeld

DNO Explorations Scandinavia AS har er langsiktig lån brukt til prosjektfinansiering. Motpart er DNO ASA.

(nummers in '000)	Välutä	Länelöpp	Rente	Balansé	Balansé
Oversikt över langsiktige lån	valuta	valuta		31.12.02	31.12.01
Lån fra DNO ASA	GBP	194	7% p.a.	2 336	-
Totalt utestående				2 336	

Annen langsiktig gjeld til DNO ASA består av akkumulert mellomværende til DNO ASA. 19,4 mill av disse har sin opprinnelse fra før 2000. Økningen i år er forårsaket av regninger som DNO ASA har betalt på vegne av DNO Explorations Scandinavia. På grunn av den økonomiske situasjonen til DNO Explorations Scandinavia med lite inntekter, må dette sees på som langsiktig gjeld. På kort sikt er det umulig for DNO Explorations Scandinavia AS tilbakebetale det utestående. Lånet fra DNO ASA knyttet til Midt-Østen satsingen er renteberegnet.

Note 9: Nedskrivninger

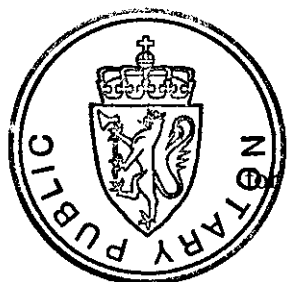
Selskapet har i flere år akkumulert betalt U.S.withholdingtax ut fra den oppfatningen at dette skulle refunderes. Det er usikkerhet rundt denne refusjonen, og selskapet har derfor utgiftsført balanseposten i 2002.

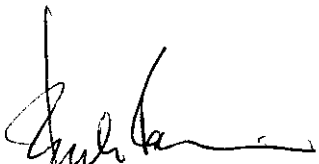
Note 10: Skatter


Selskapets virksomhet er skattepliktig til USA.

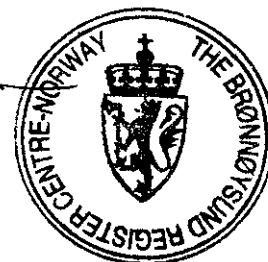
Note 11: Betingede utfall og hendelser etter balansedagen

I 2003 har det skjedd en endring i eierstruktur i DNO Explorations Scandinavia AS. Europe Environment Energy Inc har overtatt de 131 aksjene til Lukoil Overseas Holding Ltd.




Erik Fossum
Notary Public
the Brønnøysund Register Centre


Ingvill Nilsen
Advisor



Chairman of the Board

DNO EXPLORATIONS Scandinavia AS
Notes to the annual accounts 2002

Note 1. Accounting principles

The accounts have been prepared in accordance with the (Norwegian) Accounting Act of 1998 and generally accepted accounting practice for small enterprises. When preparing the accounts, the management must base itself on assumptions and estimates that will influence certain assets and liability items. The actual figures may deviate from these estimates. The pertaining notes form an integral part of the financial statements.

Accrual and valuation principles

In accordance with generally accepted accounting practice, the financial statements are based on the transaction principle, the earned-income principle, the matching principle, the prudence principle and the all-inclusive income concept. Hedging is taken into account.

Classification

Assets relating to the revenue cycle, receivables that fall due for payment within a year and assets that are not intended for long-term ownership or use by the business are classified as current assets. Other assets are fixed assets. The distinction between short-term and long-term liabilities is drawn at one year to the due date. The first year's instalment on long-term debt is not reclassified as a short-term liability.

Cash and cash equivalents include cash holdings, bank deposits and other liquid assets as well as capital investments which mature within three months of their acquisition date.

Accruals, including contingent outcome

Items are expensed in accordance with the matching principle. In case of uncertainty, losses are expensed if they are probable and quantifiable, while contingent gains are deferred.

Transactions in foreign currency

Monetary items in foreign currency are translated at the rate on the balance-sheet date. Realised and unrealised exchange-rate gains and losses are recognised in the income statement for the year. Transactions in foreign currency are recognised at the average exchange rate for the year.

Deferred tax

It is a precondition for capitalisation of a deferred tax asset that its future utilisation can be demonstrated to be probable.

Development/ project costs

Development/project costs are expensed as they arise, until such time as they produce a concrete result with an income potential.

Note 2. Significant events in 2002

In 2002, the company has continued its work to secure the investment in Ocean Energy Ltd. (Cyprus) and the related potential for direct participation rights in a Russian oil project.

In 2002, the company applied for a production-sharing contract for Block 9 in Sudan. In addition, the Company has established a representation office in Damascus, Syria in connection with projects in the Middle East.

Note 3. Information about salaries, employees and other remuneration

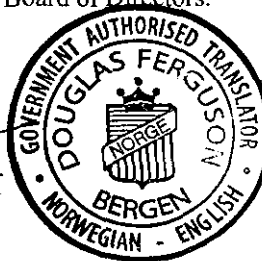
The company has no employees. No salaries, wages or remuneration have been paid to employees or to members of the Board of Directors in 2002. The Managing Director invoiced the company for consultancy services in the amount of NOK 711,380 (GBP 60,630).

The company has furnished no loans to shareholders or to members of the Board of Directors.

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Douglas Ferguson

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Consultancy fees of NOK 200,262 were paid to a board member of DNO ASA.

Auditor's fees and other remuneration to the auditor.

Audit fees for 2002 amounted to NOK 30,000 exclusive of VAT. Consultancy work by Deloitte & Touche relating to US taxation amounted to NOK 29,900.

Note 4. Fixed assets

Fixed assets are depreciated in step with the revenue flow from the gas fields, and were written down to NOK 0 in 1997.

Note 5. Receivables

Outstanding receivables	Balance 31.12.2002	Balance 31.12.2001
Expenses to be refunded	63	-
DNO London Office, expenses to be refunded	189	-
Receivable from Eastern Energy dating from prior to 1998	-	30
Tax deposit receivable, USA	12	-
Earned, unreceived revenue from Eastern American Energy Corp	153	153
Total other receivables	417	183

Note 6. Balance outstanding to DNO ASA

The long-term outstanding balance to DNO ASA amounted to NOK 19,779 million at 31.12.02. No interest was charged. The loan will be subordinated to other debt.

Note 7 Shareholders' equity

Change in shareholders' equity NOK thousands	Shareholders' equity	Share premium	Retained earnings	Total
Shareholders' equity, 01.01.02	262	-	-17 832	-17 570
Profit/loss for the year	-	-	-6 177	-6 177
Shareholders' equity, 31.12.02	262	-	-24 009	-23 747

The share capital consists of 262 shares with a par value of NOK 1,000.

Shareholders at 31.12.2003	Shares	Percentage holding
Lukoil Overseas Holding Ltd.	131	50%
Bitech Medyn Services	81	31%
DNO ASA	50	19%
Total	262	100%

Note 8. Long-term liabilities

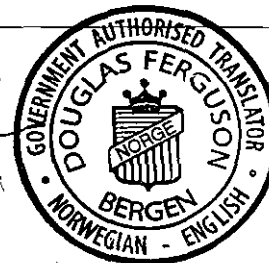
DNO Explorations Scandinavia AS has a long-term loan from DNO ASA. The loan is used for financing ongoing projects.

(Figures in thousands) Long-term liabilities	Currency	Loan in foreign currency	Interest rate	Balance at 31.12.02	Balance at 31.12.01
Loan from DNO ASA	GBP	194	7% p.a.	2 336	

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Total outstanding

2 336

Other long-term debt to DNO ASA consists of the accumulated outstanding balance to DNO ASA. NOK 19.4 million of this amount was accumulated prior to 2000. This year's increase is due to expenses DNO ASA has paid on behalf of DNO Explorations Scandinavia AS. Due to the financial situation of DNO Explorations Scandinavia AS and its small revenues, this should be considered a long-term debt. In the short term, DNO Explorations Scandinavia AS will be unable to repay the outstanding liabilities. Interest is calculated on the loan from DNO ASA granted in connection with the Middle East projects.

Note 9. Write-downs

The company has accumulated pre-paid U.S. withholding tax over several years in the expectation that this tax will be refunded. There is uncertainty regarding this refund and the company has, therefore, expensed the accumulated balance in 2002.

Note 10. Tax

The company's operations are taxable in the USA.

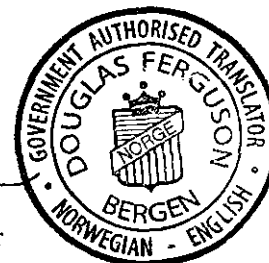
Note 11. Events and contingencies after the balance-sheet date

In 2003 there was a change in the shareholders of DNO Explorations Scandinavia AS. Europe Environment Energy Inc has acquired the 131 shares formerly held by Lukoil Overseas Holding Ltd.

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DNO Explorations Scandinavia AS

Income statement (NOK thousands) 01.01-31.12

	Note	2002	2001
OPERATING REVENUES			
Operating revenues, Oil & gas		322	1 162
Other revenues		193	-
Total operating revenues		515	1 162
OPERATING EXPENSES			
Project expenses, Oil & gas	2.3	5 157	-
Other operating expenses	3	247	733
Write-downs	9	1 047	-
Total operating expenses		6 451	733
OPERATING PROFIT/LOSS		-5 936	429
FINANCIAL INCOME/EXPENSES			
Other interest received		7	-
Interest expenses to DNO ASA		-52	-
Net gain(loss) on foreign exchange transactions		-89	-
NET FINANCIAL ITEMS		-134	-
PROFIT/LOSS BEFORE TAX		-6 070	429
Tax	10	-106	-
PROFIT/LOSS FOR THE YEAR		-6 177	429

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DNO Explorations Scandinavia AS

Balance sheet (NOK thousands)			
Assets	Note	31.12.2002	31.12.2001
CURRENT ASSETS			
Prepaid taxes in the USA		-	1 017
Receivables	5	417	183
Cash and cash equivalents		438	1 067
Total current assets		855	2 267
TOTAL ASSETS		855	2 267
Equity and liabilities		31.12.2002	31.12.2001
SHAREHOLDERS' EQUITY			
Called-up and fully paid share capital			
Share capital	7	262	262
Total called-up and fully paid share capital		262	262
Retained earnings			
Uncovered losses	7	-24 009	-17 832
Total retained earnings		-24 009	-17 832
Total shareholders' equity		-23 747	-17 570
LIABILITIES			
Long-term liabilities			
Loan from DNO ASA in connection with project financing	8	2 336	-
Other long-term debt to DNO ASA		19 6779	19 660
Total long-term liabilities		22 115	19 660
Short-term liabilities			
Trade creditors		1756	-
Other short-term liabilities		730	177
Total short-term liabilities		2 486	177
Total liabilities		24 601	19 837
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		855	2 267

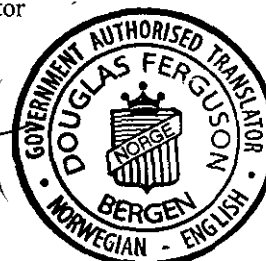
Oslo, 17 November 2003

Len Tiahlo (sign.)
 Len Tiahlo
 Managing Director

Helge Eide (sign.)
 Helge Eide
 Director

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 Government Authorised Translator



ERNST & YOUNG

State Authorised Public Accountants (...)
Ernst & Young AS
Oslo Atrium
P.O. Box 20
NO-0051 Oslo

Member of the Norwegian Institute of Public Accountants

To the Annual General Meeting of
DNO Explorations Scandinavia AS

Auditor's Report for 2002

This auditor's report replaces a previous auditor's report dated 1 July 2003, which was submitted within the statutory deadline for holding the Annual General Meeting. The Board of Directors of the company and its Managing Director had, at that time, not submitted complete annual financial statements and a Directors' report.

We have audited the annual financial statements of DNP Explorations Scandinavia AS for the 2002 financial year, showing a loss of NOK 6,177,415. We have also audited the information in the Directors' report concerning the going concern assumption. The financial statements comprise the income statement, balance sheet and accompanying notes. The financial statements and Director's report are the responsibility of the Company's Board of Directors and the Managing Director. Our responsibility is to state an opinion on the financial statements and on other information in accordance with the Norwegian Act relating to Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act relating to Auditing and Auditors and generally accepted auditing standards in Norway. These standards require that we plan and perform the audit in such a manner as to obtain reasonable assurance that the financial statements are free of material errors or omissions. The audit includes examining, on a sample basis, the evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles applied and the discretionary estimates made by management, as well as evaluating the content and presentation of the financial statements. To the extent required by law and generally accepted auditing standards, the audit also includes a review of the company's asset management and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

The company's accounts have not been maintained on a regular basis during 2002. We have not received any audit evidence that accounts have been kept for the company in 2003. The matter is discussed in a numbered letter to the company.

In our opinion,

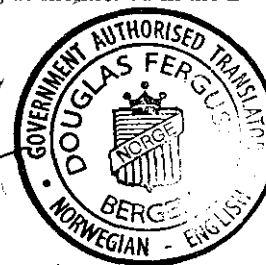
- the financial statements have been prepared in accordance with applicable laws and regulations, and fairly present the financial position of the company as of 31 December 2002 and the result of its operations for the financial year in accordance with generally accepted accounting standards in Norway,
- the company's management, due to the weaknesses in the company's accounting routines described above, has not fulfilled its duty to properly and clearly register and document the accounting information in accordance with the law and generally accepted accounting standards in Norway,
- the information in the Director's report concerning the going concern assumption is consistent with the financial statements and in compliance with the law and regulations.

Without qualifying the conclusions in the above opinion any further, we would also like to draw attention to the fact that the company's share capital has been lost, and that the company's ability to continue as a going concern is dependent on financing by the shareholders or a significant improvement in the financial results. Up until now, the going concern assumption has been fulfilled by one of the shareholders, DNO ASA, financing the operations of the company. The notice convening the Annual General Meeting on 3 December 2004 describes the possible conversion into equity of NOK 19,7 million of outstanding debt. In addition, as mentioned in the Directors'

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Translation from Norwegian

report, the company is discussing different options with DNO ASA regarding continued operations. The annual financial statements have therefore been prepared on the basis of the going concern assumption. If the company were nevertheless to be wound up as a result of insolvency, the impact on the financial statements would primarily be a reclassification of debt from long-term to short-term and the making of provision for winding-up expenses. In addition, we wish to draw attention to the fact that the company's annual financial statements and Director's report were not submitted within the statutory deadline, and that the company's tax returns for 2002 have not yet been submitted.

Oslo, 17 November 2003
Ernst & Young AS

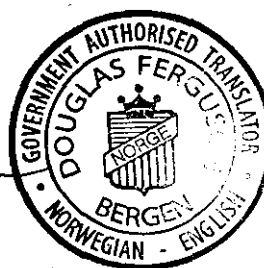
Asbjørn Rødal (sign.)
Asbjørn Rødal
State Authorised Public Accountant (Norway)

(...)

True translation certified

Douglas Ferguson

Government Authorised Translator



DNO Explorations Scandinavia AS

Board of Directors' Annual Report for 2002

The company qualifies as a "small enterprise" pursuant to the Norwegian Accounting Act sections 1-6 and 3-3.

The company's head office is in Oslo, and it has a branch office in London.

The company's business comprises:

- Working to secure a) the investment in Ocean Energy Ltd (Cyprus) and b) the related potential for direct participation rights in a Russian oil project.
- Development of new business opportunities in Russia and the Middle East.
- Onshore gas project in West Virginia (USA).

The Company's share capital has been lost. The company has been partly financed by its shareholder and main creditor, DNO ASA. The company's financial statements for 2002 have been prepared on the basis of the going concern assumption. The company hires all resources (including the Managing Director), and has no employees.

In 2003, the Board of Directors is in discussions with the main creditor, DNO ASA, regarding different alternatives for continued activity, and it is the Board's opinion that the outcome of these discussions will ensure that the company becomes solvent and will ensure a stable liquidity situation.

The company's business may pollute the external environment (USA). To the Board's knowledge, no significant pollution occurred in 2002.

Oslo, 17 November 2003

Len Tiahlo (sign.)

Len Tiahlo
Managing Director and Chairman of the Board

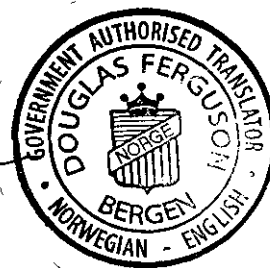
Helge Eide (sign.)

Helge Eide
Director

True translation certified

Douglas Ferguson

Government Authorised Translator



FILE COPY



**CERTIFICATE OF REGISTRATION
OF AN OVERSEA COMPANY**

(Establishment of a branch)

Company No. FC025661

Branch No. BR007940

The Registrar of Companies for England and Wales hereby certifies that
NORWEGIAN OIL SERVICES AS

has this day been registered under Schedule 21A to the Companies
Act 1985 as having established a branch in England and Wales

Given at Companies House, Cardiff, the 22nd December 2004



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House
— for the record —