

# Norse Energy Corp. ASA

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## **AGENDA**

- US Operations**
- Brazil Operations**

# Norse Energy Corp. ASA

**NORSE ENERGY CORP. ASA – Holding company**

100%

**Norse Energy  
Operation USA**

**E&P  
(Operator)**

**Pipeline**

**Gas marketing**

70%

**Norse Energy  
Operation Brazil**

**E&P  
(Operator and Partner)**

Market cap:

**USD ~195 million**

Net interest bearing debt

**USD ~195 million**

2P reserves (2008):

**43.8 MMBOE**

2C resources (2008)

**377 MMBOE**

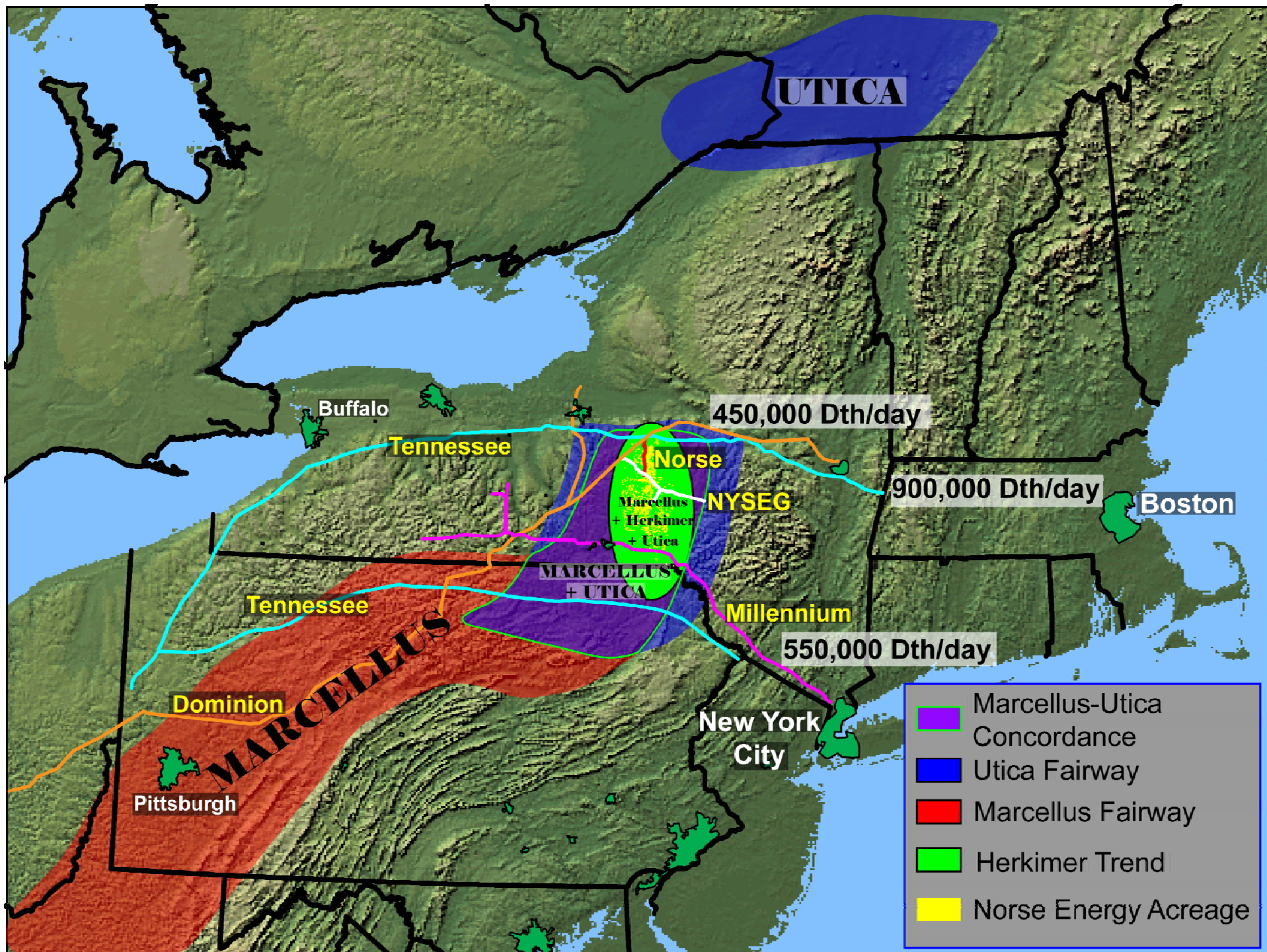
Production Q2-09

**4,163 BOE/day**





**USA**



# Uniquely positioned in largest gas field

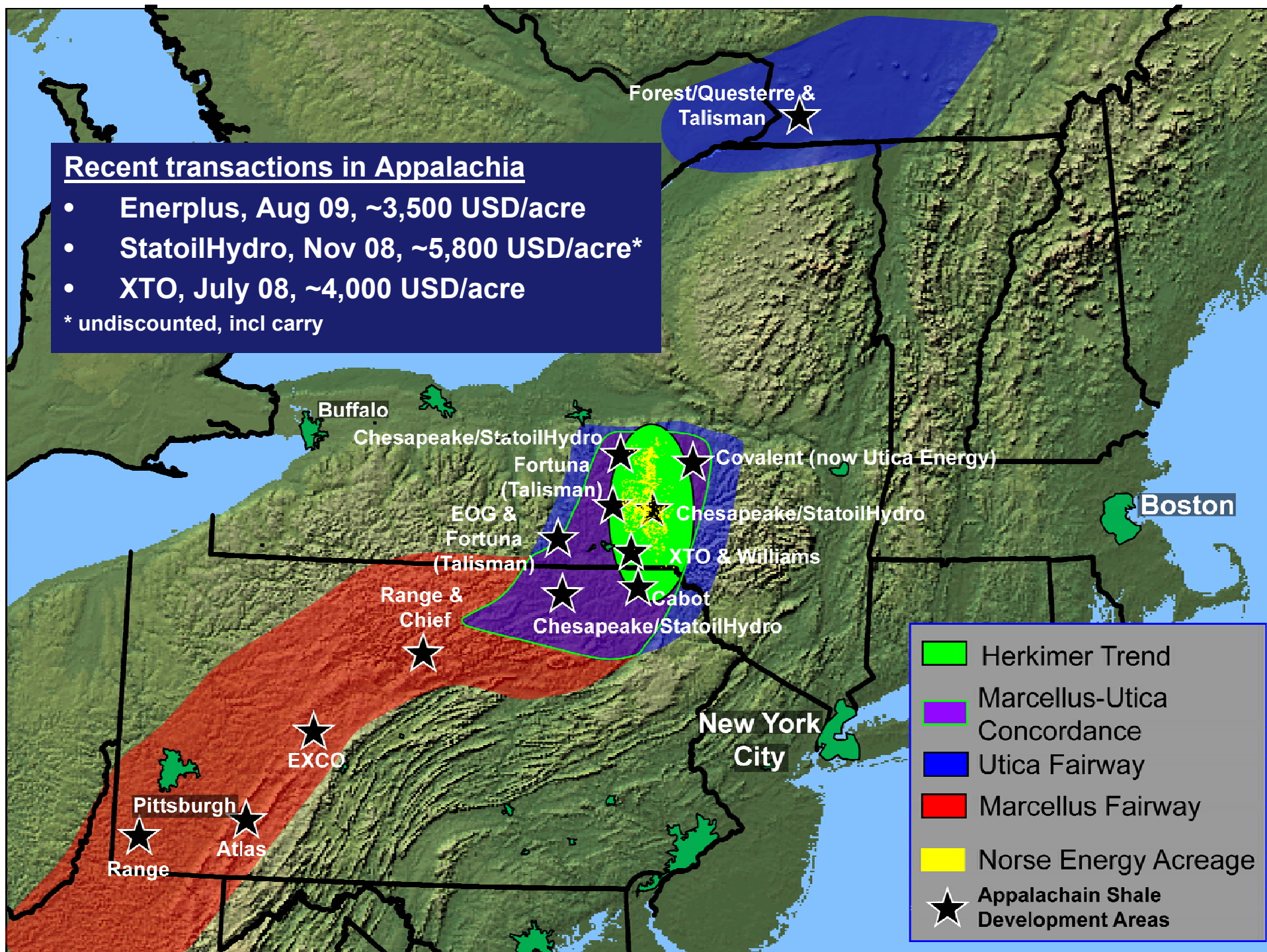
- **Multiple gas plays (core 130,000 of 175,000 acres)**
  - 3 plays-in-one due to unique location
    - Herkimer sandstone (NEC only firm adding value to this play)
    - Marcellus shale
    - Utica shale
  - USD per acre valuation is distinctive as compared as to what is currently seen in the market
- **Infrastructure in place**
  - 3 major interstate pipelines crossing NEC acreage provide access to highest priced market in the US
  - NEC only company building gas gathering lines
- **Appalachian knowledge**
  - 14 years experience in Appalachia
    - Good regulatory and operational understanding



### Recent transactions in Appalachia

- Enerplus, Aug 09, ~3,500 USD/acre
- StatoilHydro, Nov 08, ~5,800 USD/acre\*
- XTO, July 08, ~4,000 USD/acre

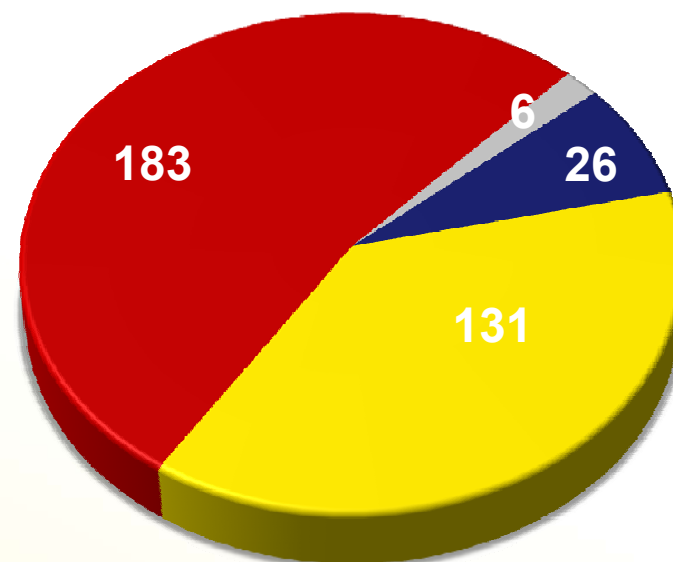
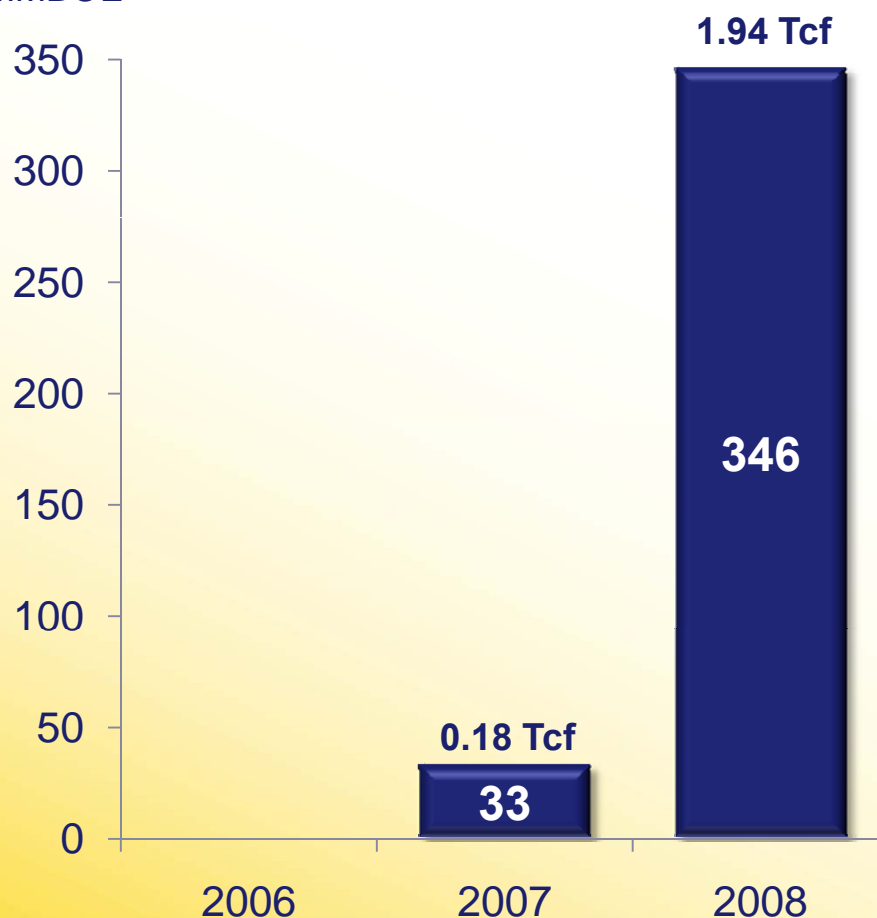
\* undiscounted, incl carry



# Contingent resources (2C) development

## US - Third-party certified (Schlumberger) year-end 08

MMBOE



■ Herkimer  
■ Utica shale  
■ Marcellus shale  
■ Other

# **NY Department of Environmental Conservation (NYDEC) Shale permits in NY state on target for year-end 2009**

- **NY state currently has environmental restrictions for drilling and completions of shale wells**



- **Process and Milestones**

**Oct. 6, 2008 – Draft Scope released**

**Dec. 15, 2008 – Comment period closed**

**February 6, 2009 – Final Scope issued**

**September 2009 target – Draft regulations under development**

**Public comment period**

**Final approval**

**End 2009 target to start issuing shale permits**

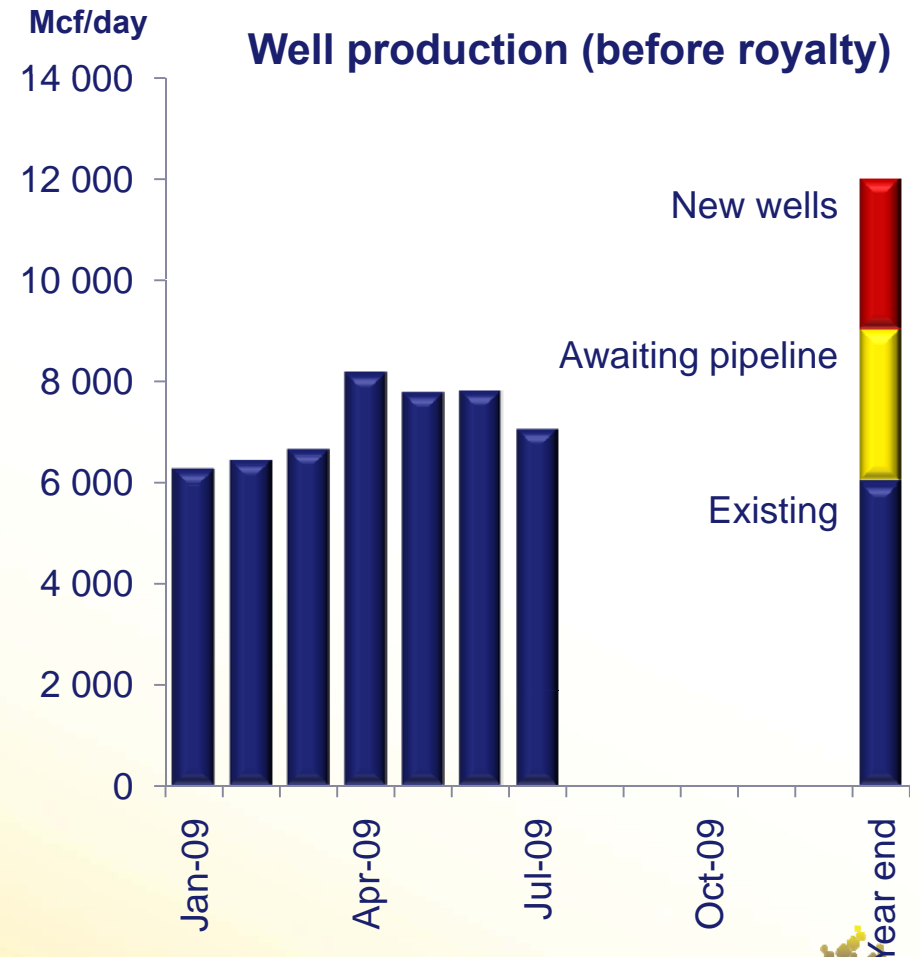
**All drilling, completion and water regulations will be in place for shale development as a result of this regulation.**



# Production goal 2009

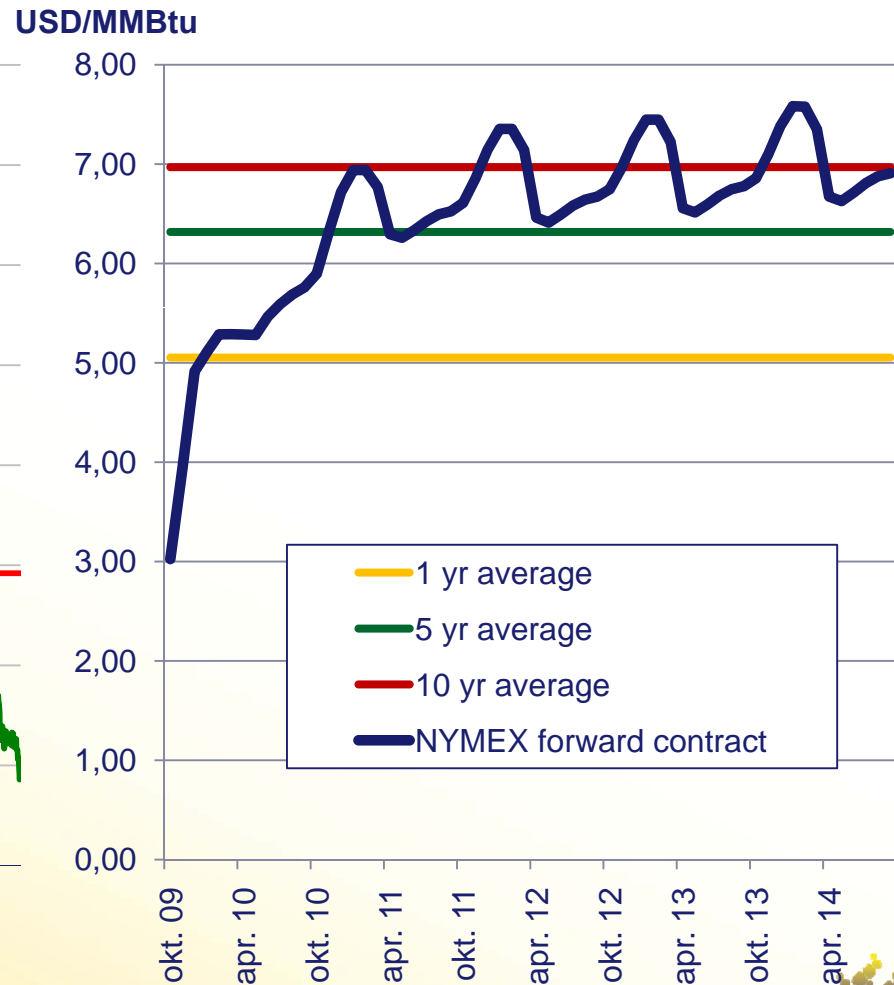
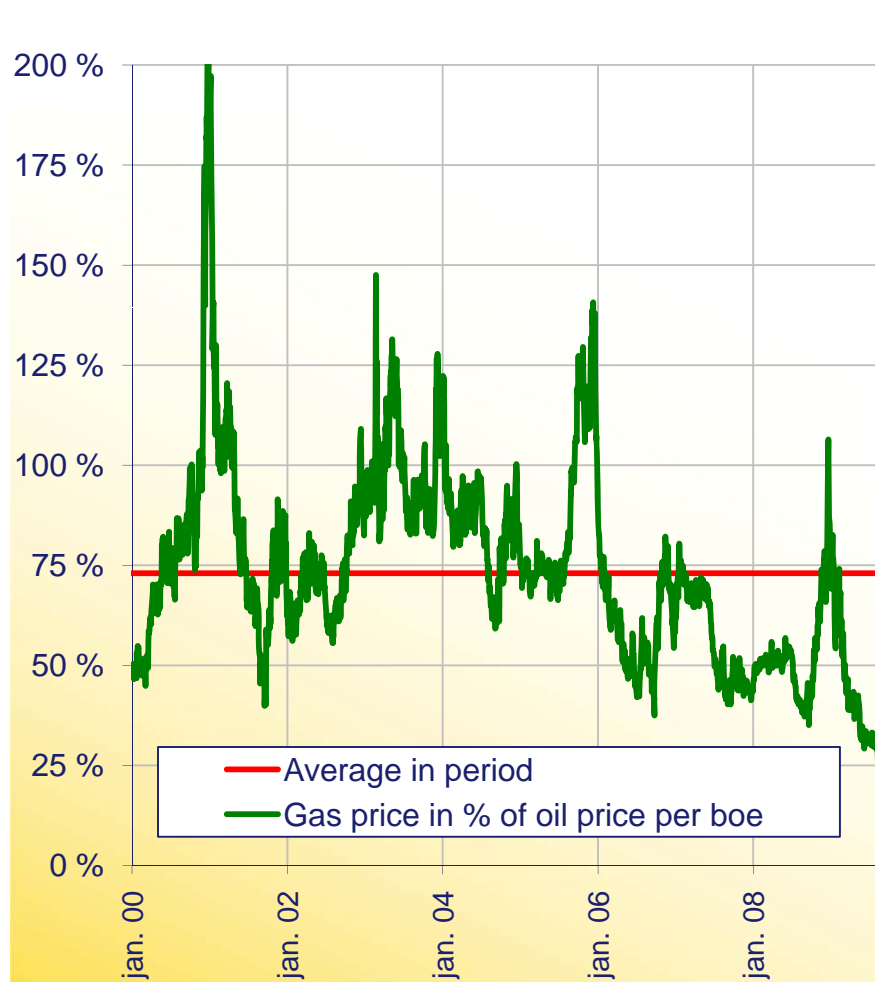
## 12,000 Mcf/day by the end of the year

- Drilling activity in the second half of the year is expected to add approximately 3,000 Mcf (534 BOE) per day from new wells
- In excess of 3,000 Mcf (534 BOE) per day awaiting pipeline interconnect and/or regulatory approval
  - Some of which requires 5 miles of a planned pipeline extension to the south



# Gas price at historical low compared to oil price

## Contango in the gas forward market





# Billion dollar Herkimer play potential

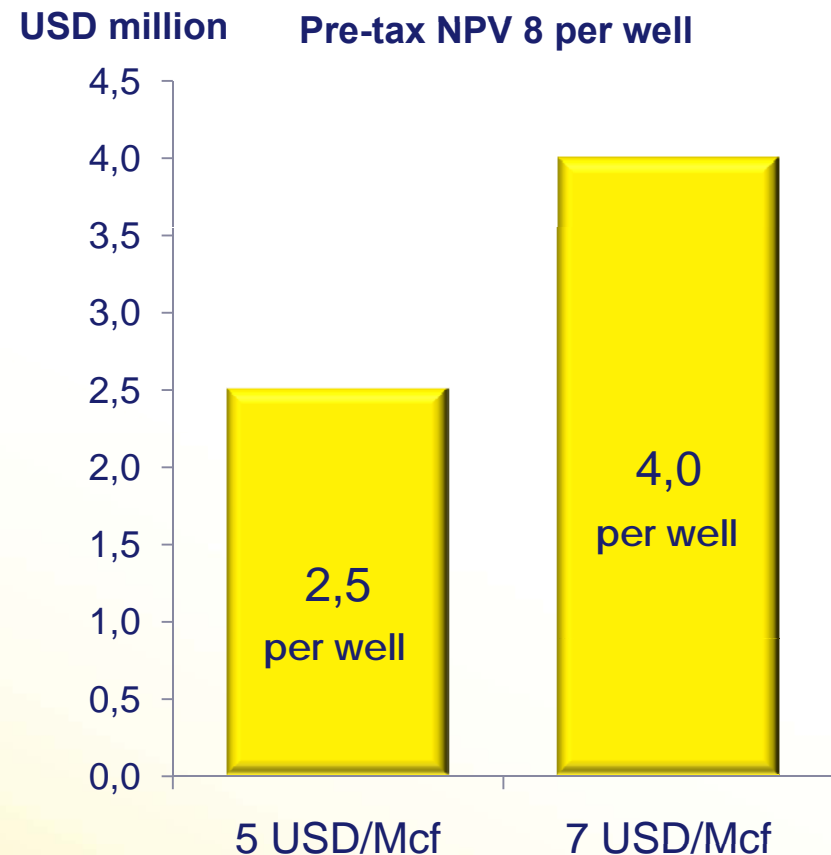
## Base case study

### Base case study assumptions:

- Initial Production (IP): 1,250 Mcf/day
- Investment USD 1.2 million
- Decline rate of 50% (year 1), 25% (year 2), 10% (year 3 onwards)
- Discount rate 8%

### Herkimer sandstone play:

- 300+ Herkimer locations identified on seismic in Central New York state
- Internal evaluation of the field indicates 0.5 Tcf (90 MMBOE) recoverable gas
- **Q1-08:** Medina production (4,300 Mcf/day) sold for 67 MUSD = 15,600 USD/Mcf



# OTCQX

## Cross listing in the US for mid-September trading



- OTCQX offers international companies a visible cross-listing in the U.S. on the premier tier of the OTC (over-the-counter) market, without the duplicative regulatory requirements of traditional U.S. exchange listing
- Sponsored American Depositary Receipt (ADR) program by Dahlman Rose and Bank of New York Mellon
- Non-dilutive for existing shareholders as no new or additional units will be issued in connection with the listing
- Access to a broader US investor base



# Brazil

# Norse Energy do Brasil - Balanced Portfolio Offshore Production – Development - Exploration

## Camamu-Almada Basin

- Manati (10%) - gas production

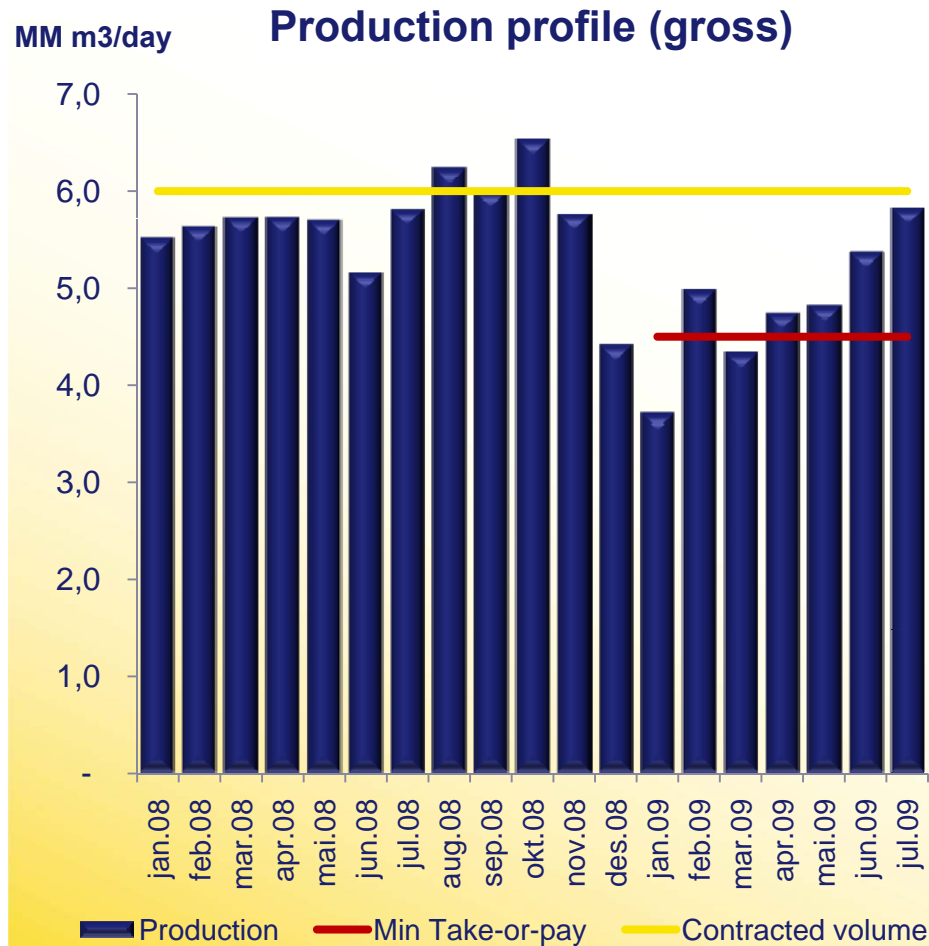
## Santos Basin

- Large proven oil fields to be developed in the Santos Basin (Integrated project)
- Operator and partner
- Recently sold 30% of shares in Brazilian subsidiary for a consideration of USD 30 million
- Transaction valued Norse Energy do Brasil at USD 210 million (USD 110 million net debt, including USD 43 million internal debt to NEC ASA )



# Manati (BCAM-40 license, 10%)

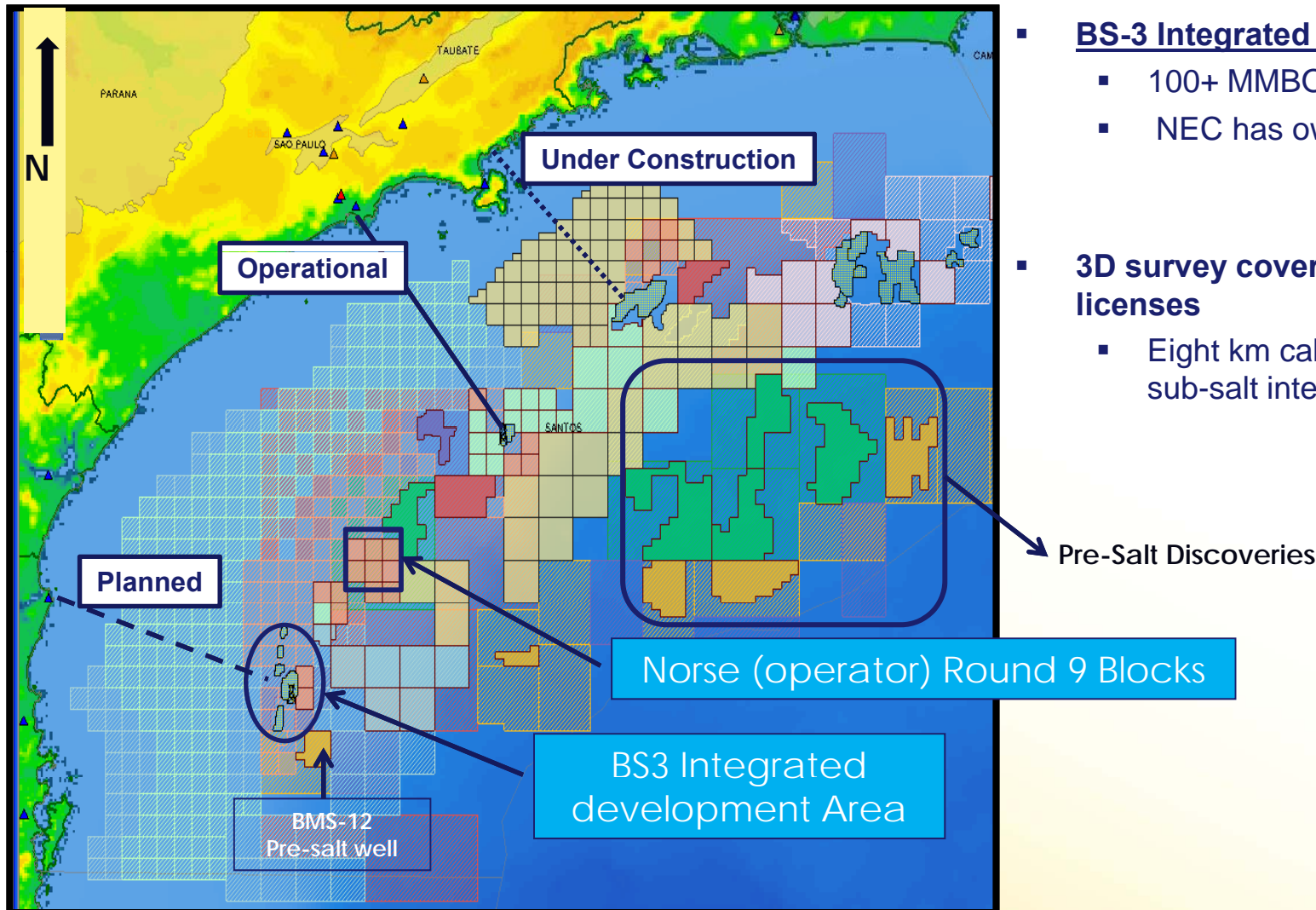
## Long-term secure cash flow



- **Remaining take-or-pay contract covered ~20 Bcm (gross) per end 08**
  - 2 Bcm net to NEC (12.8 MMBOE, 72 Bcf)
- **Manati 2P reserves of 26.5 Bcm (gross)**
  - Consortium believes reservoir could hold in excess of 40 Bcm (gross gas in place)
- **Gas price fixed in Brazilian Reais, inflation-adjusted annually**
  - Q2-09 gas price 6.80 USD/MMBtu

# Santos Basin

## Focus area going forward



- **BS-3 Integrated Development**
  - 100+ MMBOE project - 4 fields
  - NEC has ownership in 3 fields
- **3D survey covering exploration licenses**
  - Eight km cables, allowing for sub-salt interpretation

# Outlook

## US

- Increased focus on shale development and partnership - defined as new business unit in the organization
- Herkimer trend continues to meet expectations
- 2009 year end production target of 12,000 Mcf (2,137 BOE) per day

## Brazil

- Debt restructuring secures funding for current activities
- Manati divestment process progressing
- Santos focus going forward