EARNINGS RELEASE

FOR DETAILS, CONTACT:
J. Chris Boswell, SVP & CFO
Sam R. Morrow, SVP Finance & Treasurer
Phone: 281-589-7935
Erik Hokholt, Director Financial Planning & European IR
Phone: +47 67 52 66 00

FOR IMMEDIATE RELEASE
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Petroleum Geo-Services Announces Second Quarter 2000 Results

Financial Highlights

- Second quarter revenue increases by 19% over the prior year quarter and 11% over the 2000 first quarter due to improved revenue across both business segments
- Second quarter diluted earnings per share are $0.14, exceeding the $0.11 per share earned in the second quarter of 1999 (before unusual items) by 27%
- Production services revenue totals $113 million, 48% of total revenue, for the second quarter
- Second quarter multi-client sales were $61 million, a 9% increase over the first quarter of 2000
- Multi-client cash investments were reduced to $62 million, a reduction of 14% and 23%, respectively, as compared to the 2000 first quarter and the 1999 second quarter, reflecting a significant decrease in capacity allocated to that market segment

Operating Highlights

- PGS reorganizes the Production Services group, creating a sharper focused, streamlined business unit
- PGS enters into a letter of intent for a long term contract to produce Statoil's Glitne field in the Norwegian sector of the North Sea with the *Petrojarl 1* beginning in mid 2001
- PGS's *Petrojarl 1* FPSO is successfully demobilized from Talisman's Blenheim/Bladon field and redeployed to Ranger's Kyle field within a record twenty day period, achieving first oil on May 24, 2000
- PGS is awarded a contract to deploy its PetroTrac™ suite of advanced geophysical technologies to improve production through reservoir characterization on the Zakum field in Abu Dhabi, United Arab Emirates, one of the world's largest offshore oilfields
- PGS executes a major multi-client 3D survey agreement in deepwater mid-Norway that will deploy the largest streamer spread ever used in the marine seismic industry
- PGS executes exclusive agreements with Russia and Brazil to develop and implement data banks utilizing its proprietary PetroBank™ data management platform

Houston, Texas; Oslo, Norway; July 26, 2000: — Petroleum Geo-Services ASA (NYSE: PGO; OSE: PGS) reported 2000 second quarter earnings of $14.3 million, reflecting higher revenue from production services and improved contract seismic pricing. Revenue from the *Petrojarl Varg*, acquired in July 1999, and higher revenue from the operations of the *Petrojarl Foinaven* and the *Petrojarl 1*, currently employed under an early production contract at the Kyle field, positively impacted results for the second quarter as compared to the same period of 1999. Additionally, increasing demand for seismic services, coupled with industry wide capacity reductions during 1999, have improved seismic revenue relative to the same period of 1999.

The Company's 2000 second quarter revenue of $236.4 million represents a 19% increase over the same period of the previous year. Second quarter operating profit was $42.1 million, representing a 18% operating profit margin.

The Company’s net income for the second quarter of 2000 was $14.3 million, an increase of $4.6 million over net income (before unusual items) for the 1999 second quarter. Diluted earnings per share were $0.14 compared to diluted earnings per share (before unusual items) of $0.11 for the same period of 1999; an increase of 27%. Excluding the effect of goodwill amortization, diluted earnings per share for the 2000 second quarter would have been $0.16.

Reidar Michaelsen, Chairman of the Board and Chief Executive Officer, stated, “Our second quarter results reflect the growing demand for oilfield services as oil and gas companies increase exploration and development spending in response to relatively high oil and gas prices and the industry’s need to increase production in order to meet growing demand. Growing geophysical services revenue reflects the strengthening market for seismic data and related services necessary to optimize production from existing reservoirs and to locate and develop new reserves. Our production services segment continues to provide excellent cash flow with strong growth prospects in light of recently announced increases in exploration and development spending and continued outsourcing on the part of oil and gas companies.”

Michaelsen went on to say, “With respect to the multi-client data library, we were effectively cash neutral during the second quarter, after taking account of our multi-client sales revenue and our cash investment of approximately $62 million. We remain on target to generate positive cash flow from the library for 2000. Based upon customer inquiries and recent licensing rounds, we expect multi-client sales to continue to increase throughout 2000 given our extensive portfolio of high quality data in the most prospective regions around the world.”

Review of Geophysical Services Operations

For the quarter ended June 30, 2000, the Company achieved total geophysical services revenue of $123.3 million, of which $61.2 million represented multi-client sales, yielding an operating profit of $14.7 million. The average amortization rate applied to multi-client sales during the second quarter was 57%.

The increase in geophysical services revenue reflects the continued improvement in demand for oilfield services. Strong worldwide demand for oil and gas, relatively low levels of inventory in the United States and uncertainty regarding the amount of excess production capacity in the oil producing nations have combined to keep oil and gas prices at relatively high levels. As a result, many oil and gas companies are experiencing record earnings and have recently announced plans to increase future exploration and production spending; some by as much as 15% to 20%. The majority of the spending increase is expected to be focused on enhancing production from existing reservoirs through reservoir-focused technologies such as those offered by PGS’ PetroTrac™ suite of advanced seismic tools, and on exploration and development in the highly prospective regions of

Brazil, mid-Norway, deepwater Gulf of Mexico and West Africa; areas where PGS maintains a sizeable multi-client database.

During the second quarter, we continued to acquire data under our Brazilian multi-client programs and have achieved excellent interest in this data. Offshore Brazil remains one of the most active exploration plays in the world. Additionally, the Norwegian 16th licensing round, completed during the second quarter, included a substantial number of blocks covered by the Company's multi-client data library, with a corresponding increase in multi-client sales from this portion of the data library. The recent licensing round in Nigeria should result in continued interest in our multi-client data in that region.

Review of Production Services Operations

For the quarter ended June 30, 2000, the Company achieved production services revenue of $113.1 million, a 39% increase as compared to the same period of the prior year, yielding an operating profit of $27.4 million. The majority of this increase can be attributed to the *Petrojarl Varg*, acquired in July 1999, as well as higher revenue from the *Petrojarl Foinaven* due to higher production volumes during the period, and the *Petrojarl 1* due to the start up of production under the Kyle early production contract.

During the second quarter, the *Petrojarl I* successfully demobilized from Talisman's Blenheim/Bladon field and redeployed to Ranger Oil's Kyle field and achieved first oil within a record twenty days. The *Petrojarl 1* is expected to remain in production on the Kyle field at least to October 2000. Additionally, the utility of the *Petrojarl 1* was again demonstrated with the execution of a letter of intent, subject to final documentation and certain regulatory approvals, to produce Statoil's Glitne field in the Norwegian sector of the North Sea. Production under the Glitne contract is expected to start in mid-2001 for a duration of between twenty-six and thirty months, with the first eighteen months non-cancelable. The Glitne contract will require an upgrade of the process capability of the *Petrojarl 1* and a significant portion of the upgrade cost is expected to be recouped via the contract. The timing of the upgrade will depend upon the duration of the Kyle early production contract and other potential work. With respect to the *Ramform Banff*, operational performance continues to improve after the planned shutdown in May to replace the damaged turbine blades and perform other remedial work, and we continue to discuss other opportunities in the vicinity with the respective field operators regarding additional production that may be tied back to the vessel.

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Petroleum Geo-Services' second quarter earnings conference call is scheduled for July 26, 2000 at 9:30 a.m. EST. Interested parties may listen to the call via Petroleum Geo-Services' web site at www.pgs.com. PGS suggests that you connect with the site at least fifteen minutes prior to the call to ensure adequate time for any software download that may be needed to hear the call. There will be a digital replay of the conference call beginning at 11:00 a.m. EST on the day of the call through Wednesday, August 2, 2000 at 800-568-6364 or +(1) 402-998-0115 for international callers, passcode PGS.

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Petroleum Geo-Services is a technologically-focused oilfield service company principally involved in two businesses: geophysical seismic services and production services. PGS acquires, processes, manages and markets 3D, time-lapse and multi-component seismic data and provides associated data management solutions. This data is used by oil and gas companies in the exploration for new reserves, the development of existing reservoirs, and the management of producing oil and gas fields. PGS' PetroTrac™ suite of advanced geophysical technologies allows oil and gas companies to better characterize and monitor their reservoirs in order to enhance production and ultimate recovery of hydrocarbons. In its production services business, PGS owns four floating production, storage and offloading systems and operates numerous offshore production facilities for oil and gas companies. FPSOs permit oil and gas companies to produce from offshore fields more cost effectively. PGS operates on a worldwide basis with headquarters in Oslo, Norway and Houston, Texas.

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The information included herein contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical and future trends, on general economic and business conditions and on numerous other factors, including expected future developments, many of which are beyond the control of the Company. Such forward-looking statements are also subject to certain risks and uncertainties as disclosed by the Company in its filings with the Securities and Exchange Commission. As a result of these factors, the Company's actual results may differ materially from those indicated in, or implied by, such forward-looking statements.

- FINANCIAL TABLES TO FOLLOW -

To access more information, visit our web site: www.pgs.com

Petroleum Geo-Services ASA
Consolidated Income Statements (5)

(In thousands of dollars, except for share data)	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Six months ended June 30, 2000	Six months ended June 30, 1999	Year ended December 31, 1999
Revenue	$ 236 389	$ 199 336	$ 449 119	$ 348 000	$ 788 160
Cost of sales	104 743	78 687	207 455	141 428	333 060
Depreciation and amortization	68 046	64 632	129 686	107 342	238 576
Research and technology costs	2 614	5 400	5 271	11 069	15 859
Selling, general and administrative costs	18 928	17 230	37 508	34 997	71 738
Unusual items, net (1)	-	7 000	-	67 989	89 855
Total operating expenses	194 331	172 949	379 920	362 825	749 088
Operating profit	42 058	26 387	69 199	-14 825	39 072
Financial expense, net (4)	(33 257)	(21 235)	(63 194)	(40 884)	(95 969)
Other income, net (2)	2 361	9 358	5 172	20 485	18 715
Income (loss) before income taxes and cumulative effect of accounting change	11 162	14 510	11 177	(35 224)	(38 182)
Provision (benefit) for income taxes	(3 114)	2 671	(9 758)	(12 628)	(41 890)
Income (loss) before cumulative effect of accounting change	14 276	11 839	20 935	(22 596)	3 708
Cumulative effect of accounting change, net (3)	-	-	-	(19 977)	(19 977)
Net income (loss)	**$ 14 276**	**$ 11 839**	**$ 20 935**	**$ (42 573)**	**$ (16 269)**
Basic earnings (loss) per share before cumulative effect of accounting change	$ 0,14	$ 0,13	$ 0,21	$ (0,25)	$ 0,04
Cumulative effect of accounting change, net (3)	-	-	-	(0,22)	(0,21)
Basic earnings (loss) per share	$ 0,14	$ 0,13	$ 0,21	$ (0,47)	$ (0,17)
Diluted earnings (loss) per share before cumulative effect of accounting change	$ 0,14	$ 0,13	$ 0,20	$ (0,25)	$ 0,04
Cumulative effect of accounting change, net (3)	-	-	-	(0,22)	(0,21)
Diluted earnings (loss) per share (6)	**$ 0,14**	**$ 0,13**	**$ 0,20**	**$ (0,47)**	**$ (0,17)**
Basic shares outstanding	101 879 153	89 811 489	101 758 404	89 680 376	94 767 967
Diluted shares outstanding	103 462 345	90 911 574	103 079 705	89 680 376	95 840 199

Notes:

(1) Unusual items, net for the year ended December 31, 1999 includes $74.0 million (of which $52.1 million was incurred in the first quarter of 1999) in employee termination costs, lease termination/revision costs, vessel derigging costs and equipment impairments directly related to restructured operations, as well as $15.9 million (of which $8.9 million and $7.0 million were incurred in the first and second quarters of 1999, respectively) in asset impairments necessitated by market conditions.

(2) Other income, net for 1999 includes $19.1 million (of which $9.4 million and $9.7 million were received in the first quarter and second quarters of 1999, respectively) in UK lease gains related to the Ramform Victory and the Ramform Vanguard which were delivered in January and April of 1999, respectively.

(3) Effective January 1, 1999, the Company adopted Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-up Activities." This SOP requires that the initial, one-time costs related to introducing new products and services, conducting business in new territories or commencing new operations be expensed as incurred. Accordingly, the Company has recognized a charge to income of $28.0 million ($20 million net of tax) as the cumulative effect of the change in accounting principle.

(4) For information regarding $143.8 million liquidation amount of 9.625% trust preferred securities issued by PGS Trust I, a statutory business trust formed by the Company, see footnote (3) to the Consolidated Income Statement contained in the Company's Report on Form 6-K dated October 22, 1999. Financial expense, net for the second quarter and the six months ended June 30, 2000 and the year ended December 31, 1999, includes $3.7 million, $7.4 million, and $7.7 million, respectively, in minority interest expense related to the trust's securities. The sole assets of the trust are junior subordinated debentures of the Company that bearinterest at the rate of 9.625% per year and mature on June 30, 2039. As of June 30, 2000, the trust held $148.2 million principal amount of such debentures.

(5) Certain reclassifications have been made to conform prior year amounts with the current year presentation.

(6) Earnings per share before unusual items and UK lease gains for the the second quarter of 1999 was $0.11.

Petroleum Geo-Services ASA
Consolidated Balance Sheets (5)

(In thousands of dollars, except for share data)	June 30, 2000	December 31, 1999
Assets		
Cash and cash equivalents	$ 49 119	$ 63 044
Accounts receivable, net	274 361	240 634
Other current assets	121 787	94 926
Total current assets	445 267	398 604
Multi-client library, net	910 476	816 423
Property and equipment, net	2 382 470	2 429 848
Goodwill and other long-term assets, net	538 190	531 776
Total assets	**$ 4 276 403**	**$ 4 176 651**
Liabilities and Shareholders' Equity		
Short-term debt and current portion of long-term debt and capital lease obligations	$ 65 182	$ 22 409
Accounts payable and accrued expenses	198 550	232 277
Income taxes payable	9 857	9 805
Total current liabilities	273 589	264 491
Long-term debt	2 074 870	1 986 143
Long-term capital lease obligations	8 545	12 387
Other long-term liabilities	103 839	104 737
Deferred income taxes	71 784	79 852
Total liabilities	2 532 627	2 447 610
Commitments and contingencies		
Guaranteed preferred beneficial interest in PGS junior subordinated debt securities (4)	139 623	139 164
Shareholders' equity:		
Common stock, par value NOK 5; issued & outstanding 102,110,087 and 101,609,587 shares at June 30, 2000 and December 31, 1999, respectively	70 409	70 126
Additional paid-in capital	1 213 631	1 208 873
Retained earnings	348 320	327 385
Accumulated other comprehensive loss	(28 207)	(16 507)
Total shareholders' equity	1 604 153	1 589 877
Total liabilities and shareholders' equity	**$ 4 276 403**	**$ 4 176 651**

Petroleum Geo-Services ASA
Consolidated Statements of Cash Flows (5)

(In thousands of dollars)	Quarter ended June 30, 2000	Quarter ended June 30, 1999	Six months ended June 30, 2000	Six months ended June 30, 1999	Year ended December 31, 1999
Cash flows from operating activities:					
Net income (loss)	$ 14 276	$ 11 839	$ 20 935	$ (42 573)	$ (16 269)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization charged to expense	68 046	64 632	129 686	107 342	238 576
Non-cash charges	-	7 000	-	88 050	83 805
Provision for deferred income taxes	(3 114)	2 671	(9 758)	(20 773)	(53 471)
Working capital changes and other items	(98 447)	(88 562)	(103 983)	(40 478)	(51 963)
Net cash provided by operating activities	(19 239)	(2 420)	36 880	91 568	200 678
Cash flows from investing activities:					
Investment in multi-client library	(61 531)	(80 387)	(133 426)	(184 028)	(338 718)
Capital expenditures	(14 832)	(109 222)	(34 924)	(243 716)	(667 869)
Other items, including net proceeds from UK leases	(4 137)	4 540	(6 872)	11 710	5 496
Net cash used in investing activities	(80 500)	(185 069)	(175 222)	(416 034)	(1 001 091)
Cash flows from financing activities:					
Net proceeds from issuance of long-term debt	-	-	223 845	-	195 712
Net proceeds from issuance of guaranteed preferred beneficial interest in PGS junior subordinated debt securities	-	138 914	-	138 914	138 914
Net proceeds from issuance of common stock	3 485	3 488	5 040	3 736	220 024
Repayment of long-term debt	(4 831)	(6 107)	(8 657)	(13 126)	(29 924)
Net increase (decrease) in revolving and short-term debt	95 996	33 982	(83 913)	188 187	283 334
Principal payments under capital lease obligations	(1 871)	(4 795)	(3 675)	(9 871)	(13 437)
Lease financing of owned equipment	-	8 812	-	8 812	15 512
Other items	(8 068)	-	(8 068)	-	-
Net cash provided by financing activities	84 711	174 294	124 572	316 652	810 135
Effect of exchange rate changes in cash and cash equivalents	(86)	(22)	(155)	34	49
Net increase (decrease) in cash and cash equivalents	(15 114)	(13 217)	(13 925)	(7 780)	9 771
Cash and cash equivalents at beginning of period	64 233	58 710	63 044	53 273	53 273
Cash and cash equivalents at end of period	**$ 49 119**	**$ 45 493**	**$ 49 119**	**$ 45 493**	**$ 63 044**