EARNINGS

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Petroleum Geo-Services Announces First Quarter 2000 Results

Financial Highlights

- First quarter revenue increases by 43% over the prior year despite a significant reduction in seismic capacity
- First quarter diluted earnings per share were $0.06
- Production services revenue totals $111.0 million, 52% of total revenue, for the first quarter
- First quarter multi-client sales increase by 54% over the prior year period
- PGS issues $225 million of floating rate senior unsecured notes in March. Net proceeds were used to repay bank debt and to enhance liquidity

Operating Highlights

- PGS is awarded the largest seafloor multi-component contract in the industry after various field tests were performed in direct competition with other contractors
- PGS is awarded an early well test contract in the North Sea for the *Petrojarl I*. Production is expected to commence during the second quarter
- PGS is awarded one of the industry's largest land contracts in the Middle East
- PGS is awarded a five year, approximately $240 million, contract extension covering the operation of Kerr McGee's North Sea facilities
- Seismic fleet backlog continues to strengthen

Houston, Texas; Oslo, Norway; April 28, 2000: — Petroleum Geo-Services ASA (NYSE: PGO; OSE: PGS) reported improved 2000 first quarter earnings, reflecting higher revenue from multi-client sales and the production services group as compared to the same period of 1999. With oil and gas companies cautiously optimistic about the stability of hydrocarbon prices, the geophysical market began a slow recovery from the depressed activity levels of 1999. Additionally, the acquisition of the *Petrojarl Varg* in July 1999, together with improved production from the *Ramform Banff*, which began production on January 31, 1999, positively impacted results for the first quarter as compared to the same period of 1999.

The Company's 2000 first quarter revenue of $212.7 million represents a 43% increase over the same period of the previous year. First quarter operating profit was $27.1 million, representing a 13% operating profit margin.

The Company's net income for the first quarter of 2000 was $6.7 million, an increase of $5.2 million over net income (before unusual items and accounting change) for the 1999 first quarter. Diluted earnings per share were $0.06 compared to diluted earnings per share (before unusual items and accounting change) of $0.02 for the same period of 1999.

Reidar Michaelsen, Chairman of the Board and Chief Executive Officer, stated, "Our first quarter results reflect the slowly improving climate for oilfield services and geophysical services in particular. With North Sea Brent crude oil prices settling into a range of $20 to $25 per barrel and based upon customer inquiries, we expect to see renewed demand for seismic data and a revived seismic contract market starting in the third quarter of 2000. Our production services operations continue to improve, particularly with the resolution of many of the operational problems that effected the *Ramform Banff* FPSO during the 1999 fourth quarter and the early part of 2000. Additionally, the completion of the Norwegian 16th licensing round, which covered many blocks where we have multi-client seismic data, should result in continued improvement in our geophysical results."

Michaelsen went on to say, "With respect to multi-client data, our library cash investment for the first quarter was $72 million, and we remain on target to generate positive cash flow from the library for 2000. While we believe 1999 may have been the most difficult year on record for the seismic industry, the worst seems to be behind us and our market position has improved as a result of capacity reductions within the industry and improving market conditions."

Review of Geophysical Services Operations

For the quarter ended March 31, 2000, the Company achieved total geophysical services revenue of $101.7 million, of which $56.3 million represented multi-client sales, yielding an operating profit of $6.4 million. The average amortization rate applied to multi-client sales during the first quarter was 57%.

The improvement in geophysical services revenue reflects the early stages of a recovery in demand for oilfield services. Oil and gas companies are increasing exploration and development spending due to a more stable hydrocarbon price environment resulting from renewed discipline on the part of oil producing nations and increasing worldwide demand for oil. Additionally, as the pace of consolidation within the oil and gas industry has slowed, oil and gas companies have begun to focus on developing new fields and prospects, particularly in the highly prospective areas of Brazil, mid-Norway, deepwater Gulf of Mexico and West Africa.

During the first quarter, we continued to acquire data under our Brazilian multi-client programs and have achieved excellent interest in this data, with prefunding levels in excess of 50%. Additionally, the Norwegian 16th licensing round, completed in April 2000, included a substantial number of blocks covered by the Company's multi-client data library. The award of these blocks should generate increased interest in the Company's data library during 2000. With respect to Nigeria, our deepwater multi-client data program should benefit from the pending bid round scheduled for the latter half of 2000, with the award of the deepwater blocks expected shortly thereafter.

Overall, at March 31, 2000, the Company had $333 million of in-process seismic data and $537 million of finished seismic data available for sale. All of the seismic data is 3D or multi-component geophysical information and approximately 93% of this data has been acquired in the last 27 months. Most of the Company's seismic data is located in deepwater areas in the Gulf of Mexico, West Africa, Brazil, Norway, West of Shetlands, Egypt and Australia. In addition, the Company maintains a sizeable database in the gas prone areas on the continental shelves in the Gulf of Mexico, the UK sector of the North Sea, Norway, Indonesia and certain areas in the Middle East. The Company believes its current data library is one of the largest and newest 3D seismic databases available in the industry.

Review of Production Services Operations

For the quarter ended March 31, 2000, the Company achieved production services revenue of $111.0 million, a 46% increase as compared to the same period of the prior year, yielding an operating profit of $20.7 million. Revenue from the *Petrojarl Varg*, acquired in July 1999, as well as higher revenue from the *Ramform Banff*, positively affected revenue for the first quarter of 2000. The Company continues to make improvements in the operational performance and uptime of the *Ramform Banff*. In addition to the Kyle field, we also continue to pursue a number of other fields in the vicinity of the *Ramform Banff* that are candidates for production through this facility.

During the first quarter, the *Petrojarl I* was awarded a new contract to perform an early well test on the Kyle field that is expected to commence in May 2000, and continue through October 2000. Upon completion of the Kyle field early well test, the vessel will undergo a standard five-year inspection and a minor upgrade that should allow certification for an additional fifteen years of operation in the North Sea. Following the certification and upgrade, the *Petrojarl I* is expected to work on a multi-year contract, several of which are currently under discussion. In April 2000, PGS was awarded a five year, approximately $240 million, contract extension covering field operations support services to Kerr McGee’s fixed installation and floating production facilities located in the North Sea. The fully incentivized contract, an expansion of our existing relationship with Kerr McGee, reconfirms our leading position as the preferred provider of operation management services in the North Sea.

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Petroleum Geo-Services’ first quarter earnings conference call is scheduled for Friday, April 28th 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 11:30 a.m. EST on the day of the call through Friday, May 5, 2000 at 800-933-9609 or 402-530-8098 for international callers. Additionally, Petroleum Geo-Services’ 1999 Annual Report, including audited financial statements, is now available at the web site noted above.

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Petroleum Geo-Services is a technologically focused oilfield service company principally involved in two businesses — geophysical services and production services. PGS acquires, processes, manages and markets 3D, 4D and 4C marine seismic data. Such 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. In its production services business, PGS owns four floating production, storage and offloading systems (FPSOs) and operates numerous offshore production facilities for oil and gas companies. FPSOs permit oil and gas companies to produce oil and gas from offshore oil and gas fields more cost-effectively. PGS also provides data management solutions, 4D reservoir monitoring and characterization studies, and other specialized geophysical services. PGS operates on a worldwide basis with headquarters in Houston, Texas, and Oslo, Norway.

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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 March 31, 2000	Quarter ended March 31, 1999	Year ended December 31, 1999
Revenue	$ 212 730	$ 148 664	$ 788 160
Cost of sales	102 712	62 741	333 060
Depreciation and amortization	61 640	42 710	238 576
Research and technology costs	2 657	5 669	15 859
Selling, general and administrative costs	18 580	17 767	71 738
Unusual items, net (1)	-	60 989	89 855
Total operating expenses	185 589	189 876	749 088
Operating profit	27 141	-41 212	39 072
Financial expense, net (4)	(29 937)	(19 649)	(95 969)
Other income, net (2)	2 811	11 127	18 715
Income (loss) before income taxes and cumulative effect of accounting change	15	(49 734)	(38 182)
Provision (benefit) for income taxes	(6 644)	(15 299)	(41 890)
Income (loss) before cumulative effect of accounting change	6 659	(34 435)	3 708
Cumulative effect of accounting change, net (3)	-	(19 977)	(19 977)
Net income (loss)	**$ 6 659**	**$ (54 412)**	**$ (16 269)**
Basic earnings (loss) per share before cumulative effect of accounting change	$ 0,07	$ (0,38)	$ 0,04
Cumulative effect of accounting change, net (3)	-	$ (0,23)	$ (0,21)
Basic earnings (loss) per share	$ 0,07	$ (0,61)	$ (0,17)
Diluted earnings (loss) per share before cumulative effect of accounting change	$ 0,06	$ (0,38)	$ 0,04
Cumulative effect of accounting change, net (3)	-	$ (0,23)	$ (0,21)
Diluted earnings (loss) per share	**$ 0,06**	**$ (0,61)**	**$ (0,17)**
Basic shares outstanding	101 596 483	89 547 805	94 767 967
Diluted shares outstanding	102 656 325	89 547 805	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 was incurred in the first quarter of 1999) in asset impairments necessitated by market conditions.

(2) Other income, net for 1999 includes $19.1 million (of which $9.4 million was received in the first quarter of 1999) 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 first quarter ended March 31, 2000 and the year ended December 31, 1999, includes $3.7 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 bear interest at the rate of 9.625% per year and mature on June 30, 2039. As of March 31, 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.

Petroleum Geo-Services ASA
Consolidated Balance Sheets (5)

(In thousands of dollars, except for share data)	March 31, 2000	December 31, 1999
Assets		
Cash and cash equivalents	$ 64 233	$ 63 044
Accounts receivable, net	234 990	240 634
Other current assets	111 857	94 926
Total current assets	411 080	398 604
Multi-client library, net	870 233	816 423
Property and equipment, net	2 405 153	2 429 848
Goodwill and other long-term assets, net	533 451	531 776
Total assets	**$ 4 219 917**	**$ 4 176 651**
Liabilities and Shareholders' Equity		
Short-term debt and current portion of long-term debt and capital lease obligations	$ 20 533	$ 22 409
Accounts payable and accrued expenses	238 234	232 277
Income taxes payable	9 684	9 805
Total current liabilities	268 451	264 491
Long-term debt	2 028 712	1 986 143
Long-term capital lease obligations	10 325	12 387
Other long-term liabilities	103 960	104 737
Deferred income taxes	79 852	79 852
Total liabilities	2 491 300	2 447 610
Commitments and contingencies		
Guaranteed preferred beneficial interest in PGS junior subordinated debt securities (4)	139 373	139 164
Shareholders' equity:		
Common stock, par value NOK 5; issued & outstanding 101,759,837 and 101,609,587 shares at March 31, 2000 and December 31, 1999, respectively	70 218	70 126
Additional paid-in capital	1 210 337	1 208 873
Retained earnings	334 044	327 385
Accumulated other comprehensive loss	(25 355)	(16 507)
Total shareholders' equity	1 589 244	1 589 877
Total liabilities and shareholders' equity	**$ 4 219 917**	**$ 4 176 651**

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

(In thousands of dollars)	Quarter ended March 31, 2000	Quarter ended March 31, 1999	Year ended December 31, 1999
Cash flows from operating activities:			
Net income (loss)	$ 6 659	$ (54 412)	$ (16 269)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization charged to expense	61 640	42 710	238 576
Non-cash charges	-	81 050	83 805
Provision for deferred income taxes	(6 644)	(23 444)	(53 471)
Working capital changes and other items	(5 536)	48 084	(51 963)
Net cash provided by operating activities	56 119	93 988	200 678
Cash flows from investing activities:			
Investment in multi-client library	(71 895)	(103 641)	(338 718)
Capital expenditures	(20 092)	(134 494)	(667 869)
Cash acquired in purchase acquisition	-	-	-
Other items, including net proceeds from UK leases	(2 735)	7 170	5 496
Net cash used in investing activities	(94 722)	(230 965)	(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
Net proceeds from issuance of common stock	1 555	248	220 024
Repayment of long-term debt	(3 826)	(7 019)	(29 924)
Net increase (decrease) in revolving and short-term debt	(179 909)	154 205	283 334
Principal payments under capital lease obligations	(1 804)	(5 076)	(13 437)
Lease financing of owned equipment	-	-	15 512
Net cash provided by financing activities	39 861	142 358	810 135
Effect of exchange rate changes in cash and cash equivalents	(69)	56	49
Net increase (decrease) in cash and cash equivalents	1 189	5 437	9 771
Cash and cash equivalents at beginning of period	63 044	53 273	53 273
Cash and cash equivalents at end of period	**$ 64 233**	**$ 58 710**	**$ 63 044**