

Registration number: FC005975

Apache Beryl I Limited

Incorporated in the Cayman Islands

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

Apache Beryl I Limited

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Apache Beryl I Limited

Company Information

Directors J W Sauer
S Greig
R J J Chelte (resigned 17 May 2021)
T R Custer
K H Neupert (resigned 27 October 2021)
R M Littlewood (appointed 17 May 2021)

Company secretary Paget Brown Trust Company

Company number FC005975

Registered office Paget Brown Trust Company Ltd
Boundary Hall, PO Box 1111,
Cricket Square,
George Town, Grand Cayman,
Cayman Islands
KY1 1102

Bankers Citibank NA
Citibank Centre
Canada Square
Canary Wharf
London
E14 5LB

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the unaudited financial statements for the year ended 31 December 2021.

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Environmental report

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Apache Beryl I Limited supports these recommendations and are committed to disclosing the relevant information which can be found below.

Governance

Protecting the environment is part of the mission and core values that guide Apache's daily work. We continue to reduce environmental impacts at all stages of our operations through the thoughtful evaluation and implementation of new technologies, practices and procedures that not only reduce impacts but often reduce operating costs as well. We are working to reduce operational process-related GHG emissions and energy use by optimizing the efficiency of our operations.

Streamlined Energy & Carbon Reporting (SECR) : Emissions and energy consumption

Data Records and Methodology

The EU Emission Trading Scheme (ETS) Monitoring and Reporting Regulation (MRR) has been followed for the data records and carbon dioxide (CO₂) calculation methodology. The calculation methodology for the remaining greenhouse gases is described in the OPRED (Offshore Petroleum Regulator for Environment and Decommissioning) Environmental Emissions Monitoring System (EEMS).

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 31 December 2021:

	2021	2020
Scope 1 : Direct GHG emissions (tCO ₂ e)	<u>548,539</u>	<u>658,187</u>

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 December 2021:

	2021	2020
Scope 2 : Indirect GHG emissions (tCO ₂ e)	<u>-</u>	<u>-</u>

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 31 December 2021:

	2021	2020
Flaring (GJ)	<u>1</u>	<u>1</u>

Summary of energy consumption for the year ended 31 December 2021:

	2021	2020
Energy Consumption (MWh)	<u>211,045</u>	<u>230,941</u>

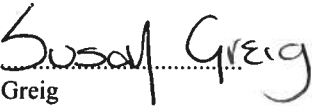
Intensity ratio

During the year ended 31 December 2021 the intensity ration (kg CO₂/boe) was 51.3% (2020 - 49.7%)

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Approved by the Board on 28 September 2022 and signed on its behalf by:


.....
S Greig
Director

Apache Beryl I Limited

Statement of Profit or Loss for the Year Ended 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Revenue	4	658,354	483,802
Cost of sales		<u>(364,536)</u>	<u>(399,257)</u>
Gross profit		293,818	84,545
Administrative expenses		<u>(21,292)</u>	<u>(18,391)</u>
Operating profit	5	<u>272,526</u>	<u>66,154</u>
Interest receivable and similar income	8	30,180	30,024
Interest payable and similar expenses	9	<u>(53,696)</u>	<u>(51,200)</u>
		<u>(23,516)</u>	<u>(21,176)</u>
Profit on ordinary activities before tax		249,010	44,978
Tax (charge)/credit on profit on ordinary activities	10	<u>(77,583)</u>	<u>393</u>
Profit for the year		<u>171,427</u>	<u>45,371</u>

The above results were derived from continuing operations.

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

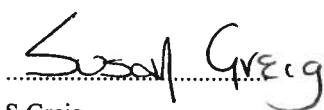
	2021 \$ 000	2020 \$ 000
Profit for the year	<u>171,427</u>	<u>45,371</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>171,427</u></u>	<u><u>45,371</u></u>

Apache Beryl I Limited

(Registration number: FC005975) Statement of Financial Position as at 31 December 2021

		31 December 2021 \$ 000	31 December 2020 \$ 000
Fixed assets			
Intangible assets	11	57,694	63,024
Property, plant and equipment	12	786,451	870,431
Investments	14	206	206
Right of use assets	13	<u>106,314</u>	<u>59,190</u>
		<u>950,665</u>	<u>992,851</u>
Current assets			
Inventory	15	59,078	73,724
Trade and other receivables	16	1,083,955	795,725
Cash and cash equivalents	18	<u>296</u>	<u>876</u>
		<u>1,143,329</u>	<u>870,325</u>
Creditors: Amounts falling due within one year			
Trade and other payables	19	(331,493)	(321,257)
Current portion of long term lease liabilities	17	<u>(37,551)</u>	<u>(40,726)</u>
Creditors: Amounts falling due within one year		<u>(369,044)</u>	<u>(361,983)</u>
Net current assets		<u>774,285</u>	<u>508,342</u>
Total assets less current liabilities		1,724,950	1,501,193
Provisions for liabilities	20, 10	<u>(836,958)</u>	<u>(768,710)</u>
Net assets		<u>887,992</u>	<u>732,483</u>
Capital and reserves			
Called up share capital	21	100	100
Retained earnings		<u>887,892</u>	<u>732,383</u>
Total shareholders' funds		<u>887,992</u>	<u>732,483</u>

Approved by the Board on 28 September 2022 and signed on its behalf by:



S Greig
Director

Apache Beryl I Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2021	100	732,383	732,483
Profit for the year	-	171,427	171,427
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	171,427	171,427
Dividends	-	(15,918)	(15,918)
At 31 December 2021	100	887,892	887,992

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2020	100	701,707	701,807
Profit for the year	-	45,371	45,371
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	45,371	45,371
Dividends	-	(14,695)	(14,695)
At 31 December 2020	100	732,383	732,483

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

Apache Beryl I Limited ("the company") is a private company limited by share capital incorporated and domiciled in the Cayman Islands. The registered address of the company is Paget Brown Trust Company Ltd, Boundary Hall, PO Box 1111, Cricket Square, George Town, Grand Cayman. The company's principal activity is the appraisal, development and production of crude oil and natural gas in the North Sea.

These financial statements were authorised for issue by the Board on 28 September 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The Company has considered all new and amended International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ending 31 December 2021. In the current year, the following new and revised standards and interpretations have been adopted. None of these have a material impact on the company's annual results.

- IFRS 4 Insurance Contracts - Deferral of IFRS 9
- IFRS 4 Insurance Contracts - Interest Rate Benchmark Reform Phase 2
- IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform Phase 2
- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform Phase 2
- IFRS 16 Leases - Interest Rate Benchmark Reform Phase 2
- IFRS 16 Leases - Covid19 Related Rent Concessions beyond 30 June 2021
- IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform Phase 2

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard ("FRS") 101, the Overseas Companies Regulations 2009 and the Companies Act 2006 s396 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standards, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS").

The company is a qualifying entity for the purposes of FRS 101. Note 25 gives details of the company's ultimate parent and from where consolidated financial statements within which the company is included may be obtained.

The financial statements are presented in US Dollars, the functional currency of the company, and all values are rounded to the nearest thousand except where otherwise indicated.

The rate of exchange used for 31 December 2021 is £1:\$1.3533 (2020 - £1:\$1.3671).

The financial statements have not been audited.

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(iii) paragraph 118(e) of IAS 38 Intangible Assets;

(b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-38D, 111 and 134-136 of IAS 1;

(c) the requirements of IAS 7 Statement of Cash Flows;

(d) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;

(e) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of IFRS 7, Financial Instruments; Disclosure; and

(h) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

Going concern

The financial statements have been prepared under the going concern basis and the directors have reviewed the going concern period to 30 September 2023. The company has considerable proved reserves within the Beryl Area to continue in operational existence for the foreseeable future and accordingly the directors continue to adopt the going concern basis in preparing the financial statements. If Apache Beryl I Limited were in a position to require funding, the company may be dependent on the financial support of its parent or other group undertakings.

The directors have considered the liquidity and solvency of Apache Corporation and based on this assessment they believe the company will be able to continue in operational existence for the foreseeable future given the support provided by their operating parent company, Apache Corporation. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

As a wholly owned subsidiary of APA Corporation, the company has taken exemption from the requirement to prepare consolidated financial statements in accordance with Companies Act 2006 section 401.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from the sale of crude oil and natural gas products from interests in the UK.

Sales of crude oil, natural gas and natural gas liquids ("NGLs") are included in revenue when production is sold to a customer in fulfillment of performance obligations under the terms of agreed contracts. Performance obligations primarily comprise delivery of oil, gas or NGLs at a delivery point, as negotiated within each contract. Each barrel of oil or NGL, cubic feet of natural gas, or other unit of measure is separately identifiable and represents a distinct performance obligation to which the transaction price is allocated. Performance obligations are satisfied at a point in time once control of the product has been transferred to the customer. The company considers a variety of facts and circumstances in assessing the point of control transfer, including but not limited to: whether the purchaser can direct the use of the hydrocarbons, the transfer of significant risks and rewards, the company's right to payment and transfer of legal title. The time between delivery and when payments are due is not significant.

The company sells its crude oil under contracts with a market-based index. Revenue is measured at the fair value of the consideration received or receivable and is net of discounts, customs duties and sales taxes.

Generally, revenues from crude oil, natural gas and NGLs in which the company has an interest together with other producers are recognised on the basis of the company's working interest in the asset. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Exploration, research and development expenditure

Geophysical and geological costs and research and development expenditure are charged against income as incurred. These charges are included in cost of sales.

Interest receivable and interest payable

Interest receivable and interest payable is recognised in the Statement of Profit or Loss as it accrues, using the effective interest method.

Interest payable and similar expenses include interest payable, finance charges and the unwinding of the discount applied to the ARO liability.

Interest receivable and similar income includes interest on intercompany loans and external loans and cash balances.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises current and deferred tax and includes corporation tax and supplementary charge. Tax is recognised in the Statement of Profit or Loss, except when a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is amortised on a unit of production basis over its useful economic life. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed assets

Oil and gas expenditure - Exploration and Evaluation ("E&E") assets

Directly identifiable costs incurred to purchase, lease or otherwise acquire specific mineral interests in unproved properties are capitalised as intangible E&E assets when incurred. Costs directly associated with drilling an exploration well are capitalised within E&E assets until the drilling of the well is complete and the results have been evaluated. If no potentially commercial hydrocarbons are discovered, the E&E asset is written-off to the Statement of Profit or Loss.

When commercially viable reserves are discovered on or otherwise attributed to an E&E asset or a field development plan has received all necessary approvals, the E&E asset is transferred from intangible assets to development stage assets within Property, Plant and Equipment.

A review is carried out each reporting date for any indication that the carrying value of the company's E&E assets may be impaired. Where an impairment triggering event is identified, E&E assets are assessed for impairment along with the corresponding cash generating unit ("CGU") to which the E&E assets are associated. Where the carrying value of an E&E asset exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Oil and gas expenditure - Development and Production ("D&P") assets

Costs of acquiring development or production acreage or of bringing a field into production, including the cost of facilities, wells, and sub-sea equipment are capitalised as a D&P asset. The cost associated with development wells and successful wells in fields not yet producing are carried within development stage assets. All other costs are considered in relation to producing assets.

Assets held under leases which transfer substantially all the benefits and risks of ownership to the lessee (finance leases) are included at a cost equivalent to the net present value of the lease payments.

A review is carried out each reporting date for any indication that the carrying value of the company's D&P assets may be impaired. For D&P assets where there are such indications, an impairment test is carried out on the CGU to which it is attached. The company's CGU's are those assets which generate largely independent cashflows and are normally, but not always, single developments or production areas. The impairment test involves comparing the carrying value with the recoverable value of a CGU. The recoverable amount of a CGU is determined as the higher of its fair value less costs to sell and value in use, where the value in use is determined from estimated future net cashflows. Any additional depreciation resulting from the impairment testing is charged to the Statement of Profit or Loss.

Depreciation and amortisation

Depreciation and amortisation are charged so as to reduce the cost of each group of assets to its residual value over its expected useful life. Producing assets are depreciated or amortised by the unit of production method, which is based on reserves estimated to be recoverable using established recovery techniques. No depreciation is provided on development stage assets.

Investments

Investments in associates are held at cost less provisions for impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a moving average cost formula.

Trade and other receivables

Trade receivables are amounts due from customers for petroleum products sold in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The accounting policy on Financial Instruments contains details of impairment of receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the company has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term.

The right-of-use asset is initially measured at the amount of the lease liability.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the Statement of Profit or Loss. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses or ROU Assets in the period in which the event or condition that triggers them arises, commensurate with the leased activities and nature of the services performed.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

For a modification that fully or partially decreases the scope of the lease, IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in the Statement of Profit or Loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting the Statement of Profit or Loss.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is calculated on a straight-line method based on the total value of the contract payments to the lessor, apportioned equally over the term of the lease.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less.

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Statement of Profit or Loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Underlift/overlift

Underlift or overlift of entitlement to production is valued at the lower of the cost or year-end contract price where fixed, or otherwise at the market price prevailing.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event where it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Decommissioning provision

Provision for decommissioning is made when the underlying assets to be decommissioned are first placed in situ or when the assets are acquired, if later. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Unwinding of the discount of future decommissioning provisions is included as a separate financial item in the Statement of Profit or Loss under the Interest payable and similar expenses heading.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividends payable are only recognised as a liability if declared prior to year-end.

Dividend income is recognised as income when the company's right to receive dividends is established.

Joint ventures

The company has entered into a number of unincorporated joint venture agreements in which it has a long-term interest and shares control of oil fields operated by other co-venturers. These ventures cover the majority of the company's North Sea operations. The financial statements include the company's proportionate share of the results of operations and balances related to these joint ventures.

Financial instruments

Initial recognition

The company recognises financial assets in the Statement of Financial Position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. After initial recognition, financial assets are measured at amortised cost, fair value through Other Comprehensive Income or fair value through the Statement of Profit or Loss.

Classification

The company's financial assets consist of trade and other receivables, receivables from other group companies and cash balances.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the company transfers these rights or the company does not retain control of the financial asset.

Impairment of financial assets

Measurement of Expected Credit Losses

Impairment is based on an expected credit loss model. Under the expected credit loss model an allowance for losses is calculated based on a 12-month expected credit loss or a lifetime expected credit loss. The company has chosen to make allowance for expected losses on a lifetime basis.

For the current accounting period the financial assets are not impaired.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Decommissioning of oil and gas properties

Decommissioning costs will be incurred by the company at the end of the operating life of the company's oil and gas assets. The company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at the reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Impairment of oil and gas assets

Impairment exists when the carrying value of a cash generating unit exceeds its recoverable amount. The recoverable amount requires the use of estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of a cash generating unit.

Unit of production ("UOP") depreciation of oil and gas assets

Oil and gas assets are depreciated using the UOP method with production taken over proved and probable hydrocarbon reserves. This results in a depreciation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from the current forecast production based on total proved and probable reserves, or future capital expenditure estimates change. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

4 Revenue

The analysis of the company's revenue for the year from continuing operations in the UK is as follows:

	2021	2020
	\$ 000	\$ 000
Sale of petroleum products	612,960	450,512
Rendering of services	19,216	11,466
Other revenue	26,178	21,824
	<u>658,354</u>	<u>483,802</u>

The company has four major customers (2020: five) who respectively contribute 50% (\$310 million), 30% (\$150 million), 7% (\$41 million) and 7% (\$41 million). (2020 respectively: 19% (\$84 million), 28% (\$125 million), 20% (\$89 million), 12% (\$52 million) and 17% (\$72 million)).

5 Operating profit

Arrived at after charging

	2021	2020
	\$ 000	\$ 000
Depreciation expense	174,390	237,431
Amortisation expense	4,570	6,751
Impairment loss on exploration and evaluation assets	508	493
Foreign exchange loss	60	282
Loss on disposal	552	614
Loss from write-downs of inventories	<u>17,492</u>	<u>-</u>

6 Staff costs

The company has no employees (2020: Nil). During the year, staff were seconded from Apache North Sea Production Limited, whose principal activity is the provision of services to other group companies. Staff costs are recharged to the relevant company within the group based on a time allocation.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

7 Directors' remuneration

In both years the directors were remunerated by another Apache group company, with management charges being passed on as appropriate. In 2021 four directors (2020: four) received remuneration, amounting to \$1,169,000 (2020: \$2,571,000) representing overall compensation in respect of their services to Apache Beryl I Limited. This includes \$62,700 (2020: \$77,500) in respect of employer's pension contributions.

During the year no director (2020 - no director) exercised stock options.

The emoluments of the highest paid director was \$702,000 (2020: \$1,550,000) and the company paid \$22,000 (2020: \$22,000) in respect of employer's pension contributions. Included in the emoluments of the highest paid director is \$0 (2020: \$337,000) severance pay for loss of office.

All directors' contracts of employment are held with another group company. The directors also hold office in other group undertakings. Emoluments paid to directors by other group companies are disclosed within their financial statements.

8 Interest receivable and similar income

	2021	2020
	\$ 000	\$ 000
Interest income	2	2
Intercompany interest	30,178	30,022
	30,180	30,024

9 Interest payable and similar expenses

	2021	2020
	\$ 000	\$ 000
Other finance costs	13,979	10,789
Accretion expense on decommissioning liability	38,112	38,021
Interest paid to a group company	75	-
Interest expense on leases	1,530	2,390
	53,696	51,200

Included in Other finance costs are letter of credit fees associated with supporting North Sea decommissioning obligations.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

10 Tax on profit on ordinary activities

Tax charged/(credited) in the Income Statement is made up as follows:

	2021	2020
	\$ 000	\$ 000
Current taxation		
UK corporation tax	117,293	44,713
UK corporation tax adjustment to prior periods	<u>57</u>	<u>4,280</u>
	<u>117,350</u>	<u>48,993</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(39,803)	(58,554)
Attributable to the true-up of prior year balances	<u>36</u>	<u>9,168</u>
Total deferred taxation	<u>(39,767)</u>	<u>(49,386)</u>
Tax charge/(benefit) in the Income Statement	<u><u>77,583</u></u>	<u><u>(393)</u></u>

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2021	2020
	\$ 000	\$ 000
Profit before tax	<u>249,010</u>	<u>44,978</u>
Corporation tax at standard rate	99,604	17,992
Expenses not subject to tax	2,777	2,382
Income taxed at different rates	(6,338)	(6,305)
True-up of prior year amounts	93	13,447
Field allowances	(11,244)	(11,016)
Group relief received for no compensation	(5,734)	(5,295)
Other	<u>(1,575)</u>	<u>(11,598)</u>
Total tax charge/(credit)	<u><u>77,583</u></u>	<u><u>(393)</u></u>

Upstream oil and gas production activities are taxed at a UK corporation tax rate of 30% (2020: 30%) plus a supplementary charge of 10% (2020: 10%), giving an overall effective rate of 40% (2020: 40%).

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

10 Tax on profit on ordinary activities (continued)

Deferred tax liabilities

Deferred tax liabilities are made up as follows:

	2021 \$ 000	2020 \$ 000
Accelerated capital allowances	334,085	368,628
Decommissioning provision	(277,644)	(260,325)
Field allowances	-	(16,363)
Right of Use Assets	42,526	23,676
Lease Liability	(42,458)	(23,684)
Inventory	18,632	22,976
Net tax liabilities	75,141	114,908

11 Intangible assets

	Goodwill \$ 000	Exploration & Evaluation assets \$ 000	Total \$ 000
Cost			
At 1 January 2021	82,992	33,994	116,986
Additions	-	3,776	3,776
Costs expensed	-	(4,027)	(4,027)
Impairment	-	(509)	(509)
At 31 December 2021	82,992	33,234	116,226
Amortisation			
At 1 January 2021	53,962	-	53,962
Amortisation charge	4,570	-	4,570
At 31 December 2021	58,532	-	58,532
Carrying amount			
At 31 December 2021	24,460	33,234	57,694
At 31 December 2020	29,030	33,994	63,024

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

12 Property, plant and equipment

	Other Tangible Assets \$ 000	Development Stage Assets \$ 000	Producing Assets \$ 000	Total \$ 000
Cost or valuation				
At 1 January 2021	1,555	10,731	5,018,306	5,030,592
Additions	-	-	85,264	85,264
Transfers	-	-	(42)	(42)
Change in decommissioning provision	-	-	5,188	5,188
At 31 December 2021	<u>1,555</u>	<u>10,731</u>	<u>5,108,716</u>	<u>5,121,002</u>
Depreciation				
At 1 January 2021	1,386	10,731	4,148,044	4,160,161
Charge for the year	64	-	174,326	174,390
At 31 December 2021	<u>1,450</u>	<u>10,731</u>	<u>4,322,370</u>	<u>4,334,551</u>
Carrying amount				
At 31 December 2021	<u>105</u>	<u>-</u>	<u>786,346</u>	<u>786,451</u>
At 31 December 2020	<u>169</u>	<u>-</u>	<u>870,262</u>	<u>870,431</u>

During 2021, the decommissioning provision was revised upwards, in part due to an increase in exchange rate but also to reflect changes in the timing and costs associated with the decommissioning of the company's oil and gas assets.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

12 Property, plant and equipment (continued)

Impairment

Oil and Gas assets

The company assesses the net book value of its oil and gas assets whenever events or changes indicate that their carrying value may not be recoverable. For the 2021 financial statements, the company conducted the review and due to an overall decrease in Proved and Probable reserves prompted an assessment of impairment. The results of this assessment concluded that there was sufficient headroom within the Beryl cash generating unit (CGU) to conclude that the impairment assessment on these assets was not sensitive to possible changes to Weighted Average Cost of Capital (WACC), oil price and other factors and hence no impairment was booked on these assets.

13 Right of use assets

	Drill Rigs	Total
	\$ 000	\$ 000
Cost or valuation		
At 1 January 2021	145,512	145,512
Timing	1,841	1,841
Modifications	87,933	87,933
At 31 December 2021	235,286	235,286
Depreciation		
At 1 January 2021	86,322	86,322
Charge for the year	42,650	42,650
At 31 December 2021	128,972	128,972
Carrying amount		
At 31 December 2021	106,314	106,314
At 31 December 2020	59,190	59,190

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

14 Investments

Associate	\$ 000
Cost	
At 31 December 2020 and 31 December 2021	<u>206</u>
Provision	
At 31 December 2020 and 31 December 2021	<u>-</u>
Carrying amount	
At 31 December 2020 and 31 December 2021	<u><u>206</u></u>

As at 31 December 2021 the company had invested in a 10% holding of Paloak Limited, a company owning the assets of the International School in Aberdeen.

15 Inventory

	31 December 2021 \$ 000	31 December 2020 \$ 000
Crude oil	11,575	14,017
Raw materials and consumables	46,945	57,728
Other inventories	<u>558</u>	<u>1,979</u>
	<u><u>59,078</u></u>	<u><u>73,724</u></u>

The company's proportionate share of raw materials and consumables are mainly capitalised within property, plant and equipment when taken from inventory.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

16 Trade and other receivables

	31 December 2021 \$ 000	31 December 2020 \$ 000
Trade receivables	89,701	45,612
Receivables from group undertakings	971,222	735,310
Prepayments	11,058	21
Other receivables	<u>11,974</u>	<u>14,782</u>
Total current trade and other receivables	<u>1,083,955</u>	<u>795,725</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables approximates the carrying value of that asset.

The intercompany loan totalling \$924,168,000 at 31 December 2021 (2020: \$685,416,000), and included within receivables from group undertakings, currently bears interest at 0.33% (2020: LIBOR plus 3%).

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

17 Leases

Leases included in creditors

	31 December 2021 \$ 000	31 December 2020 \$ 000
Current portion of long term lease liabilities	37,551	40,726
Long term lease liabilities	<u>68,593</u>	<u>18,483</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2021 \$ 000	31 December 2020 \$ 000
Less than one year	37,551	40,726
2 years	38,627	18,339
3 years and over	<u>29,966</u>	<u>144</u>
Total lease liabilities (undiscounted)	<u>106,144</u>	<u>59,209</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2021 \$ 000	31 December 2020 \$ 000
Payment		
Right of use assets	40,809	41,014
Interest	<u>1,530</u>	<u>2,390</u>
Total cash outflow	<u>42,339</u>	<u>43,404</u>

The company enters into lease contracts on its own behalf and on behalf of other Apache Group companies for North Sea operating activities. The total future value of the minimum lease payments for operating leases shown above includes those lease contracts entered into on its own behalf and on behalf of other Apache Group companies. The company's Statement of Profit or Loss and Statement of Financial Position represents gross share inclusive of amounts billable to partners and other working interest owners. (i.e. it includes the lease for the Joint Venture Partnership)

18 Cash at bank and in hand

	31 December 2021 \$ 000	31 December 2020 \$ 000
Cash at bank	<u>296</u>	<u>876</u>

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

19 Trade and other payables

	31 December 2021 \$ 000	31 December 2020 \$ 000
Trade Payables	5,336	3,495
Accrued expenses	26,487	24,475
Amounts due to group undertakings	253,586	255,416
Social security and other taxes	263	-
Other payables	12,108	17,688
Current corporation tax	33,713	20,183
	331,493	321,257

The fair value of the trade and other payables classified as financial instruments approximates the carrying value of that liability.

20 Provisions for liabilities

	Decommissioning \$ 000	Deferred taxation \$ 000	Long term lease liabilities \$ 000	Total \$ 000
At 1 January 2021	635,319	114,908	18,483	768,710
Increase / (Decrease) in existing provision	19,793	-	50,110	69,903
Increase/(decrease) in existing provision charged/(credited) to P&L	-	(39,767)	-	(39,767)
Additions in existing provisions	38,112	-	-	38,112
At 31 December 2021	693,224	75,141	68,593	836,958

Decommissioning costs represent the present value of the estimated future costs of abandonment for existing oil and gas production facilities. At 31 December 2021, the provision for the costs of decommissioning these facilities at the end of their economic lives was \$694,111,000 (2020: \$650,812,000). These costs are expected to be incurred in the years 2022 - 2037 (2020: 2021 - 2036). The decommissioning costs estimated to be incurred in 2022 amounting to \$887,000 have been included in other payables in Note 19 (2020: \$15,493,000 included in other payables).

The provision has been estimated using existing technology, at current prices inflated at a rate of 2.0% and discounted using a rate of 6%.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

21 Called up share capital

Allotted, called up and fully paid shares

	No. 000	2021 \$ 000	No. 000	2020 \$ 000
Ordinary shares of \$10 each	<u>10</u>	<u>100</u>	<u>10</u>	<u>100</u>

22 Dividends

Dividends were paid to Apache UK Investment Limited of \$15,918,000 (\$1,591.8 per share) on 15 November 2021 (2020 dividends paid were \$14,695,000 being \$1,469.5 per share).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was \$37,802,000 (2020 - \$28,299,000).

Other financial commitments

The financial commitments contracted for but not provided in the financial statements represents the commitment for the use of the SEGAL pipeline and SAGE TPA. The total amount of other financial commitments not provided in the financial statements was \$54,462,000 (2020 - \$68,398,000).

24 Related party transactions

As the company was a wholly owned subsidiary of Apache UK Investment Limited as at 31 December 2021, it has taken advantage of the exception given by paragraph 8 of the Financial Reporting Standard No 101 which allows exemption from disclosure of related party transactions with other group companies.

25 Parent and ultimate parent undertaking

The company's immediate parent is Apache UK Investment Limited.

The ultimate parent is APA Corporation, which is registered in the United States of America.

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is APA Corporation.

The most senior parent entity producing publicly available financial statements is APA Corporation. These financial statements are available upon request from One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas - 77056-4400, USA.

The notes on pages 9 to 30 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

26 Non adjusting events after the financial period

On April 29, 2022, APA Corporation entered into two syndicated credit agreements for general corporate purposes that replaced and refinanced Apache Corporation's 2018 syndicated credit agreement (the Former Facility).

One new agreement is denominated in US Dollars (the USD Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of US\$1.8 billion (including a letter of credit subfacility of up to US\$750 million, of which US\$150 million currently is committed). APA Corporation may increase commitments up to an aggregate US\$2.3 billion by adding new lenders or obtaining the consent of any increasing existing lenders. The facility matures in April 2027, subject to APA Corporation's two, one-year extension options.

The second new agreement is denominated in pounds sterling (the GBP Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of £1.5 billion for loans and letters of credit. This facility matures in April 2027, subject to APA Corporation's two, one-year extension options.

In connection with APA Corporation's entry into the USD Agreement and the GBP Agreement (each, a New Agreement), Apache Corporation terminated US\$4.0 billion of commitments under the Former Facility. Apache Corporation has guaranteed obligations under each New Agreement effective until the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache Corporation's existing indentures is less than US\$1.0 billion.

Borrowers under each New Agreement may include APA Corporation and certain subsidiaries organised under the laws of, resident of, or domiciled in, the United States, Canada, England and Wales, the United Kingdom, or the Cayman Islands. Apache Corporation may borrow under the USD Agreement up to an aggregate principal amount of US\$300 million outstanding at any given time.

Letters of credit are available under each New Agreement for credit support needs of APA Corporation and its subsidiaries, including in respect of North Sea decommissioning obligations. Letters of credit under each New Agreement may be denominated in US dollars, pounds sterling, Canadian dollars, and any other foreign currency consented to by an issuing bank.

As of April 29, 2022, an aggregate US\$680 million in borrowings under the Former Facility were deemed borrowings by APA Corporation outstanding under the USD Agreement. As of April 29, 2022, (i) a letter of credit for US\$20 million originally issued under the Former Facility is deemed issued and outstanding under the USD Agreement and (ii) letters of credit aggregating £748 million originally issued under the Former Facility are deemed issued and outstanding under the GBP Agreement.

Borrowers under each New Agreement may borrow, prepay, and reborrow loans and obtain letters of credit, and APA Corporation may obtain letters of credit for the account of its subsidiaries, in each case subject to representations and warranties, covenants, and events of default substantially similar to those in the Former Facility. The New Agreements do not permit lenders to accelerate maturity or refuse to lend based on unspecified material adverse changes and do not have borrowing restrictions or prepayment obligations in the event of a decline in credit ratings.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

On 26 May 2022, the UK Government announced the introduction of an Energy Profits Levy ('EPL') on the profits earned from the production of oil and gas in the UK with effect from that date. The EPL enabling legislation, the Energy (Oil and Gas) Profits Levy Act 2022, was substantively enacted on 11 July 2022. The EPL is charged at the rate of 25% on taxable profits in addition to ring fence Corporation Tax of 30% and the Supplementary Charge of 10%. The EPL tax is a temporary measure and as enacted will cease to apply on 31 December 2025.

The introduction of EPL will have a consequential effect on the company's future tax charge. The estimated impact of the new tax will be to increase deferred tax liability by \$154 million.