

Registration number: FC005975

Apache Beryl I Limited

Incorporated in the Cayman Islands

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

Apache Beryl I Limited

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Apache Beryl I Limited

Company Information

Directors	J W Sauer S Greig T R Custer R M Littlewood
Company secretary	Paget Brown Trust Company
Company number	FC005975
Registered office	Paget Brown Trust Company Ltd Century Yard, 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 2022

The Directors present their report and the unaudited financial statements for the year ended 31 December 2022.

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 UK-adopted international accounting standards ("IFRSs"), including Financial Reporting Standard 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the company Financial Statements, state whether UK-adopted international accounting standards, including FRS 101, have 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 it is inappropriate to presume that the company will continue in business.

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 2022 (continued)

Energy and carbon report

Environmental matters

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

Climate change is an important issue for Apache and its stakeholders. Apache is committed to reducing its emissions while helping to meet increasing global energy demand in affordable and reliable ways. Working every day to reduce its environmental footprint, ensure the safety of its operations, and partner with local communities to create long-lasting value.

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 2022:

	2022	2021
Scope 1 : Direct GHG emissions (tCO ₂ e)	<u>504,156</u>	<u>548,539</u>

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 December 2022:

	2022	2021
Scope 2 : Indirect GHG emissions (tCO ₂ e)	<u>0</u>	<u>0</u>

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 31 December 2022:

	2022	2021
Flaring (GJ)	<u>1</u>	<u>1</u>

Summary of energy consumption for the year ended 31 December 2022:

	2022	2021
Energy Consumption (MWh)	<u>165,979</u>	<u>211,045</u>

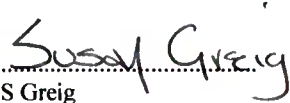
Intensity ratio

During the year ended 31 December 2022 the intensity ratio (kg CO₂/boe) was 42.1% (2021 - 51.3%)

Apache Beryl I Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on 27 September 2023 and signed on its behalf by:

A handwritten signature in black ink that reads "Susanne Greig". The signature is written in a cursive style with a horizontal dotted line underneath the name.

S Greig
Director

Apache Beryl I Limited

Statement of Profit or Loss for the Year Ended 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Revenue	4	948,937	658,354
Cost of sales		<u>(361,296)</u>	<u>(364,536)</u>
Gross profit		587,641	293,818
Administrative expenses		<u>(24,608)</u>	<u>(21,292)</u>
Operating profit	5	<u>563,033</u>	<u>272,526</u>
Interest receivable and similar income	8	31,280	30,180
Interest payable and similar expenses	9	<u>(57,877)</u>	<u>(53,696)</u>
		<u>(26,597)</u>	<u>(23,516)</u>
Profit on ordinary activities before tax		536,436	249,010
Tax (charge) on profit on ordinary activities	10	<u>(455,736)</u>	<u>(77,583)</u>
Profit for the year		<u>80,700</u>	<u>171,427</u>

The above results were derived from continuing operations.

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022	2021
	\$ 000	\$ 000
Profit for the year	<u>80,700</u>	<u>171,427</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>80,700</u></u>	<u><u>171,427</u></u>

The notes on pages 9 to 31 form an integral part of these financial statements.
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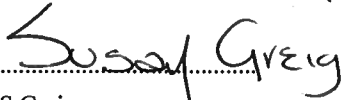
Apache Beryl I Limited

(Registration number: FC005975)

Statement of Financial Position as at 31 December 2022

		31 December 2022 \$ 000	31 December 2021 \$ 000
	Note		
Fixed assets			
Intangible assets	11	32,164	57,694
Property, plant and equipment	12	683,962	786,451
Investments	14	206	206
Right of use assets	13	<u>70,455</u>	<u>106,314</u>
		<u>786,787</u>	<u>950,665</u>
Current assets			
Inventory	15	53,806	59,078
Trade and other receivables	16	1,674,375	1,083,955
Cash and cash equivalents	18	<u>171</u>	<u>296</u>
		<u>1,728,352</u>	<u>1,143,329</u>
Creditors: Amounts falling due within one year			
Trade and other payables	19	(610,950)	(331,493)
Current portion of long term lease liabilities	17	<u>(39,359)</u>	<u>(37,551)</u>
Creditors: Amounts falling due within one year		<u>(650,309)</u>	<u>(369,044)</u>
Net current assets		<u>1,078,043</u>	<u>774,285</u>
Total assets less current liabilities		1,864,830	1,724,950
Provisions for liabilities	20, 10	<u>(923,657)</u>	<u>(836,958)</u>
Net assets		<u>941,173</u>	<u>887,992</u>
Capital and reserves			
Called up share capital	21	100	100
Retained earnings		<u>941,073</u>	<u>887,892</u>
Total shareholders' funds		<u>941,173</u>	<u>887,992</u>

Approved by the Board on 27 September 2023 and signed on its behalf by:



S Greig
Director

Apache Beryl I Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2022	100	887,892	887,992
Profit for the year	-	80,700	80,700
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	80,700	80,700
Dividends	-	(27,519)	(27,519)
At 31 December 2022	100	941,073	941,173

	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

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022

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, Century Yard, 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 27 September 2023.

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 2022. 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 3 Business Combinations - Reference to the Conceptual Framework
- IFRS 9 Financial Instruments - Annual Improvements to IFRSs 2018-2020 Cycle; Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- IAS 37 Provisions, Contingent Liabilities & Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract

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 2022 is £1:\$1.2064 (2021 - £1:\$1.3533).

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

The financial statements have not been audited.

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 2024. 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 2022 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 2022 (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.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (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.

Oil and Gas 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 2022 (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.

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

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 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.

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

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.

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

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.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

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.

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

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. Changes in these factors require judgement when working through the process of identifying any potential indicators of impairment. 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 2022 (continued)

4 Revenue

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

	2022	2021
	\$ 000	\$ 000
Sale of petroleum products	885,956	612,960
Rendering of services	7,798	19,216
Other revenue	55,183	26,178
	<u>948,937</u>	<u>658,354</u>

The company has six major customers (2021: four) who respectively contribute 30% (\$270 million), 26% (\$231 million), 19% (\$172 million), 7% (\$63 million), 2% (\$15 million) and 2% (\$14 million). (2021 respectively: 50% (\$310 million), 30% (\$150 million), 7% (\$41 million) and 7% (\$41 million)).

5 Operating profit

Arrived at after charging

	2022	2021
	\$ 000	\$ 000
Depreciation expense	146,767	174,390
Amortisation expense	3,570	4,570
Impairment loss on exploration and evaluation assets	416	508
Foreign exchange loss	5,588	60
Loss on disposal	-	552
Loss from write-downs of inventories	-	17,492

6 Staff costs

The company has no employees (2021: 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 2022 (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 2022 two directors (2021: four) received remuneration, amounting to \$493,000 (2021: \$1,169,000) representing overall compensation in respect of their services to Apache Beryl I Limited. This includes \$103,500 (2021: \$62,700) in respect of employer's pension contributions.

During the year no director (2021 - no director) exercised stock options.

The emoluments of the highest paid director was \$321,000 (2021: \$702,000) and the company paid \$89,000 (2021: \$22,000) in respect of employer's pension contributions.

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

	2022 \$ 000	2021 \$ 000
Interest income	2	2
Intercompany interest	31,278	30,178
	31,280	30,180

9 Interest payable and similar expenses

	2022 \$ 000	2021 \$ 000
Other finance costs	13,498	13,979
Accretion expense on decommissioning liability	40,433	38,112
Interest paid to a group company	978	75
Interest expense on leases	2,968	1,530
	57,877	53,696

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 2022 (continued)

10 Tax on profit on ordinary activities

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

	2022	2021
	\$ 000	\$ 000
Current taxation		
UK corporation tax	287,161	117,293
UK corporation tax adjustment to prior periods	<u>1</u>	<u>57</u>
	<u>287,162</u>	<u>117,350</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(43,372)	(39,803)
Attributable to the true-up of prior year balances	-	36
Deferred tax impact of UK Energy Profits Levy	<u>211,946</u>	<u>-</u>
Total deferred taxation	<u>168,574</u>	<u>(39,767)</u>
Tax charge/(benefit) in the Income Statement	<u><u>455,736</u></u>	<u><u>77,583</u></u>

On 26 May, 2022, the U.K. Chancellor of the Exchequer announced a new tax (the Energy Profits Levy) on the profits of oil and gas companies operating in the U.K. and the U.K. Continental Shelf, which was enacted on 11 July, 2022. Under the new law, an additional levy is assessed at a 25 percent rate and is effective for the period of 26 May, 2022, through 31 December, 2025. On 17 November, 2022, the U.K. Chancellor of the Exchequer announced in the Autumn Statement 2022 further changes to the Energy Profits Levy, increasing the levy assessed from a 25 percent rate to a 35 percent rate, effective for the period of 1 January, 2023, through 31 March, 2028. This law was substantively enacted under Finance Act 2023 on 30 November, 2022.

Upstream oil and gas production activities are taxed at a UK corporation tax rate of 30% (2021: 30%), a supplementary charge of 10% (2021: 10%) and the Energy Profits Levy of 25%, giving an overall effective rate of 65% (2021: 40%). As the Energy Profits Levy was effective as of 26 May 2023, a blended average rate of 55% is applied for 2022.

The financial statement impact of new legislation is recorded in the period of enactment. Therefore, the company is recording a deferred tax expense related to the remeasurement of the U.K. deferred tax liability in 2022.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

10 Tax on profit on ordinary activities (continued)

	2022	2021
	\$ 000	\$ 000
Profit before tax	<u>536,436</u>	<u>249,010</u>
Corporation tax at standard rate	295,407	99,604
Expenses not subject to tax	(2,684)	2,777
Income taxed at different rates	(12,647)	(6,338)
True-up of prior year amounts	2	93
UK Energy Profits Levy Investment Allowance	(12,337)	-
Field allowances	(15,015)	(11,244)
Deferred tax impact of UK Energy Profits Levy	211,946	-
Group relief received for no compensation	-	(5,734)
Other	<u>(8,936)</u>	<u>(1,575)</u>
Total tax charge	<u>455,736</u>	<u>77,583</u>

Deferred tax assets are recognised to the extent there are sufficient future forecasted profits available against which the deferred tax assets can be utilised. All deferred tax assets of the company are recognized because in the opinion of the Directors, it is likely that sufficient profits will be available to recongise the deferred tax assets.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

10 Tax on profit on ordinary activities (continued)

Deferred tax liabilities

Deferred tax liabilities are made up as follows:

	2022	2021
	\$ 000	\$ 000
Accelerated capital allowances	472,057	334,085
Decommissioning provision	(263,980)	(277,644)
Right of Use Assets	51,902	42,526
Lease Liability	(52,550)	(42,458)
Inventory	36,285	18,632
	<u>243,714</u>	<u>75,141</u>
Net tax liabilities	<u>243,714</u>	<u>75,141</u>

11 Intangible assets

	Goodwill	Exploration & Evaluation assets	Total
	\$ 000	\$ 000	\$ 000
Cost			
At 1 January 2022	82,992	33,234	116,226
Additions	-	50,693	50,693
Costs expensed	-	(23,790)	(23,790)
Impairment	-	(416)	(416)
Transfers	-	(48,447)	(48,447)
	<u>82,992</u>	<u>11,274</u>	<u>94,266</u>
At 31 December 2022	<u>82,992</u>	<u>11,274</u>	<u>94,266</u>
Amortisation			
At 1 January 2022	58,532	-	58,532
Amortisation charge	3,570	-	3,570
	<u>62,102</u>	<u>-</u>	<u>62,102</u>
At 31 December 2022	<u>62,102</u>	<u>-</u>	<u>62,102</u>
Carrying amount			
At 31 December 2022	<u>20,890</u>	<u>11,274</u>	<u>32,164</u>
At 31 December 2021	<u>24,460</u>	<u>33,234</u>	<u>57,694</u>

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (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 2022	1,555	10,731	5,108,716	5,121,002
Additions	-	-	69,388	69,388
Transfers	-	-	48,447	48,447
Change in decommissioning provision	-	-	(74,578)	(74,578)
At 31 December 2022	<u>1,555</u>	<u>10,731</u>	<u>5,151,973</u>	<u>5,164,259</u>
Depreciation				
At 1 January 2022	1,450	10,731	4,322,370	4,334,551
Charge for the year	32	-	145,714	145,746
At 31 December 2022	<u>1,482</u>	<u>10,731</u>	<u>4,468,084</u>	<u>4,480,297</u>
Carrying amount				
At 31 December 2022	<u>73</u>	<u>-</u>	<u>683,889</u>	<u>683,962</u>
At 31 December 2021	<u>105</u>	<u>-</u>	<u>786,346</u>	<u>786,451</u>

During 2022, the decommissioning provision was revised downwards, in part due to a decrease 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 2022 (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 2022 financial statements, the company conducted the review and due to a number of factors, prompted an assessment of impairment.

The key assumptions used in determining the projected future cashflows are:

- Reserve and resource volumes form the basis of the production profiles within the discounted cash flow model. The data generated for each cash generating unit takes into consideration the development plans approved by senior management and reasonable assumptions that an external party would apply in appraising the assets.
- Commodity prices are in line with the company's long term view.
- Sterling denominated revenues and costs are translated using foreign exchange rates consistent with a long-term planning view.
- The discount rate reflects the estimated weighted average cost of capital rate. In 2022 a 27.4% pre-tax real discount rate was applied.
- Tax rates are consistent with rates and laws that have been enacted or substantially enacted by the reporting date.

Following this review, the directors have concluded that no impairment is required for 2022, and that the assessment was not sensitive to a 10% fall in oil price and a 1% increase in the discount rate.

13 Right of use assets

	Drill Rigs	Total
	\$ 000	\$ 000
Cost or valuation		
At 1 January 2022	235,286	235,286
Timing	4,020	4,020
Modifications	(45)	(45)
At 31 December 2022	239,261	239,261
Depreciation		
At 1 January 2022	128,972	128,972
Charge for the year	39,834	39,834
At 31 December 2022	168,806	168,806
Carrying amount		
At 31 December 2022	70,455	70,455
At 31 December 2021	106,314	106,314

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

14 Investments

Associate	\$ 000
Cost	
At 31 December 2021 and 31 December 2022	<u>206</u>
Provision	
At 31 December 2021 and 31 December 2022	<u>-</u>
Carrying amount	
At 31 December 2021 and 31 December 2022	<u><u>206</u></u>

As at 31 December 2022 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 2022 \$ 000	31 December 2021 \$ 000
Crude oil	4,818	11,575
Raw materials and consumables	48,988	46,945
Other inventories	-	558
	<u>53,806</u>	<u>59,078</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 2022 (continued)

16 Trade and other receivables

	31 December 2022 \$ 000	31 December 2021 \$ 000
Trade receivables	98,815	89,701
Receivables from group undertakings	1,558,838	971,222
Customer overlift	1,489	-
Prepayments	-	11,058
Other receivables	<u>15,233</u>	<u>11,974</u>
Total current trade and other receivables	<u><u>1,674,375</u></u>	<u><u>1,083,955</u></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 \$1,505,890,000 at 31 December 2022 (2021: \$924,168,000), and included within receivables from group undertakings, currently bears interest at Monthly Short Term AFR of 4.46% (2021: 0.33%). The loans are expected to expire in 2031 however are repayable on demand.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

17 Leases

Leases included in creditors

	31 December 2022 \$ 000	31 December 2021 \$ 000
Current portion of long term lease liabilities	39,359	37,551
Long term lease liabilities	30,911	68,593

Lease liabilities maturity analysis

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

	31 December 2022 \$ 000	31 December 2021 \$ 000
Less than one year	39,359	37,551
2 years	30,811	38,627
3 years and over	100	29,966
Total lease liabilities (undiscounted)	70,270	106,144

Total cash outflows related to leases

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

	31 December 2022 \$ 000	31 December 2021 \$ 000
Payment		
Right of use assets	35,812	40,809
Interest	2,968	1,530
Total cash outflow	38,780	42,339

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).

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

18 Cash at bank and in hand

	31 December 2022	31 December 2021
	\$ 000	\$ 000
Cash at bank	171	296

19 Trade and other payables

	31 December 2022	31 December 2021
	\$ 000	\$ 000
Trade payables	3,759	5,336
Accrued expenses	26,911	26,487
Amounts due to group undertakings	440,292	253,586
Social security and other taxes	1	263
Current corporation tax	110,553	33,713
Customer underlift	3,622	-
Other payables	25,812	12,108
	610,950	331,493

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 2022	693,224	75,141	68,593	836,958
Increase / (Decrease) in existing provision	(84,626)	-	(37,682)	(122,308)
Increase/(decrease) in existing provision charged/(credited) to P&L	-	168,573	-	168,573
Additions in existing provisions	40,433	-	-	40,433
At 31 December 2022	649,031	243,714	30,911	923,656

The notes on pages 9 to 31 form an integral part of these financial statements.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

20 Provisions for liabilities (continued)

Decommissioning costs represent the present value of the estimated future costs of abandonment for existing oil and gas production facilities. At 31 December 2022, the provision for the costs of decommissioning these facilities at the end of their economic lives was \$659,950,000 (2021: \$694,111,000). These costs are expected to be incurred in the years 2023 - 2039 (2021: 2022 - 2037). The decommissioning costs estimated to be incurred in 2023 amounting to \$10,919,000 have been included in other payables in Note 19 (2021: \$887,000 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 5.92%.

21 Called up share capital

Allotted, called up and fully paid shares

	No. 000	2022 \$ 000	No. 000	2021 \$ 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 \$27,519,000 (\$2,751.9 per share) on 16 November 2022 (2021 dividends paid were \$15,918,000 being \$1,591.8 per share).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was \$53,659,000 (2021 - \$37,802,000).

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 \$59,826,000 (2021 - \$54,462,000).

24 Related party transactions

As the company was a wholly owned subsidiary of Apache UK Investment Limited as at 31 December 2022, 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.

Apache Beryl I Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

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.

26 Non adjusting events after the financial period

During the six months ended June 30 2023, the company announced the suspension of North Sea drilling activity, citing the instability of the UK's fiscal regime as well as escalating costs and tax burdens that have rendered drilling targets economically challenging at this time. Consequently, the company recorded \$28.5 million of impairments in connection with inventory valuations and terminated the contract with the mobile drilling rig.

