



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 975 871 932
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORPIPE OIL AS
Forretningsadresse: Ekofiskvegen 35
4056 TANANGER

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Astri Edland Alden
Dato for fastsettelse av årsregnskapet: 30.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.04.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	1	237 295 000	245 372 000
Sum inntekter		237 295 000	245 372 000
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	18 170 000	18 178 000
Operating and administration expenses	2	101 227 000	107 481 000
Removal costs	6	4 680 000	4 536 000
Sum kostnader		124 077 000	130 195 000
Driftsresultat		113 218 000	115 177 000
Finansinntekter og finanskostnader			
Annen renteinntekt		496 000	104 000
Currency gain/loss		-284 000	-482 000
Sum finansinntekter		212 000	-378 000
Annen rentekostnad		110 000	386 000
Sum finanskostnader		110 000	386 000
Netto finans		102 000	-764 000
Ordinært resultat før skattekostnad		113 320 000	114 413 000
Skattekostnad på ordinært resultat	4	85 730 000	89 275 000
Ordinært resultat etter skattekostnad		27 590 000	25 138 000
Årsresultat		27 590 000	25 138 000
Overføringer og disponeringer			
Ordinært utbytte	7	30 000 000	0
Retained earnings	7	-2 410 000	25 138 000
Sum overføringer og disponeringer	7	27 590 000	25 138 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Pipeline system	3	474 685 000	473 025 000
Sum varige driftsmidler		474 685 000	473 025 000
Sum anleggsmidler		474 685 000	473 025 000
Omløpsmidler			
Varer			
Inventories		1 893 000	2 098 000
Sum varer		1 893 000	2 098 000
Fordringer			
Kundefordringer		23 752 000	27 196 000
Prepaid expenses		2 337 000	1 249 000
Income tax receivable	4	0	257 000
Sum fordringer		26 089 000	28 702 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		89 836 000	42 771 000
Sum bankinnskudd, kontanter og lignende		89 836 000	42 771 000
Sum omløpsmidler		117 818 000	73 571 000
SUM EIENDELER		592 503 000	546 596 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Common stock	8	10 085 000	10 085 000
Sum innskutt egenkapital		10 085 000	10 085 000



Balanse

Beløp i: NOK	Note	2021	2020
Opptjent egenkapital			
Retained earnings		103 103 000	105 513 000
Sum opptjent egenkapital		103 103 000	105 513 000
Sum egenkapital	7	113 188 000	115 598 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	4	280 974 000	285 329 000
Andre avsetninger for forpliktelser	6	105 882 000	101 202 000
Sum avsetninger for forpliktelser		386 856 000	386 531 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		386 856 000	386 531 000
Kortsiktig gjeld			
Leverandørgjeld		22 412 000	24 444 000
Betalbar skatt	4	16 166 000	0
Utbytte	7	30 000 000	0
Annen kortsiktig gjeld	5	23 881 000	20 023 000
Sum kortsiktig gjeld		92 459 000	44 467 000
Sum gjeld		479 315 000	430 998 000
SUM EGENKAPITAL OG GJELD		592 503 000	546 596 000



Skatteetaten

Vår dato
20.02.2020

Din/Deres dato
16.12.2019

Saksbehandler
Joakim Engebretsen

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
92251412

Org.nr
974761076

Vår referanse
2020/5158534

Postadresse
Postboks 9200 Grønland
0134 OSLO

NORPIPE OIL AS
Postboks 3
4068 STAVANGER

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Norpipe Oil AS' søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

Norpipe Oil AS (organisasjonsnummer 975 871 932) søker herved om dispensasjon etter regnskapsloven § 3-4 (3) til å utarbeide årsregnskap og årsberetning på engelsk.

Norpipe Oil AS eier den 354 km lange oljerørledningen fra Ekofiskfeltet til Teesside i Storbritannia. Denne ble satt i drift i 1975 med hovedformål å transportere råolje fra Ekofisk området. De senere årene er også råolje fra Britisk side transportert gjennom rørledningen.

Ettersom selskapet opererer i en internasjonal bransje der kommunikasjonen er engelsk, samt har [...] et styre med forskjellige nasjonaliteter, ser selskapet det hensiktsmessig å avlegge årsregnskap og årsberetning på engelsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at selskapet driver internasjonal virksomhet med interessenter både i Norge og Storbritannia og styremedlemmer med ulike nasjonaliteter. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Roar Thorbjørnsen
underdirektør
Innsats, storbedrift
Skatteetaten

Joakim Engebretsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

Board Meeting: 01-22 Board Document: 05-22

NORPIPE OIL AS

ANNUAL REPORT

2021



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Contents

Key Figures	3
Trends.....	3
Shareholders.....	5
Board of Directors	5
Administration.....	5
Auditors	5
Board of Directors Report 2021	6
Income Statement	12
Balance Sheet	13
Cash Flow.....	15
Accounting Principles	16
Notes to The Annual Accounts	18



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

The first section of the report will highlight the key figures and trends for 2021 as well as provide an overview of the ownership and management of Norpipe Oil AS.

Key Figures

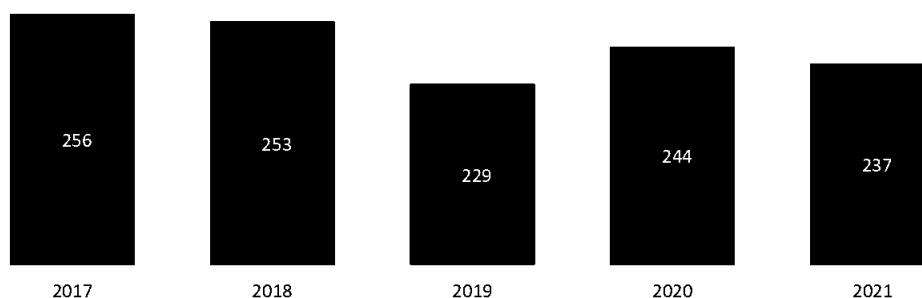
All figures presented in tables are stated in thousands of Norwegian Kroner (NOK).

	2021	2020
Transportation Revenue	236 967	243 587
Other Operating Revenue	328	1 785
Income from Operations	113 218	115 177
Tax Expense	85 730	89 275
Net Income	27 590	25 138
Net Cash Provided by Operating Activities	66 895	-220
Investment	19 830	2 864

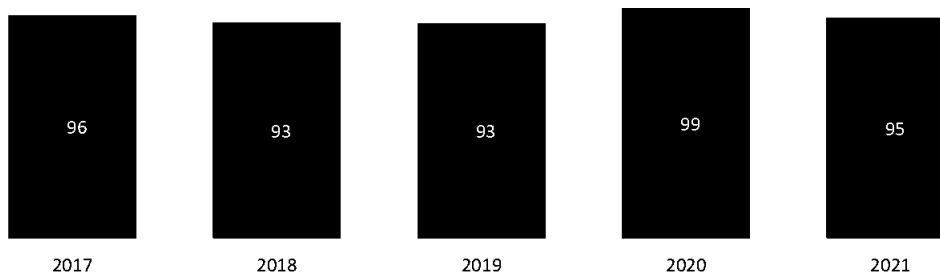
Annual Throughput Volume	million barrels	95	99
Average Unit Tariff	NOK per barrel	2.44	2.37

Trends

Transportation Revenue
(in Million NOK)



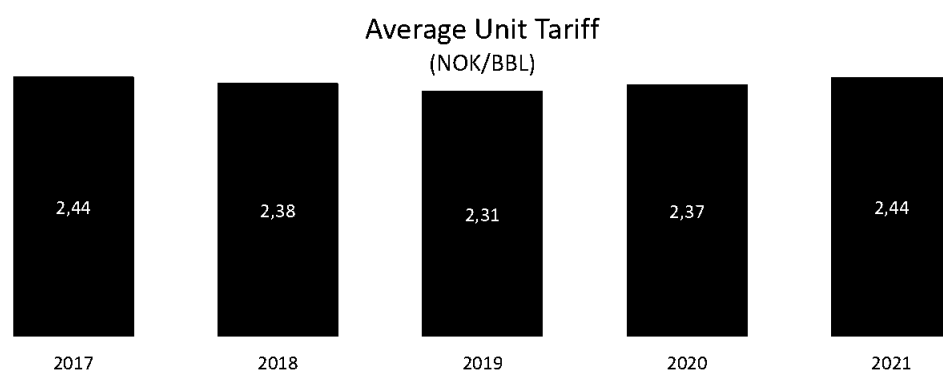
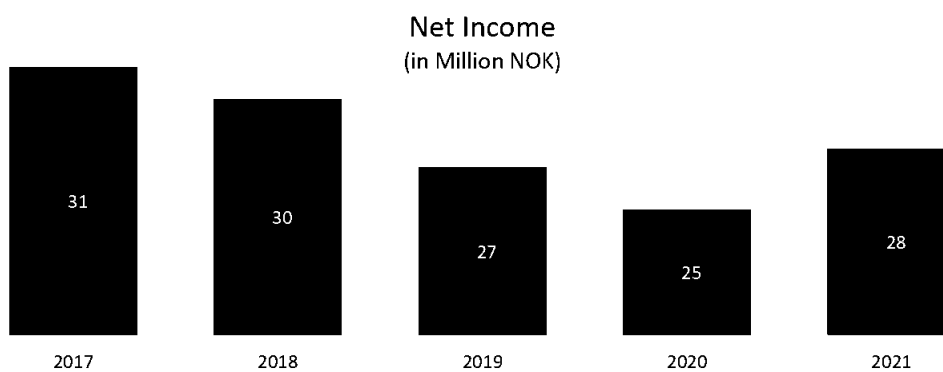
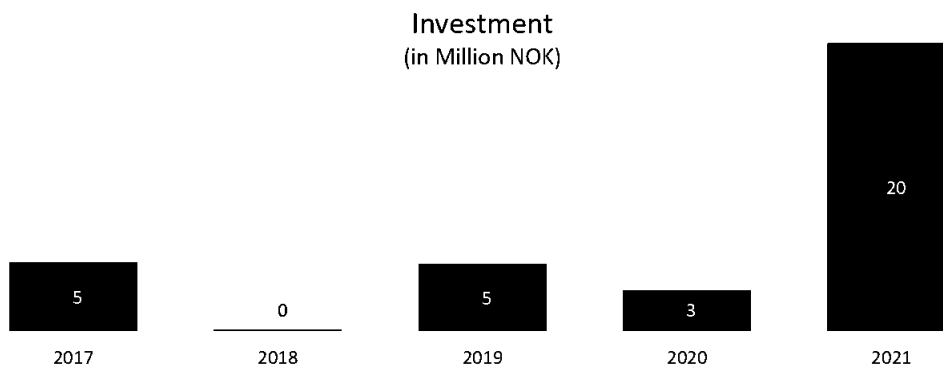
Throughput Volume
(in Million BBLs)





DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂





DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Shareholders

Shareholders	Interest	Each share
ConocoPhillips Skandinavia AS	35.05 %	35 349
Total E&P Norge AS	34.93 %	35 228
Equinor Energy AS	18.50 %	18 658
Vår Energi ASA	6.52 %	6 576
Petoro AS	5.00 %	5 043
Total	100.00 %	100 854

Board of Directors

The following persons are representing the Shareholders:

J. A. Johansen (Chairman)	ConocoPhillips Skandinavia AS
J. K. Strøm	Total E&P Norge AS
O. A. Årdal	Vår Energi ASA
J. M. Stapnes	Equinor Energy AS

Deputy Chairman:

D. M. A. H. Hendicott	ConocoPhillips Skandinavia AS
-----------------------	-------------------------------

Deputy board members:

T. Våland	Vår Energi ASA
S. Veen	Equinor Energy AS
A. Kvanvik Jørgensen	Total E&P Norge AS

Administration

A. E. Mikalsen, Managing Director

Auditors

Ernst & Young AS, Stavanger



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✍

Board of Directors Report 2021

Company Activities

Norpipe Oil AS (the company) owns the 354-km crude oil pipeline from the Ekofisk field to Teesside in the United Kingdom (UK).

The pipeline was taken into service in 1975 with the primary purpose of transporting crude oil from the Ekofisk Area in the Norwegian Sector.

To increase utilization of the transport capacity, a new tie-in point on the pipeline in the UK sector was installed in 1994, which allowed for several UK fields to be connected.

The license for the operation of the pipeline system expires at year-end 2028.

Under the terms of the transportation agreements, the company generates revenues (tariff revenues) through charges for the use of the pipeline system. The transportation agreements are either fixed fee tariffs per barrel, or cost-sharing tariffs based on share of throughput in the pipeline. Based on requirements from the Norwegian authorities, a binding capacity reservation system is in place with equal priority and ship or pay commitments. Ship or Pay volume is the difference between 65% of the reserved volume and the transported volume for the year.

The company has no employees and ConocoPhillips Skandinavia AS is the Operator of the pipeline. The business is operated from ConocoPhillips Norge's office in Tananger, Norway.

Under the terms of the Operating Agreement between the company and the Operator, the company has the right to audit the Operator's accounts to verify the charges. Adjustments, if any, resulting from such audit will be reflected in the tariff.

The four board members are men and the General Manager is a woman. The company has not purchased insurance on behalf of the members of the board of directors and the Managing Director.

The section below will address the technical integrity of the pipeline and the associated activities that took place during the year.

Technical integrity

An internal Magnetic Flux inspection was performed mid December 2020, with inspection results reported end of February 2021. The inspection revealed good inspection data for the entire pipeline and a maximum wall thickness loss of 30 percent, in two spots.

There has been no corrosion growth in the pipeline since March 2008 and this was confirmed by the inspections in 2018 and 2020.

Visual inspection of the riser on Ekofisk 2/4J and selected areas on the pipeline were performed according to the long-term inspection program and revealed no significant



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

findings. There were no findings from the inspection and monitoring program in 2021 that impact the integrity of the pipeline. The company considers the system to be in an acceptable condition.

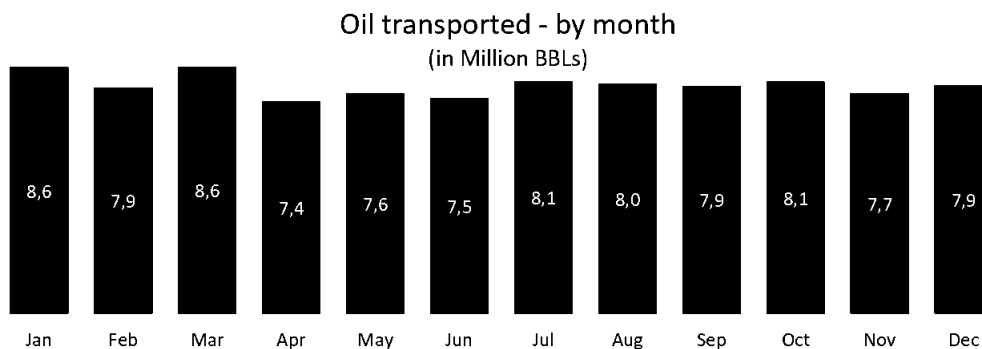
The two isolation valves on the Norpipe Wye were installed in 1994 to facilitate tie-in of the J-block pipeline. The original valves were designed in accordance with a topside standard and are not intended to be used subsea. Replacement of the two valves is important to mitigate the risk of external leakages from either the valve stem or any of the test and injection ports. The project is running according to plan and the valves will be replaced during the 2022 shutdown period.

Outline of Main Activities and Risks

Transport

A total of 95 million barrels of oil were transported in 2021. Compared with 2020 this is a 4 percent decrease in transportation volume. In addition to oil from the Ekofisk Area, oil production from Valhall, Hod, Ula, Tambar, Gyda, Oda and Tor II in the Norwegian Sector and J-Block, Jade, Fulmar, Auk, Blane, Flyndre, Orion, Clyde, Gannet A-D, F and G, Stella and Vorlich fields from the UK sector were transported.

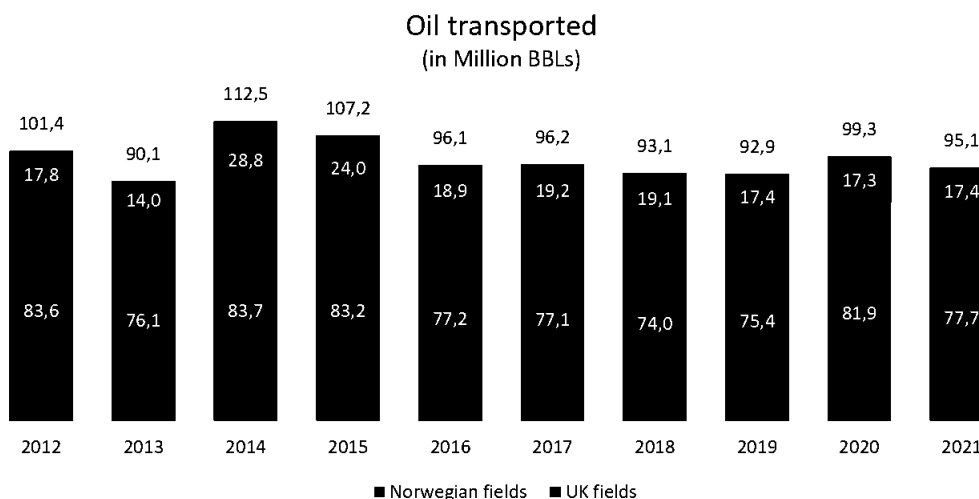
The 34-inch diameter (86 cm) oil pipeline to Teesside had an average flow of about 50 percent of the available capacity in 2021.





DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂



Income from Operations

Income from operations was NOK 113 million in 2021, compared to NOK 115 million in 2020. The main driver for this reduction is a decrease of NOK 8 million in Total revenues, partly offset by a decrease of NOK 6 million in Operating and administration expenses. The reductions in revenue and operating expenses are primarily driven by additional land lease costs in 2020 of NOK 10 million for Teesside Terminal Companies related to the period 2014 to 2020. These additional costs were included in cost-sharing tariffs and resulted in an increase of NOK 6 million in both Transportation revenues and Operating and administration expenses in 2020. No such additional costs have been included in 2021.

The company had total revenues of NOK 237 million in 2021, a decrease of NOK 8 million from NOK 245 million in 2020. This is mainly driven by a NOK 6 million decrease in tariff revenue due to additional 2020 rent tariff as described above and a decrease of NOK 3.3 million in actual tariffs for shipped volumes. In addition, some of the shippers have waived their unused capacity reservations in 2021, resulting in an increase of NOK 2.7 million recognized in the income statement.

Investments

This year's investment was NOK 19.8 million. The accumulated acquisition cost in the company's pipeline system at December 31, 2021 was NOK 3.9 billion. Depreciation for the year was NOK 18.2 million and accumulated depreciation at December 31, 2020 was NOK 3.5 billion.

Financing

In August 2021 the company entered into an uncommitted short term credit facility agreement with Citibank N.A. The company has not utilised this credit facility and had no loans at year-end 2021.



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Prospects for the Future

The company's transportation system is designed and built primarily to transport oil from the Ekofisk Area. In addition, several fields from the Norwegian and British sector are connected to the pipeline.

There is available capacity in the pipeline system, and there are ongoing discussions regarding future transportation agreements with potential new customers.

Financial Risk

There is a moderate financial risk connected to future volumes delivered from the fields under long-term contracts. Fluctuations in GBP/USD/NOK exchange rates also represent a risk for the company as some of the operating expenses are invoiced in either GBP or USD. The transportation agreements are all invoiced in NOK except for one contract that is invoiced in GBP.

Market Risk

The company's market risk relates to the performance of the fields for which the company has transportation agreements and their ability to deliver contracted volumes. In addition, there is uncertainty about future capacity utilization. The utilization of the capacity is dependent upon several factors such as crude oil price, potential field developments near the oil pipeline system and the company's ability to secure agreements with those fields.

Credit Risk

The credit risk for the company is not considered to be material.

Liquidity Risk

It is expected that the company will continue to finance its normal activity with cash from operations. Given the planned increase in investment levels in 2022, the company has entered into an uncommitted credit facility agreement with Citibank N.A. In addition, the owners' agreement includes provisions that the owners will provide any necessary funds needed to secure continued future operations.

Going Concern

In accordance with the section 3-3a of the Norwegian Accounting Act, the board confirms that the going concern assumption on which the financial statements have been prepared is fulfilled. The financial statements for 2021 have been prepared accordingly.



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✎

Environment

Different types of chemicals have been used in connection with the transportation of oil through the pipeline. In 2021, a total of 295 thousand litres of corrosion inhibitor type ChampionX CORR11413A was injected. Periodic batch treatments also required 100 thousand litres of anticorrosive type of ChampionX CORR11645A (5 times for 2021). These products have both oil and water-soluble components. In addition, biocide is used to prevent growth of bacteria in the pipeline. In 2021, 28 thousand litres of ChampionX BIOC16718A were injected.

The chemicals not used are transported to a water treatment facility at Bran Sands in Teesside for final treatment. The Operator, in cooperation with the vendors, continuously evaluates chemicals and their environmental impact. The company is committed to preventing pollution of the marine environment by maintaining a high technical standard on all equipment through systematic inspections, proper training of all personnel and maintaining and testing comprehensive emergency plans.

The company complied with all governmental regulations regarding pollution of water and air in both Norway and the UK.



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Safety and Protection

The company and the Operator place great emphasis on maintaining a high safety standard. The safety aspects of the 2021 operations were carefully addressed by regular inspections and testing of all safety related equipment. No significant events were noted in 2021 with damage to personnel or property.

Research and Development

The company has no costs related to research and development.

Net Income and Dividend Distribution

Net income for 2021 was NOK 28 million, an increase of NOK 2.5 million compared to 2020.

The Board of Directors proposes the distribution of dividend as follows:

Amounts in NOK thousand

Net Income 2021	27 590
From Retained Earnings	2 410
Dividend Distribution	30 000

Tananger,

December 31, 2021

March 30, 2022

DocuSigned by:
Jan-Arne Johansen
155169B3AD5F498...

J. A. Johansen

Chairman of the Board

DocuSigned by:
Ove André Årdal
CF54ED117FE949B...

O. A. Årdal

DocuSigned by:
Joachim Strøm
73E412A90EB6478...

J. K. Strøm

DocuSigned by:
Jon Magne Stapnes
84CB00255B0D40A...

J. M. Stapnes

DocuSigned by:
Ann Elin Mikalsen
03D34E7683C24C1...

A. E. Mikalsen

Managing Director



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✕

Income Statement

As of December 31, 2021

<i>Amounts in NOK thousand</i>	Note	2021	2020
Operating Revenues			
Transportation Revenues		236 967	243 587
Other Operating Revenues		328	1 785
Total Operating Revenues	1	237 295	245 372
Operating Expenses			
Depreciation	3	18 170	18 178
Removal costs	6	4 680	4 536
Operating and administration expenses	2	101 227	107 481
Total Operating Expenses		124 077	130 195
Income From Operations		113 218	115 177
Financial Income and Expenses			
Interest income		496	104
Interest and other financing expenses		-110	-386
Currency loss		-283	-483
Net Financial Items		103	-764
Income before Taxes		113 321	114 413
Income taxes	4	85 730	89 275
Net Income		27 590	25 138



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✎

Balance Sheet

As of December 31, 2021

<i>Amounts in NOK thousand</i>	Note	2021	2020
ASSETS			
Fixed Assets			
Pipeline system	3	474 685	473 025
Total Fixed Assets		474 685	473 025
Inventories		1 893	1 893
Receivables			
Accounts receivable		23 752	27 196
Prepaid expenses		2 337	1 249
Income taxes receivable	4	0	257
Total Receivables		27 981	28 702
Cash and Cash Equivalents		89 836	42 771
Total Current Assets		117 817	73 571
Total Assets		592 503	546 596



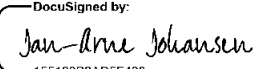
DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

As of December 31, 2021

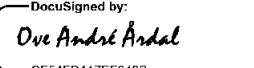
<i>Amounts in NOK thousand</i>	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Common stock	8	10 085	10 085
Retained earnings		103 103	105 513
Total Equity	7	113 188	115 598
Long-term Provisions			
Deferred income tax	4	280 974	285 329
Provision for removal costs	6	105 882	101 202
Total Long-term Provisions		386 856	386 531
Current Liabilities			
Accounts payable		22 412	24 444
Accrued income taxes	4	16 166	0
Dividend payable	7	30 000	0
Other current liabilities	5	23 880	20 023
Total Current Liabilities		92 459	44 467
Total Liabilities		479 314	430 998
Total Equity and Liabilities		592 503	546 596

Tananger, December 31, 2021
March 30, 2022

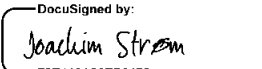
DocuSigned by:

155169B3AD5F495...

J. A. Johansen

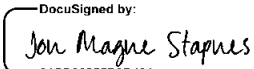
Chairman of the Board

DocuSigned by:

CE54ED117EE949B...

O. A. Ardal

DocuSigned by:

73E412A90FE6478...

J. K. Strøm

DocuSigned by:

84CB00255B0D40A...

J. M. Stapnes

DocuSigned by:

03D34E7693C24C1...

A. E. Mikalsen

Managing Director



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✕

Cash Flow

As of December 31, 2021

<i>Amounts in NOK thousand</i>	Note	2021	2020
Cash Flows from Operating Activities			
Net income before tax		113 321	114 413
Taxes paid		-73 662	-132 360
Depreciation	3	18 170	18 178
Change in accounts receivable		3 445	-9 409
Change in inventories		205	-585
Change in prepaid expenses		-1 088	-348
Change in removal costs		4 680	4 536
Change in accounts payable		-2 032	9 459
Change in other current liabilities		3 858	-4 104
Net Cash Flow from Operating Activities		66 895	-220
Cash Flows from Investment Activities			
Capital expenditures	3	-19 830	-2 864
Net Cash Flow from Investment Activities		-19 830	-2 864
Net Change in Cash and Cash Equivalents		47 066	-3 084
Cash and cash equivalents at the beginning of the year		42 771	45 855
Cash and Cash Equivalents at the end of the Year		89 836	42 771



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✎

Accounting Principles

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway (GAAP).

Foreign Currency

Transactions in foreign currency are recorded at monthly exchange rates determined by the market rate at the beginning of each month. Bank deposits, receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date.

Revenue Recognition

Transportation revenues are recognized as the transportation services are delivered and invoiced in accordance with transportation agreements with users of the pipeline system (the shippers). Other revenue is recognized as it is earned. Any Ship or Pay volumes paid but not transported are treated as deferred revenues in the period available for transportation to the shipper and recognized as revenues when it is determined that the shipper is not able to use the booked capacity.

Use of Estimates

Preparation of financial statements in accordance with GAAP requires use of estimates and assumptions that affect the amounts reported in the financial statements and valuation of assets, liabilities and obligations on the balance sheet date. Actual results could differ from these estimates.

Pipeline System; Investment and Depreciation

Costs incurred to develop and install the pipeline system, later additions and larger improvements are capitalized. Interest expense related to the initial construction and related to large projects is capitalized and depreciated along with the capital asset. The pipeline system is depreciated on a straight-line basis until 2047, which is the expected lifetime for the pipeline.

Provisions for Future Decommissioning and Removal Costs

The company is accruing for the net present value of expected future asset removal costs after deduction of costs expected to be paid by the shippers under present transportation agreements. The discount factor used to calculate net present value of the expected removal cost is risk free interest with addition of a risk margin corresponding to the risks and duration of the removal obligation. The estimates for the removal costs are reviewed annually and estimate changes are prospectively accrued.



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✎

Impairment of Tangible Fixed Assets

Tangible fixed assets are assessed for impairment for independent groups of assets with independent inbound cash flows. If the assessment indicates that the fair value of the fixed asset is lower than the book value, and this is not expected to be temporary, the asset is written down to the highest of the estimated net sales value and value in use. Value in use is determined based on management's expectations of future economic and operating conditions and is calculated as a present value of future cash flows. Correspondingly write-downs are reversed if the basis for previous write-downs are no longer present.

Taxes

Total income taxes reflect both tax payable and the change in deferred tax. Deferred tax is calculated using the liability method, which calculates deferred tax on all temporary differences between the financial reporting basis and the tax basis of assets and liabilities. Temporary differences within the same tax regime are recorded net. Deferred tax liabilities and deferred tax assets are calculated using nominal value and presented net on the balance sheet.



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✕

Notes to The Annual Accounts

All figures presented in tables are stated in thousands Norwegian Kroner (NOK).

The exchange rate as of year-end for US dollars (USD) was NOK 8.81, compared to USD/NOK 8.52 as of December 31, 2020. The exchange rate at year-end for British Pounds (GBP) was NOK 11.89 compared to GBP/NOK 11.63 as of year-end 2020.

Note 1 – Operating Revenues

Geographical Segments	2021	2020
Transportation revenues Norwegian sector	168 445	177 451
Transportation revenues British sector	68 522	66 136
Other operating revenues British sector	328	1 785
Total Revenues	237 295	245 372

Note 2 – Salaries, Benefits and Fees

The company does not have any employees.

No remuneration has been disbursed, no loans have been issued and no guarantees have been made on behalf of the company to the Managing Director or the Board of Directors. Remuneration of the Managing Director is paid by ConocoPhillips Norge. The company has no financial obligations to the Managing Director or the Board of Directors.

Expensed auditor's fees for auditing services in 2021 amounted to NOK 176 thousand. This amount is excluding value added tax.

Note 3 – Pipeline System

Pipeline system movements in 2021	Book Value Jan 1	Current year additions/ depreciation	Book Value Dec 31
Additions	3 910 479	19 830	3 930 309
Depreciation	3 437 454	18 170	3 455 624
Book Value	473 025	1 660	474 685



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Note 4 – Income Taxes

Income Taxes	Tax rate	2021	2020
	%		
Income before taxes		113 321	114 413
Corporate taxes	22 %	24 931	25 171
Special taxes	56 %	63 460	64 071
Income taxes	78 %	88 390	89 242
Permanent differences		0	23
Uplift		-2 665	-385
Onshore revenues		-58	428
Adjustment of tax from prior period		0	9
Foreign exchange on double taxation relief		63	-42
Total Income Taxes		85 730	89 275
Corporate taxes		28 734	29 627
Special taxes		61 289	73 832
Foreign exchange on double taxation relief		63	-33
Total Taxes Payable		90 085	103 426
Change in deferred tax		-4 355	-14 150
Total Income Taxes		85 730	89 275
Taxes Payable (+) / Receivable (-) as of December 31			
Current year tax payable		90 023	103 459
Tax credits for foreign taxes		-44 784	-48 150
Currency effect foreign taxes		42	0
Taxes paid		-29 114	-55 566
Total Taxes Payable (+) / Receivable (-)		16 166	-257
Basis for Deferred Tax as of December 31			
Temporary differences related to:			
- fixed assets		453 044	465 651
- decommissioning/removal		-105 882	-101 202
Basis Deferred Corporate Tax		347 163	364 449
Deferred uplift		-244	-497
Full deduction of investment costs in 2020 and 2021		18 434	2 387
Basis Deferred Special Tax		365 353	366 339
Deferred Tax as of December 31			
Corporate taxes		76 376	80 179
Special taxes		204 598	205 150
Deferred Tax in the Balance Sheet		280 974	285 329



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Due to the emerging COVID-19 pandemic and significant drop in oil prices in 2020, certain temporary amendments were implemented in the Petroleum Tax Law. All investments incurred in income years 2020 and 2021 including 24% uplift can be deducted against the special tax base in the year of investment. In addition, the tax value of any tax losses incurred in 2020 and 2021 will be paid out immediately on the ordinary tax instalment dates.

Note 5 – Other current liabilities

Based on requirements from the authorities, a new binding capacity reservation system was agreed upon with equal priority and 'ship or pay' commitments from January 1, 1997. At year-end 2021, nine fields had not utilized their reserved capacities. Volumes paid but not transported are treated as deferred revenues. Total deferred revenue is NOK 23.9 million at year-end 2021.

Note 6 – Provision for Removal Costs

Removal and in-place disposal

Provisions as of January 1, 2021	101 202
Interest on net present value of removal obligation	3 744
Increase of removal accrual	936
Provisions as of December 31, 2021	105 882

Removal Costs	2021	2020
Adjustment of removal obligation	936	672
Interest on net present value of removal obligation	3 744	3 864
Total Removal Costs	4 680	4 536

Note 7 – Equity

	Common Stock	Retained Earnings	Total Equity
Equity as of January 1, 2021	10 085	105 513	115 598
Net income		27 590	27 590
Proposed dividend		-30 000	-30 000
Equity as of December 31, 2021	10 085	103 103	113 188



DocuSign Envelope ID: BC247F59-7F97-429F-83B3-60AB69B93CBF

NORPIPE OIL AS ✂

Note 8 – Share Capital, Shareholders and Ownership structure

The share capital consists of one class of shares, with 100,854 shares at a nominal value of NOK 100 each. Ownership structure is shown in the table below.

Shareholders	Interest	Each share
ConocoPhillips Skandinavia AS	35.05 %	35 349
Total E&P Norge AS	34.93 %	35 228
Equinor Energy AS	18.50 %	18 658
Vår Energi ASA	6.52 %	6 576
Petoro AS	5.00 %	5 043
Total	100.00 %	100 854



Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11 a Forum, 4313 Sandnes
Postboks 8015, 4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norpipe Oil AS

Opinion

We have audited the financial statements of Norpipe Oil AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



Building a better
working world

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 31 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Tor Inge Skjellevik
State Authorised Public Accountant (Norway)

Independent auditor's report - Norpipe Oil AS 2021

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: DZB28-IPP63-4T27D-ULNMN-H25WT-768FF



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo"™ - sikker digital signatur.
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Tor Inge Skjellevik

Statsautorisert revisor

Serienummer: 9578-5997-4-259359

IP: 145.62.xxx.xxx

2022-03-31 12:17:08 UTC



Penneo Dokumentnøkkel: DZB28-IPP63-4T27D-ULNMN-H25WT-768EF

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>