



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 110 127
Organisasjonsform: Aksjeselskap
Foretaksnavn: CONOCOPHILLIPS SKANDINAVIA AS
Forretningsadresse: Ekofiskvegen 35
4056 TANANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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 Alden
Dato for fastsettelse av årsregnskapet: 21.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 10.05.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1,8	16 001 000 000	23 677 000 000
Sum inntekter		16 001 000 000	23 677 000 000
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	6 074 000 000	5 397 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6	85 000 000	
Purchase of crude and natural gas		1 802 000 000	1 157 000 000
Overlift / (underlift) of crude oil, gas and NGL		-234 000 000	82 000 000
Production and administration expenses	2,3,4,8	3 936 000 000	4 098 000 000
Processing and administration expenses		810 000 000	850 000 000
Emission taxes		279 000 000	267 000 000
Decommissioning and removal costs	12	1 475 000 000	1 297 000 000
Exploration expenses		496 000 000	512 000 000
Sum kostnader		14 723 000 000	13 660 000 000
Driftsresultat		1 278 000 000	10 017 000 000
Finansinntekter og finanskostnader			
Inntekt på andre investeringer		46 000 000	52 000 000
Annen renteinntekt		20 000 000	61 000 000
Currency gain		150 000 000	
Sum finansinntekter		216 000 000	113 000 000
Rentekostnad til foretak i samme konsern		88 000 000	187 000 000
Annen rentekostnad		12 000 000	10 000 000
Currency loss			27 000 000
Sum finanskostnader		100 000 000	224 000 000
Netto finans		116 000 000	-111 000 000
Ordinært resultat før skattekostnad		1 394 000 000	9 906 000 000
Skattekostnad på ordinært resultat	11	428 000 000	7 283 000 000
Ordinært resultat etter skattekostnad		966 000 000	2 623 000 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Årsresultat		966 000 000	2 623 000 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		966 000 000	2 623 000 000
Sum overføringer og disponeringer		966 000 000	2 623 000 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Maskiner og anlegg		21 000 000	18 000 000
Skip, rigger, fly og lignende		48 076 000 000	49 079 000 000
Sum varige driftsmidler	6	48 097 000 000	49 097 000 000
Finansielle anleggsmidler			
Investering i datterselskap	5		79 000 000
Investeringer i tilknyttet selskap	5	134 000 000	125 000 000
Andre fordringer		103 000 000	114 000 000
Sum finansielle anleggsmidler		237 000 000	318 000 000
Sum anleggsmidler		48 334 000 000	49 415 000 000
Omløpsmidler			
Varer			
Varer		199 000 000	218 000 000
Sum varer		199 000 000	218 000 000
Fordringer			
Kundefordringer		337 000 000	503 000 000
Andre fordringer		927 000 000	797 000 000
Receivables from partners		36 000 000	63 000 000
Income tax receivables	11	636 000 000	
Konsernfordringer	8	1 203 000 000	1 790 000 000
Sum fordringer		3 139 000 000	3 153 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	14	2 115 000 000	2 345 000 000
Sum bankinnskudd, kontanter og lignende		2 115 000 000	2 345 000 000
Sum omløpsmidler		5 453 000 000	5 716 000 000



Balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		53 787 000 000	55 131 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	101 000 000	101 000 000
Overkurs		2 315 000 000	2 315 000 000
Annen innskutt egenkapital		1 476 000 000	1 476 000 000
Sum innskutt egenkapital		3 892 000 000	3 892 000 000
Opptjent egenkapital			
Retained Earnings		7 657 000 000	6 688 000 000
Sum opptjent egenkapital		7 657 000 000	6 688 000 000
Sum egenkapital	9	11 549 000 000	10 580 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	20 477 000 000	19 032 000 000
Andre avsetninger for forpliktelser	3	31 000 000	35 000 000
Provisions for decommissioning and removal	12	13 389 000 000	12 632 000 000
Sum avsetninger for forpliktelser		33 897 000 000	31 699 000 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	7	6 223 000 000	6 223 000 000
Øvrig langsiktig gjeld		88 000 000	152 000 000
Sum annen langsiktig gjeld		6 311 000 000	6 375 000 000
Sum langsiktig gjeld		40 208 000 000	38 074 000 000
Kortsiktig gjeld			
Leverandørgjeld		1 350 000 000	1 351 000 000
Betalbar skatt	11		4 231 000 000
Skyldige offentlige avgifter		79 000 000	86 000 000
Kortsiktig konserngjeld	8	412 000 000	450 000 000
Annen kortsiktig gjeld		165 000 000	166 000 000
Amounts due to partners		24 000 000	193 000 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum kortsiktig gjeld		2 030 000 000	6 477 000 000
 Sum gjeld		 42 238 000 000	 44 551 000 000
 SUM EGENKAPITAL OG GJELD		 53 787 000 000	 55 131 000 000



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	21.12.2017	29.01.2018
Telefon	Deres referanse	Vår referanse
90076012	Eli A. Oftedal	2018/955

CONOCOPHILLIPS NORGE
Postboks 3
4064 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 21. desember 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- ConocoPhillips Norge, org.nr. 948 138 646
- ConocoPhillips Skandinavia AS, org.nr. 918 110 127
- ConocoPhillips International Well Response Company AS, org.nr. 997 627 970
- ConocoPhillips Investment Norge AS, org.nr. 988 138 037

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering ovenstående selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på 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 gjengis:

ConocoPhillips Norge er stiftet i samsvar med lovgivning i staten Delaware, USA, og er et indirekte datterselskap av det børsnoterte energiselskapet ConocoPhillips (NYSE:COP) med hovedkontori Houston. ConocoPhillips Norge har en norskregistrert filial med samme navn som utfører all virksomhet for selskapet i Norge.

ConocoPhillips Skandinavia AS driver med leting etter, utvinning og transport av olje og gass på den norske kontinentalsokkel.

Ettersom selskapene opererer i en internasjonal bransje der kommunikasjonen er engelsk, samt har en amerikansk eier, ser selskapene det hensiktsmessig å avlegge årsregnskap og årsberetning på engelsk.

En norsk oversettelse vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets 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

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., 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 og lokalsamfunnet.

Det er etter Skattedirektoratets 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.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er eid av et utenlandsk selskap. Eierkretsen er begrenset. Selskapet driver virksomhet i en internasjonal bransje og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale brukere av regnskapet behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



ConocoPhillips Skandinavia AS

Annual Report
2020


ConocoPhillips



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INTRODUCTION

ConocoPhillips Skandinavia AS explores for, produces, transports and sells oil and gas from the Norwegian Continental Shelf ("NCS").

ConocoPhillips Skandinavia AS ("the company" or "we") was established in Norway in 1964 and participated in the first licensing round on the NCS in 1965, in which the company was awarded three production licenses. After several years of exploration drilling activities, a discovery was made in 1969 which led to the development of the Ekofisk field, the first commercial oil field in the Norwegian sector of the North Sea.

Today, the company is both an operator and a license partner in eleven producing fields on the NCS, from which it derives the majority of its revenues.

ConocoPhillips Skandinavia AS is a wholly owned subsidiary of ConocoPhillips Norge. The operations of the company are conducted by employees from the Norwegian branch of ConocoPhillips Norge.

The headquarters of ConocoPhillips Skandinavia AS are located in Tananger, in the municipality of Sola.

ConocoPhillips ("the group") is an international, independent exploration and production (E&P) company with operations and activities in 15 countries. The group's headquarters are in Houston, Texas. On December 31, 2020, ConocoPhillips had 63 billion US dollars of total assets and approximately 9,700 employees worldwide.

As discussed in the health, safety, and environment section of this report, the global Covid-19 pandemic had limited impact on activities throughout 2020. After some initial restrictions, and a production curtailment in

the early phase of the pandemic, our operated, non-operated and exploration activities were carried out as planned.

FINANCIAL RESULTS

Production

Total net production was 46.6 million barrels of oil equivalents in 2020. This corresponds to an average of 127 thousand barrels of oil equivalents per day. In comparison, 2019 average production was 131 thousand barrels of oil equivalents per day.

Net crude production was 28.5 million barrels in 2020, compared to 30.7 million barrels in 2019. Net natural gas production was 2.8 billion standard cubic meters in 2020, up 0.2 billion standard cubic meters from 2019. Net natural gas liquids (NGL) production was 1.6 million barrels in 2020, an increase from 1.5 million barrels in 2019.

Net Income

Net income for 2020 amounted to NOK 966 million, a decrease of NOK 1,657 million from 2019.

Operating Revenues

Total operating revenues in 2020 were NOK 16,001 million, a decrease of 32 percent compared to NOK 23,677 million in 2019. The reduction was largely due to lower realized commodity prices, partially offset by exchange rate movements.

The majority of the company's revenues are generated from the sale of oil and gas, with 67 percent of total revenues related to the sale of oil. The average realized crude oil price was USD 40.66 per barrel during 2020, compared to an average realized price of USD 65.98 per barrel in 2019. The average realized natural gas price in 2020 was NOK 1.17 per standard cubic meter compared to NOK 1.56 in 2019. The average realized gas



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prices includes gas purchased for external sales.

Revenues derived from the sale of oil are primarily received in US dollars (USD). The Norwegian Kroner (NOK) weakened against the USD during the year and the average USD/NOK exchange rate in 2020 was 9.31, compared to USD/NOK 8.80 in 2019.

Revenues derived from the sale of gas are mainly comprised of 63 percent Euros (EUR) and 36 percent British Pounds (GBP), respectively. The average EUR/NOK exchange rate in 2020 was 10.69 vs. 9.85 in 2019. We saw a similar movement in the GBP, which had an average GBP/NOK exchange rate in 2020 of 12.06 vs. 11.38 in 2019.

Operating Expenses

Total operating expenses were NOK 14,723 million in 2020, compared to NOK 13,660 million in 2019. The eight percent increase was largely the result of higher depreciation and higher purchases of gas from third parties, partially offset by an underlift in 2020 compared to an overlift in 2019.

Balance Sheet

Total assets decreased to NOK 53,787 million in 2020, from NOK 55,131 million in 2019. The decrease was largely due to a reduction in tangible fixed assets as depreciation outpaced new capital investments, and lower cash and cash equivalents.

Total liabilities at the end of 2020 were NOK 42,238 million, a reduction of NOK 2,313 million compared to 2019. The decrease was driven primarily by lower income taxes, which for 2020 represented a receivable to the company. Lower taxes were partially offset by increased deferred taxes and higher provisions for decommissioning and removal costs.

Total equity increased by NOK 969 million, reflecting 2020 net income of NOK 966 million and retained earnings from ConocoPhillips Investments Norge AS (COPINAS) of NOK 3 million, which was merged with ConocoPhillips Skandinavia AS during the year. The merger is described in more detail below.

Cash Flow

Cash and cash equivalents at the end of 2020 were NOK 2,115 million, compared to NOK 2,345 million in 2019. Net cash from operations decreased by 44 percent to NOK 5,136 million. The decrease was driven primarily by lower realized commodity prices and increased operating expenses, partly offset by lower tax payments during 2020.

Net cash from financing activities was zero, a reduction of NOK 3,000 million compared to 2019 as there was no long-term loan repayment in 2020. There were no dividend payments in either 2020 or in 2019.

Merger

Effective January 1, 2020, the fully owned subsidiary ConocoPhillips Investments Norge AS was merged with ConocoPhillips Skandinavia AS. The investment in the COPINAS subsidiary as of December 2019 was NOK 78.9 million. COPINAS has not had any business activity in recent years and the remaining asset value is related to cash and cash equivalents which were transferred to the company upon the successful conclusion of the merger.

Based on the historical performance of the company and the 2020 results described thus far, the Board of Directors' believe that the company's financial position is solid, with good liquidity and sufficient equity.

The following section provides an overview of the company outlook, describes the operated



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and non-operated production licenses and provides an overview of key 2020 activities.

COMPANY OUTLOOK

General

The company holds a robust and diversified portfolio of oil and gas assets on the NCS. We are seeking new growth opportunities and are an active applicant in exploration licensing rounds on the NCS and in the secondary market for license shares. The company drilled three operated exploration wells on the NCS in 2020, with two significant discoveries. The Slagugle prospect in production license 891 was the largest discovery on the NCS in 2020.

The financial results of oil and gas production and sales are subject to fluctuations in natural gas and crude oil prices and foreign exchange rates, as well as other external factors beyond the company's direct control.

With the company's legacy position in Norway, a balanced portfolio of long lifetime producing assets, recent exploration discoveries, and access to a highly qualified and experienced staff, it is the opinion of the Board of Directors of ConocoPhillips Skandinavia AS ("the Board") that the company is well positioned to maintain its strong presence on the NCS.

Production Licenses

During 2020, the company held interests in the following production licenses:

FIELD	INTEREST	OPERATOR
Ekofisk	35.112 %	COPSAS*
Eldfisk	35.112 %	COPSAS*
Embla	35.112 %	COPSAS*
Tor	30.658 %	COPSAS*
Tommeliten	41.88 %	COPSAS*
Tommeliten Unit	28.26 %	COPSAS*
Heidrun	23.99 %	Equinor ASA
Alvheim	20.00 %	Aker BP ASA
Aasta Hansteen	10.00 %	Equinor ASA
Visund	9.10 %	Equinor ASA
Grane	6.17 %	Equinor ASA
Oseberg	2.40 %	Equinor ASA
Troll	1.62 %	Equinor ASA

* ConocoPhillips Skandinavia AS

The company is the operator and a licensee in the fields in the Greater Ekofisk Area, which currently comprises four producing fields: Ekofisk, Eldfisk, Embla and Tor. The fields are located in the North Sea, approximately 300 kilometers southwest of Stavanger. Crude oil is exported via pipeline to Teesside in the United Kingdom, while natural gas is exported via pipeline to Emden in Germany. Production in the Greater Ekofisk Area takes place through several production platforms. Water injection in the area has resulted in both increased production and reserves.

Production from the Tor field ceased at the end of 2015. However, the field has been revitalized through a new subsea development tied-back to the Ekofisk complex. Production from the redeveloped Tor field started in December 2020. This is the first redevelopment of a shut-in field on the NCS.

Moreover, the company is the operator of the Tommeliten license and the Tommeliten Unit, also located in the Greater Ekofisk Area. This license is currently under development.

The company is also a licensee in seven non-operated producing fields on the NCS, as outlined in the table above.



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The company's largest non-operated field ownership is in the Heidrun field, located in the Norwegian Sea and operated by Equinor. The crude oil is stored on Heidrun B, a permanent floating storage unit on the field, and lifted from the storage unit by use of shuttle tankers. Some of the natural gas is injected into the reservoir to optimize oil production. The remaining natural gas is sold or used as feedstock for the methanol plant at Tjeldbergodden in Norway, where the company has an ownership interest of 18 percent.

Aker BP is the operator of Alvheim, an oil and gas field located in the northern part of the North Sea. Alvheim is developed with a Floating Production Storage and Offloading (FPSO) vessel and subsea wells. The crude oil is exported using tankers, and the natural gas is transported via pipeline to the Scottish Area Gas Evacuation (SAGE) terminal at St. Fergus in the United Kingdom.

Greater Ekofisk Area

In 2020, the company continued its work to increase the resource recovery rate for the fields in the Greater Ekofisk Area. New wells and continuous optimization of the waterfloods for Ekofisk and Eldfisk are key activities. This is an ongoing effort that is also well supported through the Life of Fields Seismic (LoFS), which collects 4D seismic data for analysis. Use of data analytics is contributing to increased recovery and optimized production, drilling and well operations in the Greater Ekofisk Area.

The Tor II Project is a redevelopment of the Tor field. The Plan for Development and Operation (PDO) was approved by the Norwegian Authorities in November 2019. Two four-slot template structures were installed in 2020. Drilling commenced in March 2020 with the West Linus drilling rig, and four of the eight wells were completed

by year-end 2020. Production from Tor II started in December 2020.

At Eldfisk, the installation of a new offshore power cable from the Eldfisk complex to Eldfisk 2/7 B in 2019 was the final step in integrating the power grid, serving the Greater Ekofisk Area. The power cable reduces emissions of greenhouse gases to air and enables future remote operations of Eldfisk 2/7 B from Eldfisk 2/7 S, which is premised to commence in 2021.

The Eldfisk II drilling program on 2/7 S continued in 2020 with the West Elara drilling rig and is expected to be completed in 2021.

At Ekofisk, drilling of water injection wells on 2/4 K and production wells on 2/4 X continued in 2020 using the platform rigs.

Throughout the Greater Ekofisk Area, a significant amount of well intervention work has been carried out during 2020. This is critical to maintaining current production levels and will continue in 2021.

Permanent Plugging and Abandonment (PP&A) work on wells in the shut-in Tor 2/4 E platform commenced with the Rowan Norway drilling rig in the fall of 2019 and continued through August 2020. The rig was then moved to Ekofisk 2/4 B where PP&A will continue in 2021. PP&A on Tor 2/4 E will recommence in 2021 with the West Linus drilling rig. The Eldfisk 2/7 B platform rig was warm stacked through 2019 and mobilization has started for an interim PP&A campaign in 2021. In addition, first-phase PP&A work was performed on various installations, together with preparations for upcoming campaigns in years to come.

The Ekofisk 2/4 A platform was removed in 2020. The Ekofisk 2/4 H platform, and the Ekofisk 2/4 Q and Ekofisk 2/4 FTP jackets will



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be removed in 2021. The Tor 2/4 E platform will follow within 2024.

Partner-operated Fields

Production from the Aasta Hansteen gas field, consisting of seven deep-water subsea wells tied into a floating production platform, continued in 2020 with high production efficiency. The gas is exported through Polarled, a 36-inch pipeline to the Gassco-operated Nyhamna terminal.

At the Heidrun field, drilling continued from the Tension Leg Platform. In addition, one subsea well was delivered as planned, using the Transocean Encourage drilling rig. A facility for processing third-party gas was completed on Heidrun in December 2020. A fire and shutdown at the third-party operated methanol plant at Tjeldbergodden in December had no significant impact on Heidrun production.

The Oseberg reservoirs were producing throughout the year according to the revised production permit based on the Norwegian Ministry of Petroleum and Energy's curtailment program. The Oseberg license is progressing plans for the Oseberg Gas Project (Gas Capacity Upgrade project and Power from Shore), and a concept selection was made in 2020. The project will seek final approval during 2021. On Oseberg Vestflanken 2, production and drilling continued on the unmanned H-platform with the Cat-J rig Askepott. Askepott left the H-platform in December to progress the Oseberg infill drilling program. An exploration well in the Helleneset prospect, drilled by West Hercules, was dry.

The Alvhheim field started production from Kameleon Infill Mid, a tri-lateral infill well, in November 2020. Drilling of another tri-lateral infill well named Boa Attic South started in late 2020. The well is expected to come on

production by March 2021. The licensees approved the milestone authorization for front end engineering and design (FEED) for the development of Kobra East - Gekko, a four-well subsea tieback to the Alvhheim FPSO, in December 2020. The project is planned to be sanctioned in mid-2021, with first oil premised in 2024.

The drilling campaign for Troll Phase 3 was completed in November 2020, with zero incidents and 19 days ahead of plan. The project will continue the offshore scope in 2021, but due to Covid-19, start-up is postponed to October 2021. The Troll coventurers matured the plans for full electrification of Troll C and partial electrification of Troll B with a power cable from Kollsnes. A final investment decision is scheduled for the first half of 2021. This project is estimated to reduce CO₂ emissions by more than 450,000 tons per year and achieve significant reductions in NO_x emissions.

Development of Breidablikk, a field located north of Grane, was sanctioned in the second half of 2020 and a PDO was submitted. Breidablikk will be developed as a subsea tieback to Grane and will consist of four templates with six slots each and 23 wells. After the well stream is processed on Grane, oil will be transported by pipeline to the Sture terminal for processing and then transported further to the market via existing exporting infrastructure.

The Grane field delivered high production efficiency for the first eight months of 2020 which was offset by an extended turnaround in the second half of the year. Remaining resources are significant, and the licensees are pursuing further subsurface work and improved drilling performance to increase the recovery rate.



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Continuous work is also progressing related to further development of the Troll, Grane and Visund fields. All these projects are expected to provide important contributions towards maintaining the company's production level in years to come.

Reserves

The company's proved reserves according to U.S. Securities and Exchange Commission regulation at year-end 2020 were 173.9 million barrels of crude oil, 23.4 billion standard cubic meters of gas and 12.0 million barrels of natural gas liquids, a total of 323.5 million barrels of oil equivalent. During 2020, proven reserves were reduced by 36.0 million barrels of oil equivalent, or 11 percent. The 2020 production of 48.7 million barrels of oil equivalents (including produced petroleum consumed in operations) was partially offset by positive reserves additions of 12.8 million barrels of oil equivalents through approval of new projects, additional planned developments, and positive field performance.

Exploration Activities

In 2020, the last well of a three well operated exploration campaign was completed in Block 25/7 in the North Sea with the Hasselbaink well. The Hasselbaink well encountered insufficient hydrocarbons and was expensed as a dry hole in 2020. During the second half of 2020, a two well operated exploration campaign in the Norwegian Sea was completed with the Warka and Slagugle wells. Both wells encountered hydrocarbons and will be evaluated for future appraisal programs. The Canela well, drilled in 2019, was expensed as a dry hole in 2020 after post drill analysis.

The company was awarded three new exploration licenses; PL1045, PL1047 and PL1064; and two acreage additions, PL917 B and PL1009 B.

License	Interest	Area	Type
PL1045	20 %	North Sea	License award
PL1047	30 %	North Sea	License award
PL1064*	40 %	Norwegian Sea	License award
PL917B*	40 %	North Sea	Acreage addition
PL1009B*	65 %	Norwegian Sea	Acreage addition

* ConocoPhillips Skandinavia AS as operator

WORK ENVIRONMENT & EQUAL OPPORTUNITY

Employees

The company has no employees. The company's operations are run primarily through the provision of services by employees of the Norwegian branch of ConocoPhillips Norge. Of the company's four board members, two, or 50 percent, are women. In addition, the deputy board member is a woman.

Sustainable Development

ConocoPhillips is committed to contributing to several important aspects of sustainable development on a global basis. The group carefully considers safety and risk, environmental (climate, biodiversity and water), social and governance (ESG) in its decision-making process. These commitments establish a framework for the group's operations.

In 2020, ConocoPhillips developed a comprehensive energy transition strategy, including an updated climate-risk strategy and new Paris-aligned target framework with an ambition to be a Paris-aligned E&P company of choice by striving to reach net-zero emissions (scope 1 and scope 2 emissions) by 2050. ConocoPhillips also established a target to reduce greenhouse gas (GHG) emissions intensity by 35-45



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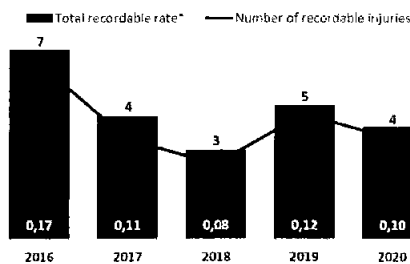
percent by 2030 from a January 1, 2017 baseline.

The company almost achieved the GHG intensity target for 2020 (15 kg/BOE), but due to a period with curtailment in production it came out slightly above. The GHG intensity target is applicable from 2019 to 2030 but will be revised as new reduction opportunities occur. A multidisciplinary team has worked on ways to reduce GHG emissions, including carrying out two major studies on future energy solutions. These studies will be fundamental input to the "GHG Roadmap" that will describe how the company will meet the industry's 2030 and 2050 GHG targets. The company continues to demonstrate that it takes GHG reductions seriously and manages climate-related risks and issues throughout the business. As an example, in 2020 a new flare gas recovery system on Ekofisk 2/4 J was approved. For further information on sustainable development, please refer to www.conocophillips.com/sustainability.

HEALTH, SAFETY & ENVIRONMENT

General

The year 2020 proved to be another strong year in terms of health, safety and environment (HSE). The company has maintained a very high level of HSE performance in recent years with no serious events since 2015.



* The figure shows personnel injury frequency per 200.000 working hours (employees and contractors).

Safety is a core value in how ConocoPhillips operates across the globe and its strong HSE performance reflects its relentless effort to deeply embed safety into its culture. The group is committed to protecting the health and safety of those who are involved in its operations or live within the communities around its operations. Where the group operates, it strives to conduct its business with respect and care for both local and global environments and to systematically manage risk to drive sustainable business growth. The group's goal is to eliminate injuries, occupational illnesses, unsafe practices and incidents of environmental harm from its activities. This ambition drives management's and employees' focus on continuing to improve HSE performance and reducing major incident risk.

During 2020, ConocoPhillips Skandinavia AS continued to improve, clarify and simplify its work processes and procedures. The systematic efforts related to continuous improvement of operational integrity were carried out through better procedures, training and communication. There was focus on process safety, operating integrity and crane and lifting operations. Safety defenses were enhanced through risk-based assessments and a robust asset integrity process.

Employees' and contractors' continuous focus over time on the ConocoPhillips Life Saving Rules has significantly contributed to the positive trend in HSE performance in recent years. The Life Saving Rules define how the group expects its activities to be performed. Each life-saving rule comes with a set of minimum requirements and a verification template, used to implement and verify safe planning and execution of tasks. This fosters visible and proactive leadership, as well as better communication about safety, expectations and risks in the



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workplace. In 2020, a new Life Saving Rule, Line of Fire, was introduced and implemented.

The company also has a comprehensive program to ensure suppliers meet contractual requirements, drive continuous improvement and safeguard HSE standards in their work. Regular supplier audits with emphasis on HSE, quality and operations are carried out before and after contracts are awarded. Internal audits are also conducted to verify that installations and departments operate according to internal and external requirements.

The company's partner-operated assets are monitored with focus on risks related to activities and projects, with special attention to major accident risk. The company actively contributes to sharing of best practices in the licenses.

Occupational Hygiene

The company has participated and contributed to the National Institute of occupational Health research project "Bioben". The project goal is to investigate if unmetabolized benzene in urine and S-phenyl mercapturic acid in urine can be used as a biomarker for low exposure of benzene.

Emergency Preparedness

The company continues to strengthen its capabilities in managing complex major incidents. This includes a corporate mutual assistance agreement between Equinor and ConocoPhillips. In its role as an operator for Norpipe Oil AS, the company arranged a virtual Norpipe oil pipeline emergency response exercise utilizing Microsoft Teams to facilitate co-operation between the response teams in Tananger and Teesside with participation from Oil Spill Response Limited in November 2020.

Covid-19

The management team introduced strict measures at an early stage to reduce the risk of transmission. These preventive measures have been adhered to by the workforce through 2020, and no Covid-19 cases have been recorded at our offshore installations. There were two work-related cases in the Tananger office, and both individuals recovered well.

When the pandemic hit, the emergency preparedness team handled the initial response and quickly implemented communication channels and barriers to avoid infection at our operated assets and office locations. As the pandemic continued, a new team with representatives from all departments, including a safety representative, was assembled to manage the long-term response and ensure workforce safety and business continuity.

The team has actively worked together with ConocoPhillips' headquarters and other operators on the NCS to align and coordinate responses to the pandemic. The team reported directly to the company's management team which allowed for rapid decisions in response to changes in general infection numbers in Norway, and regulations and guidelines issued by the Norwegian Government.

Key focus areas have been to establish robust barriers to mitigate infection risk at our work locations, ensure supply of critical equipment and personnel, and maintain strong communication channels to the workforce, suppliers and contractors.

The ability to work from home as well as the deferral of any non-critical activity has been important to allow for social distancing. Hygienic measures, face masks, temperature



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screening and testing have also been important mitigating actions.

The strong safety culture in the company has been apparent from the start of the pandemic, and important in avoiding infection at our work locations. The entire workforce has frequently adapted to changes and shown strength and integrity throughout the year.

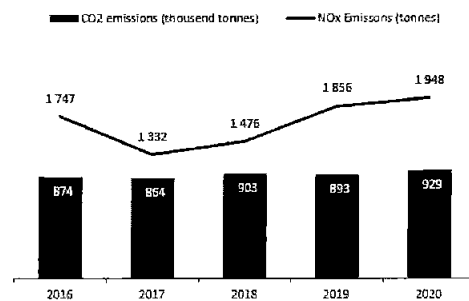
ENVIRONMENT

The group has implemented high environmental standards with the goal that its actions today will not only provide the energy needed to drive economic growth and social well-being, but also strive to secure a stable and healthy environment for tomorrow.

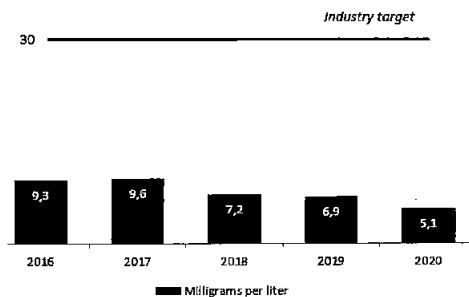
In line with these values, the company continued its efforts in environmental research during 2020 to increase the knowledge base and develop new tools for environmental management. One example is the company's further development of the SYMBIOSES model, a major industry initiative focusing on the Barents Sea and the Norwegian Sea. The project combines existing environmental risk models with population models for plankton and fish to improve impact prediction following the unlikely event of an oil spill in the area. Another example is a project studying timing of spawning of fish in the North Sea to better understand the temporal sensitivity of these fish stocks to our activities in the area.

The company has also contributed to a significant international project studying sea-bird distribution and migration. This will increase the knowledge of sea-bird populations in the North Atlantic and contribute to the development of methods for environmental monitoring and prediction of environmental risk for these species.

The total emission of CO₂ in 2020 was 0.93 million tonnes, compared to 0.89 million tonnes in 2019. Emissions to air in the Greater Ekofisk Area were slightly higher in 2020 than 2019. The total emission of NOx in 2020 was 1,948 tonnes, compared to 1,856 tonnes in 2019. The increase in NOx emissions was due to more exploration drilling in 2020.



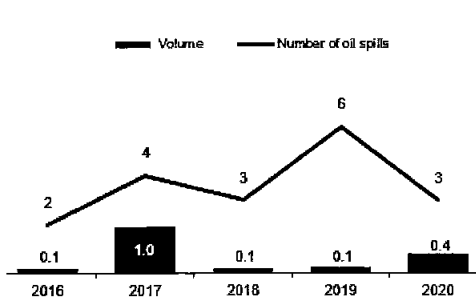
The maximum allowed oil-in-water content in produced water set by Norwegian authorities is 30 mg/l. The oil in water concentration in produced water for the Greater Ekofisk Area decreased to 5.1 mg/l from 6.9 mg/l and has been below 10 mg/l for the last seven years, well below the industry target of 30 mg/l.



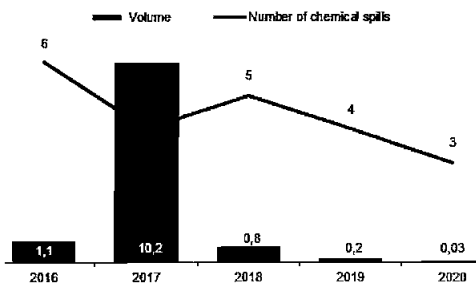
The graph below reflects the number and volume of unintentional oil spills for the Greater Ekofisk Area. In 2020, there were three oil spills, which totaled 0.42 cubic meters.



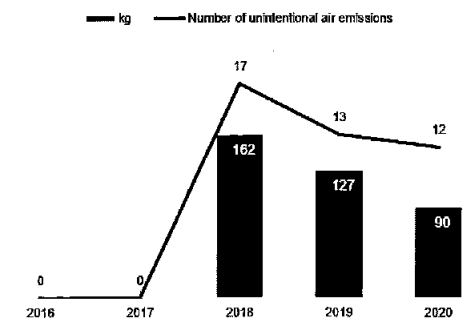
**ConocoPhillips Skandinavia AS
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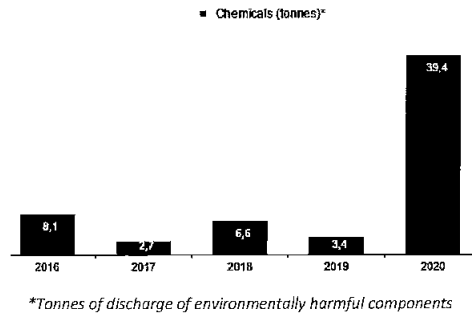
There were three chemical spills in 2020 totaling 0.03 cubic meters, compared to four spills in 2019 totaling 0.2 cubic meters.



The number of unintentional air emissions has decreased since 2018.



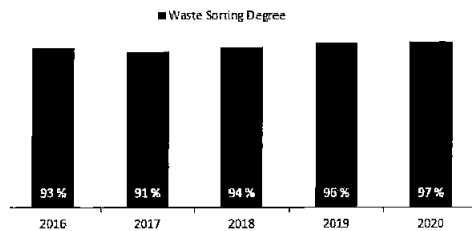
Discharges of environmentally hazardous chemicals to sea have been low over the last five years.



*Tonnes of discharge of environmentally harmful components

The driver for the increase in 2020 is related to a new reporting requirement. Sodium Hypochlorite produced by the electro chlorination systems offshore must now be included in the reporting to the authorities.

For many years, the degree of waste sorting and recycling has been high and very stable, reaching 97 percent in 2020. The amount of recycled waste was 5,080 tonnes in 2020.



RESEARCH & DEVELOPMENT

ConocoPhillips is focused on accelerating its pace of innovation. By leveraging knowledge and technologies, we aim to provide the competitive and strategic advantage necessary to deliver on our objectives.

Innovation is a core value in ConocoPhillips, and we are engaged in an ongoing journey to foster a culture of innovation and harness ideas and expertise to help revolutionize our business, improve performance, and enhance the value of our assets. The group works to build world-class innovation capabilities by



ConocoPhillips Skandinavia AS BOARD OF DIRECTORS REPORT 2020

recruiting and developing highly talented employees, funding in-house technology and collaborating with technology providers.

Research & Development (R&D) plays a significant role in this effort as it is one of the drivers of innovation.

The company's 2020 R&D portfolio consisted of 54 projects. These projects help build strong relationships with our stakeholders and suppliers through trust and innovation. The company spent NOK 33 million on R&D activities during 2020.

The portfolio is aligned with the company's strategies for sustainability. The projects are in support of our operating assets and exploration efforts to realize improvements in subsurface characterization, asset integrity, and safe and responsible production, drilling and decommissioning activities.

Selected projects are explained in some detail in the following sections.

Phase II of the Glider Program was commissioned, continuing the successful harvesting of large volumes of meteorological, oceanographic, chemical, and biological data, mapping fish and marine mammals in phase I. The glider platform has enabled data capture not possible with traditional research vessels and methods, resulting in unique and improved datasets generating groundbreaking knowledge of life at sea. Phase II is a three-year program to study impact on ecosystems from produced water and seismic activity.

The company has contributed funds to "LowEmission", the Research Centre for Low-Emission Technology for Petroleum Activities on the NCS, which aims to pave the road towards zero-emission production of oil and

gas from the NCS. LowEmission develops new technology and concepts for offshore energy systems and integration with renewable power production technologies. The overall objective is to accelerate development and implementation of low-emission offshore technologies on the NCS and help the Norwegian petroleum industry to meet their 2030 and 2050 emission reduction targets.

The National IOR Centre of Norway provides solutions for improved oil recovery on the NCS through close cooperation between industry and academia, and they are committed to its continued development of new knowledge and environmentally friendly technology for increased recovery.

COREC, Center of Oil Recovery, was initiated by ConocoPhillips Skandinavia AS, IRIS (now NORCE) and the University of Stavanger in 2003. The overall goal is to increase the oil recovery and the national improved oil recovery competence through extensive research, competence building and education of new students. The main focus is on opportunities and challenges in carbonate fields, like the Greater Ekofisk field operated by the company.

Released Wells - Digital Cuttings is a collaborative industry project to digitize cuttings samples from all released exploration and appraisal wells, taking high resolution photos. The objective is to use this data in data analytics projects to get more information about the geology, mineralogy and rock properties on the NCS.

The P&A Innovation Program is a five-year program in which the company participated to further develop various plugging abandonment related technologies, with development of required theory, pilots and full-scale experiments.



ConocoPhillips Skandinavia AS
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COUNTRY-BY-COUNTRY REPORTING

In accordance with section §3-3d of the Norwegian Accounting Act, the company is required to submit an annual report detailing the payments made to the authorities by country and project. This report is available at www.conocophillips.no under Social Responsibility.

FINANCIAL RISK

Market Risk

The company's financial performance is highly dependent upon oil and gas commodity prices, which can fluctuate considerably. In addition, changes in foreign currency exchange rates can have a significant impact on the company's financial performance, since the majority of its revenues are in USD, which are subject to exchange rate movements when converted back to the functional currency, NOK.

The company does not hedge its cash flow for foreign exchange risk.

Credit Risk

The company's credit risk is limited as the majority of its receivables are from financially solid affiliated companies. The remainder of

the company's receivables are primarily related to sales to large corporations and are based on long-term agreements.

Liquidity Risk

The company's liquidity is considered satisfactory. The company is expected to finance its future cash requirements primarily through revenues from ordinary operations, participation in the group's cash pool arrangement and intercompany loans from affiliated companies if necessary.

GOING CONCERN

In accordance with 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 position and the liquidity of the company are considered to be sufficient going forward.

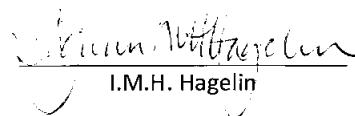
ALLOCATION OF NET INCOME

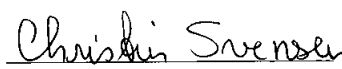
The board proposes that the net income of NOK 966 million be transferred to retained earnings.

Tananger, December 31, 2020
April 21, 2021


J.B. Ellingsen
Chairman of the Board


S. Våge
Managing director


I.M.H. Hagelin


C. Svensen



ConocoPhillips Skandinavia AS INCOME STATEMENT

<i>Amounts in NOK million</i>	Notes	2020	2019
Operating Revenues			
Crude oil sales		10,686	17,982
Natural gas sales		4,302	4,549
NGL sales		358	403
Gain on sale of assets		-	34
Other income		655	709
Total Operating Revenues	1, 8	16,001	23,677
Operating Expenses			
Purchase of crude oil and natural gas		1,802	1,157
Overlift / (underlift) of crude oil, gas and NGL		-234	82
Production and administration expenses	2, 3, 4, 8	3,936	4,098
Processing and transportation expenses		810	850
Emission taxes		279	267
Depreciation	6	6,074	5,397
Impairments	6	85	-
Decommissioning and removal costs	12	1,475	1,297
Exploration expenses		496	512
Total Operating Expenses		14,723	13,660
Income from Operations		1,278	10,017
Financial Income and Expenses			
Income from other investments		46	52
Interest income		20	61
Interest expenses to affiliated company		-88	-187
Other interest expenses		-12	-10
Currency gain (+) / loss (-)		150	-27
Net Financial Items		116	-111
Income before Taxes		1,394	9,906
Income taxes	11	428	7,283
Net Income		966	2,623



ConocoPhillips Skandinavia AS

BALANCE SHEET

<i>Amounts in NOK million</i>	Notes	2020	2019
ASSETS			
Tangible Fixed Assets			
Production plant and equipment		46,219	47,478
Production plant under construction		765	1,037
Capitalized exploration costs and license transfers		1,092	564
Machinery, software, equipment and facilities		21	18
Total Tangible Fixed Assets	6	48,097	49,097
Financial Assets			
Investments in other companies	5	134	204
Other long-term receivables		103	114
Total Financial Assets		237	318
Total Fixed Assets		48,334	49,415
Inventories			
		199	218
Receivables			
Receivables from partners		36	63
Receivables from related companies	8	1,203	1,790
Trade accounts receivables		337	503
Income tax receivables	11	636	-
Other short-term receivables		927	797
Total Receivables		3,139	3,153
Cash and Cash Equivalents	14	2,115	2,345
Total Current Assets		5,453	5,716
Total Assets		53,787	55,131



ConocoPhillips Skandinavia AS

BALANCE SHEET

<i>Amounts in NOK million</i>	Notes	2020	2019
EQUITY AND LIABILITIES			
Paid-in Equity			
Common stock	10	101	101
Share premium account		2,315	2,315
Other paid-in equity		1,476	1,476
Total Paid-in Equity		3,892	3,892
Retained Earnings		7,657	6,688
Total Equity	9	11,549	10,580
Long-term Provisions			
Deferred income tax	11	20,477	19,032
Provisions for decommissioning and removal costs	12	13,389	12,632
Other provisions	3	31	35
Total Long-term Provisions		33,897	31,699
Long-term Liabilities			
Loans from affiliated companies	7	6,223	6,223
Other long-term liabilities		88	152
Total Long-term Liabilities		6,311	6,375
Current Liabilities			
Amounts due to partners		24	193
Amounts due to related companies	8	412	450
Accounts payable		1,350	1,351
Accrued income taxes	11	-	4,231
Taxes other than income taxes		79	86
Other current liabilities		165	166
Total Current Liabilities		2,030	6,477
Total Liabilities		42,238	44,551
Total Equity and Liabilities		53,787	55,131



ConocoPhillips Skandinavia AS

CASH FLOW

<i>Amounts in NOK million</i>	Notes	2020	2019
Cash Flows from Operating Activities			
Net income before tax		1,395	9,906
Taxes paid		-3,851	-8,299
Depreciation	6	6,074	5,397
Impairment	6	85	-
Expensed exploration wells and licenses	6	280	176
Gain on sale of assets		-	-34
Change in current assets		682	524
Change in decommissioning and removal costs	12	757	919
Change in current liabilities		-217	553
Other		-69	-25
Net Cash Flow from Operating Activities		5,136	9,117
Cash Flows from Investment Activities			
Capital expenditures	6	-5,439	-4,578
Proceeds from sale of assets		-	28
Return of capital from investments		-7	23
Net Cash Flow from Investing Activities		-5,446	-4,527
Cash Flows from Financing Activities			
Repayment of long-term loans		-	-3,000
Net Cash Flow from Financing Activities		-	-3,000
Net Change in Cash and Cash Equivalents		-310	1,590
Cash and cash equivalents at the beginning of the year		2,345	755
Cash transfer merger		80	-
Cash and Cash Equivalents at the end of the Year		2,115	2,345



ConocoPhillips Skandinavia AS ACCOUNTING PRINCIPLES

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

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.

Ownership in Joint Venture Operations, Subsidiaries and Associated Companies

For ownership in production licenses on the NCS, and in other joint venture operations, the company's net share is reflected in the respective accounts of the financial statements based on the gross method. Ownership interests in subsidiaries and associated companies are assessed at historical cost.

Revenue Recognition

Operating revenues from oil and natural gas production are reflected in the statement of income when the title passes to the customer on the product's delivery date based on the contractual terms of the agreement. Other income is entered into the books as they are earned.

Use of Estimates

Preparation of financial statements in accordance with GAAP require the 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.

Exploration Costs

Geological and geophysical costs which are not related to extraction of proven reserves

are expensed as incurred. Costs for drilling and equipping exploration wells are capitalized pending further evaluation of whether economically recoverable reserves have been found. If economically recoverable reserves are not found, exploration well costs are expensed (the Successful Efforts method).

Development Costs

Expenses associated with the development of oil and gas fields are capitalized. Expenses incurred following decision on development and expenses related to the preparation of the Plan for Development and Operation are included. Interest expenses related to major development projects are capitalized and depreciated as part of the plant's acquisition cost until first production.

Maintenance and Repairs

Regular maintenance and repairs costs are expensed as incurred. Expenses for major changes and improvements that significantly increase the life of the asset, capacity or improve safety and environment, are capitalized.

Depreciation

Depreciation of property, plant and equipment related to the development of oil and gas fields is calculated according to the unit-of-production method. Following this method, the annual depreciation rate appears as the ratio of the annual production volume and the remaining economic recoverable resources. Fixed assets are grouped in valuation units and depreciated collectively, normally as the entire oil and gas field.

Land-based assets and pipelines are depreciated over the expected economic lifetime, according to the straight-line method.



ConocoPhillips Skandinavia AS ACCOUNTING PRINCIPLES

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, present, and/or the asset's future economic expectations have significantly improved.

Replacement and Cancellation of Major Tangible Fixed Assets

When fixed assets (platforms, pipelines and production wells) that do not constitute an entire valuation unit are replaced or discontinued, the asset's acquisition cost is charged against accumulated depreciation and is included in future depreciation according to the unit-of-production method for the assessment unit.

Inventories

Materials in the warehouse consist of equipment for exploration and field development and are valued at average acquisition costs.

Over-/Underlifts

Liabilities arising from excessive crude oil, natural gas and NGL in relation to the company's share of production are assessed at full cost of production and are presented under other short-term liabilities in the balance sheet. Receivables arising from lower crude oil, natural gas and NGL in relation to the company's share of production are assessed at the lowest value of full cost and

market value and are presented under other short-term receivables in the balance sheet.

Natural Gas Loans, Storage and Swaps

Liabilities and credit balances will arise between partners on producing fields due to natural gas swaps, loans and storage under contracts or agreements. Liabilities and credit balances are stated at the estimated production cost at year-end. Liabilities and credit balances are calculated on the basis of the volumes expected to be returned.

Research & Development

Research and development costs are reflected in the income statement as incurred. When commercialized projects reach a certain degree of maturity, expenses are capitalized.

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. Deferred tax liabilities and deferred tax assets are calculated using nominal value and presented net on the balance sheet.

Employee Benefit Plans

Net pension costs and projected benefit commitments are calculated in accordance with NRS 6 pension costs.

Lease Commitments

Lease agreements with transfer of material risk and control to the lessee are considered financial leases and the corresponding assets and liabilities are recognized in the balances sheet. Other leases are classified as operational leases, where the lease expenses are reflected in the income statement as incurred.



ConocoPhillips Skandinavia AS
ACCOUNTING PRINCIPLES

Provisions for Future Decommissioning and Removal Costs

The estimated present value of future costs of decommissioning and removal of production facilities as required by the authorities, is accrued using the unit-of-production method. The provision is gradually built up so when the field is shut in, the provision is sufficient to cover the expenses. In addition, an interest cost calculated on the present value of the obligation is expensed annually.

The discount rate used for calculating the present value of the removal obligation is a risk-free interest rate, plus a risk margin.

Estimated expenses for future decommissioning and removal are assessed annually and changes in estimates are recognized over the remaining production period.

Cash Flow Statement

The cash flow has been prepared according to the indirect method.

Consolidated Financial Statement

ConocoPhillips Skandinavia AS is included in the consolidated financial statements of ConocoPhillips, United States. The consolidated financial statements are available at www.conocophillips.com.



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

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

The exchange rate as of year-end for US dollars (USD) was NOK 8.52, compared to USD/NOK 8.76 as of December 31, 2019. The exchange rate at year-end for Euros (EUR) was NOK 10.46 compared to EUR/NOK 9.85 as of year-end 2019.

Note 1 – Operating Revenues

Total operating revenues for 2020 amounted to NOK 16,001 million.

Per Area of Operations	Crude Oil	Natural Gas	NGL	Other Revenues	Total 2020	Total 2019
Ekofisk	4114	354	127	59	4,654	8,023
Eldfisk	2,152	110	58	7	2,327	3,144
Embla	67	40	13	-	120	181
Tor	-	1	-	-	1	-
Heidrun	1,629	274	46	96	2,045	3,101
Alvheim	1,179	173	-	114	1,466	2,317
Troll	223	767	-	25	1,015	1,180
Aasta Hansteen	26	949	-	-	975	1,059
Visund	317	493	87	-	897	1,526
Grane	735	-	-	28	763	1,128
Oseberg	238	168	27	1	434	966
Purchased from 3 rd parties	1	970	-	-	971	580
Pipelines	-	-	-	54	54	51
Methanol	-	-	-	271	271	362
Miscellaneous	5	3	-	-	8	59
Total Operating Revenues	10,686	4,302	358	655	16,001	23,677

Operating Revenues by Geographical Area	2020	2019
Norway	1,142	1,533
The EU	14,859	22,144
Total Operating Revenues	16,001	23,677

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.



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

Expensed auditors' fees for auditing services and other services in 2020 amounted to NOK 4.4 million.

Note 3 – Pension Plans

The company has an unsecured pension obligation related to retirees who are entitled to future benefits in accordance with a German pension scheme.

Estimated Pension Obligations	2020	2019
Accrued pension obligations	-33	-32
Unrecognized effects of actuarial losses	6	3
Estimated Pension Obligations as of Dec. 31	-27	-29

Actuarial Assumptions	2020	2019
Discount rate	0.9%	0.9%
Expected regulation of pensions in effect	2.0%	2.0%

Note 4 – Research & Development

The company has expensed research and development costs of NOK 33 million, compared to NOK 29 million in 2019. No research and development costs have been capitalized for 2020.

Note 5 – Ownership Interests in Subsidiary and Associated Companies

Effective January 1, 2020, ConocoPhillips Investments Norge AS (COPINAS) was merged with ConocoPhillips Skandinavia AS. The merger was performed in accordance with the continuity principle. COPINAS was wholly owned by ConocoPhillips Skandinavia AS. The investment in subsidiary COPINAS as of December 2019 was NOK 78.9 million.

Associated Companies	Ownership	Book Value
		Dec. 31
Norpipe Oil AS	35.05 %	64
Equinor Metanol ANS	17.99 %	49
Vestprosess DA	2.00 %	17
Tjeldbergodden Luftgassfabrikk DA	11.27 %	4
LedaFlow Technologies DA	25.00 %	-
Alvheim AS	20.00 %	-
Tjeldbergodden Utvikling AS	1.60 %	-
Total		134



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

Note 6 – Tangible Fixed Assets

	Production Plant & Equipment	Production Plant under Construction	Capitalized Exploration Costs & License Transfers	Machinery, Equipment & Facilities	Total
Acquisition cost as of Jan. 1	115,511	1,037	564	345	117,456
Additions	3,231	1,391	807	10	5,439
Retirements and transfers	1,260	-1,663	-280	-49	-731
Acquisition Cost as of Dec. 31	120,002	765	1,092	306	122,164
Accum. depreciation as of Jan. 1	-68,033	-	-	-326	-68,359
Depreciation	-6,067	-	-	-7	-6,074
Impairments	-85	-	-	-	-85
Retirements and transfers	402	-	-	49	450
Accum. Depreciation as of Dec. 31	-73,783	-	-	-284	-74,067
Book Value as of Dec. 31	46,219	765	1,092	21	48,097

Depreciation of assets on the Norwegian Continental Shelf is calculated in accordance with the unit-of-production method. Onshore fixed assets and some pipelines are depreciated on a straight-line basis over the expected life of the asset (1-38 years).

An impairment or a reversal of an impairment assessment is performed on every field and ownership in other fixed assets. Net sales value is used as recoverable amount. Future cash flows constitute the basis for net sales value and is calculated based on estimated costs and unbiased oil and gas resources. Future prices are based on a combination of future markets, estimates from external experts and the company's own assessment. The analysis resulted in an impairment of a producing asset of NOK 85 million for 2020 as a consequence of lost wells.

The acquisition cost as of December 31, 2020, includes capitalized interest of NOK 1,181 million.

Note 7 – Loans from Affiliated Companies

The company has loan agreements in place with an affiliated company as follows:

Lender	2020	2019
ConocoPhillips Norway Funding Ltd.	6,223	6,223
Total	6,223	6,223

The interest rate on the loans corresponds to the Norwegian interbank offered rate (NIBOR) plus a margin. All loans are denominated in Norwegian Kroner and maturing over the course of the next five years.



ConocoPhillips Skandinavia AS NOTES TO THE ANNUAL ACCOUNTS

Note 8 – Intercompany Balances with Related Companies

The table lists the main transactions with related companies in 2020, including payable and receivable balances as of December 31, 2020:

	Purchases	Sales	Payables	Receivables
ConocoPhillips Company	1,038	29	78	-
ConocoPhillips Norge - Norwegian Branch	4,169	-	334	-
ConocoPhillips (U.K.) Marketing and Trading Limited	1,214	13,471	-	1,184
Other	27	-1	-	15
Total	6,448	13,499	412	1,199

The company purchases technical and administrative services from ConocoPhillips Company, to support operations and projects. The company also invoices project cost regarding R&D to ConocoPhillips Company.

The company purchases services from the Norwegian branch of ConocoPhillips Norge. These are mainly personnel and administration services to support the operations.

Transactions with ConocoPhillips (U.K.) Marketing and Trading Limited relate to sale of crude oil, NGL and gas, and purchase of CO₂-quotas.

Note 9 – Equity

	Share Capital	Share Premium Account	Other Paid-in Capital	Retained Earnings	Total Equity
Equity as of Jan. 1	101	2,315	1,476	6,688	10,580
Merger	-	-	-	3	3
Net income	-	-	-	966	966
Equity as of Dec. 31	101	2,315	1,476	7,657	11,549

Retained Earnings of NOK 3 million relates to the merger of ConocoPhillips Investments Norge AS and ConocoPhillips Skandinavia AS.

Note 10 - Share Capital, Shareholders and Ownership structure

The share capital consists of one class of shares, with 101,000 shares at a nominal value of NOK 1,000 each. ConocoPhillips Norge owns 100 percent of the shares.

**ConocoPhillips Skandinavia AS**
NOTES TO THE ANNUAL ACCOUNTS**Note 11 – Income Taxes**

	Tax Rate	2020	2019
	%		
Income before taxes		1,394	9,906
Corporate taxes	22	307	2,179
Special taxes	56	781	5,547
Income taxes	78	1,087	7,726
Permanent differences		10	-27
Change fixed asset with no deferred tax		25	28
Uplift		-614	-454
Onshore revenues		-132	-5
Adjustment of tax from prior period		52	15
Total Income Taxes		428	7,283
Corporate taxes	22	625	2,248
Special taxes	56	-1,670	5,170
Adjustment of tax from prior period		29	1
Total Taxes Payable (+) / Receivable (-)		-1,016	7,419
Change in deferred tax		1,444	-136
Total Income Taxes		428	7,283
Taxes Payable (+) / Receivable (-) as of Dec. 31			
Current year tax payable		-1,045	7,417
Tax paid in installments		-	-3,776
Adjustment of tax from prior period		409	590
Taxes Payable (+) /Receivable (-) in the Balance Sheet		-636	4,231
Basis for Deferred Tax as of Dec. 31			
Temporary differences related to:			
- fixed assets		37,055	37,847
- decommissioning/removal		-13,302	-12,564
- other temporary differences		225	67
Basis Deferred Corporate Tax	22	23,978	25,350
Onshore activities		-9	-10
Deferred uplift		-630	-1,312
Deduction investment costs		3,807	-
Basis Deferred Special Tax	56	27,146	24,028
Deferred Tax as of Dec. 31			
Corporate taxes	22	5,275	5,577
Special taxes	56	15,201	13,455
Deferred Tax in the Balance Sheet		20,477	19,032



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

Due to the emerging Covid-19 pandemic and significant drop in oil prices, certain temporary amendments were implemented in the Petroleum Tax Act in 2020. 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 12 – Provisions for Decommissioning and Removal Costs

In accordance with the provisions in the Norwegian Petroleum Act, the Norwegian Government requires the licensees to remove offshore installations no longer in use. Current convention requires offshore steel platforms to be removed and brought ashore, wells must be permanently plugged, and concrete structures must be cleaned for in-place disposal. In-place disposal of pipelines buried in the seabed is permitted.

Cost estimates are developed for the decommissioning of production facilities, securing and final plugging of wells, preparation of pipelines and concrete structures for in-place disposal, in addition to the removal of redundant steel production facilities. Technological development, potential efficiency gains by removing several platforms simultaneously and future cost and interest rate development, are some of the uncertainty factors associated with the cost estimates.

Provisions for Decommissioning and Removal	
Provisions as of Jan 1.	12,632
Increase in allocation	1,475
Incurred costs, charged against provisions	-718
Provisions as of Dec. 31	13,389

Provisions are reported as decommissioning and removal costs in the balance sheet.



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

Present Value as of Dec. 31	Present Value of Future Costs	Time Horizon Years
Ekofisk	7,951	1-36
Ekofisk Center	1,206	1-37
Eldfisk	4,461	1-36
Embla	567	8-17
Tor I	769	1-5
Tor II	179	30-33
Troll	362	20-41
Heidrun	2,052	24-31
Grane	275	23-30
Oseberg	521	9-28
Huldra	0	1-2
Alvheim	1,062	14-17
Visund	374	14-21
Aasta Hansteen	284	14-20
Pipelines and Terminals	397	1-38
Total Present Value as of Dec. 31	20,460	
Assumptions	2020	2019
Escalation factor	2.0%	2.2%
Discount rate horizon less than 10 years	1.4%	2.6%
Discount rate horizon more than 10 years	2.7%	3.2%

Note 13 – Rental Agreements and Leasing

The company had by year-end 2020 entered into leases for operating equipment such as drilling rigs, search and rescue (SAR) helicopters, supply and stimulation vessels, in addition to office facilities, warehouse and quay, in its roles as an operator for several licenses. As a partner in other licenses, the company has also entered into lease agreements for rigs. Several of the contracts have options for extensions.



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

The company's share of minimum lease liabilities as of year-end 2020, categorized by non-cancellable contract period are as follows:

	Remaining minimum liability	Expiration of contract
Rigs	164	2021-2023
Rigs	182	2028
Helicopters and Vessels	530	2023-2025
Office, Warehouse and Quay	121	2028-2030
Other	16	2022-2025
Other	11	2028-2029
Lease Liability as of Dec. 31	1,024	

As of December 31, 2020, the company had no leases classified as financial leasing.

Note 14 – Bank Deposits

The company participates in a multi-currency cash pool arrangement with Bank of America together with other entities in the ConocoPhillips group. ConocoPhillips Company is the main guarantor, while other participants are secondary guarantors.

Note 15 – Other Commitments

In 2020 the company was awarded a 40 percent ownership and the operatorship in production license 1064 in the APA 2019 licensing round on the Norwegian Continental Shelf. By accepting the license, the company committed to drilling one firm exploration well to test the Peder prospect. The company has also committed to drilling one exploration well to test the Bounty prospect in production license 935 where ConocoPhillips Skandinavia AS is the operator with a 40 percent ownership. Both wells will be drilled in 2022 during a drilling campaign and the estimated well cost will be determined closer to drill date.

Note 16 – Reserves

Unaudited

		2020	2019
Crude oil	million barrels	174	198
Natural gas	billion Sm ³	23	25
NGL	million barrels	12	13

The reserves presented above are based on the U.S. Securities and Exchange Commission regulation of proved reserves. The amount of crude oil, natural gas, and natural gas liquids (NGL) that can be recovered with reasonable technical and economic certainty from known oil and gas reservoirs based on analysis of technical and geological data, and under existing economic and



ConocoPhillips Skandinavia AS
NOTES TO THE ANNUAL ACCOUNTS

operating conditions, at prices (twelve months' average) and expenses on the date the estimates were prepared. The prices can deviate from this only if they are stipulated by contract and cannot be increased based on future expected conditions.

Proven natural gas reserves include gas used for fuel. Natural gas is estimated at standard conditions (1.01325 bar, 15.56 degrees Celsius).

The proven reserves are based on production estimates from the Greater Ekofisk Area, Heidrun, Troll, Grane, Oseberg, Alvheim, Visund and Aasta Hansteen.

Note 17 – Covid-19

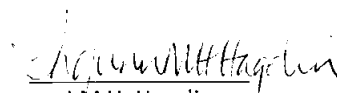
The global Covid-19 pandemic had limited impact on our Norway activities through 2020. After some initial restrictions, and a production curtailment in the early phase, operations in the Greater Ekofisk Area and our Partner Operated Assets have been carried out as planned. The same applies for our Norway exploration activities.


The company's management team introduced strict measures at an early stage to reduce the risk of transmission. These preventive measures have been adhered to by the workforce and contractors over 2020, and no Covid-19 cases have been recorded at our offshore installations.

Tananger, December 31, 2020
April 21, 2021


J.B. Ellingsen
Chairman of the Board


S. Våge
Managing Director


I.M.H. Hagelin


C. Svensen



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of ConocoPhillips Skandinavia AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ConocoPhillips Skandinavia AS, which comprise the balance sheet as at 31 December 2020, 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of 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 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 on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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.



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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including 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 those charged with governance 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - ConocoPhillips Skandinavia AS

A member firm of Ernst & Young Global Limited

Per memo document key: QQ4Y1YFCH-TZ15N-G5Y7A-63750-2U754



Stavanger, 21 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Tor Inge Skjellevik
State Authorised Public Accountant (Norway)

Pemseo document key: QQ4Y1YJFCH-TZ15N-GSY7A-637SO-2U754



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Tor Inge Skjellevik

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