

ENERGY WITH THE NATION

KOREA NATIONAL OIL
CORPORATION 2020



DEDICATED and STEADFAST;

Korea National Oil Corporation

Energy is the power that moves the nation.
In particular, oil is an important energy source that is indispensable for daily life and business management. The Korea National Oil Corporation (KNOC) is steadily pursuing oil development, securing oil stockpiling, and developing renewable energy projects for people in Korea. KNOC will continue to promote national happiness by supplying better energy to our people with steadfast and strong dedication.

Purpose of establishment

By efficiently implementing projects related to developing oil resources, securing oil stockpiling, and improving the oil distribution structure, KNOC aims to stabilize our oil supply and contribute to the development of the national economy.

Mission

Contributing to the national economy by stabilizing oil supply

Vision

Creating value beyond energy

Slogan

Today's Challenge,
Tomorrow's Innovation,
Everyone's KNOC

Core values

Passion and challenges, safety and trust, innovation and growth

Overview of Main Business Projects

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Korea National Oil Corporation 2020

The energy that drives
our economy and life

Korea National Oil Corporation will contribute to the national economy by stabilizing our supply of oil, and furthermore, promote national happiness by providing better services to people in areas including the exploration, development, production, and distribution of oil.



Petroleum exploration, development, and production (E&P) business

32 projects around the world



Stockpiling business

9 reserve bases nationwide



Economical gas station business

Domestic operation of discount gas stations



Petroleum information services

Operation of oil information networks

Reserves

1.28 billion barrels

Daily production

172 thousand barrels

Capacity of stockpiling facilities

136 million barrels

Stockpiled oil

96.6 million barrels

Gas stations

1,207 operations

Market share

10.36 %

PETRONET users

760 thousand per year

OPINET users

120 million per year

※ As of the end of June 2020





Active E&P projects around the world for reserves

The Korea National Oil Corporation (KNOC) is participating in 32 E&P projects in 16 countries (including 5 in Korea) to stabilize oil supply.

In 2020, KNOC’s oil reserves recorded 1.28billion barrels. In particular, the KNOC has discovered high-quality gas in the Tolmount block in the North Sea of the U.K and started commercial oil production in the Haliba field of UAE in 2019. The KNOC will continue to actively pursue overseas oil field development to strengthen Korea’s energy security and maximize benefits for the public.

Challenge to maintain our status as an oil producing country : the development of the continental shelf in Korea



In 1998, KNOC discovered the first commercial gas reserve in the East Sea of the Republic of Korea.

With the success of gas production, KNOC became the 95th oil producing country in the world. KNOC is still on the way in exploring the area of 8 block and 6-1 block Northern in the Ulleung Basin. In 2020, KNOC acquired concessions* in the central and eastern area of block 6-1 to explore for oil and gas.

* The right to mine and acquire minerals in a given block



KNOC Global Project

As of the end of June 2020, the Korea National Oil Corporation is participating in 32 E&P projects in 16 countries (including five in Korea), with the aim of ensuring stable access to petroleum resources, Korea's main energy source.

16 countries
32 projects

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Korea National Oil Corporation 2020

Daily production : 172 thousand barrels

Reserves : 1.28 billion barrels

※ The figures are based on KNOC's share as of the end of June 2020

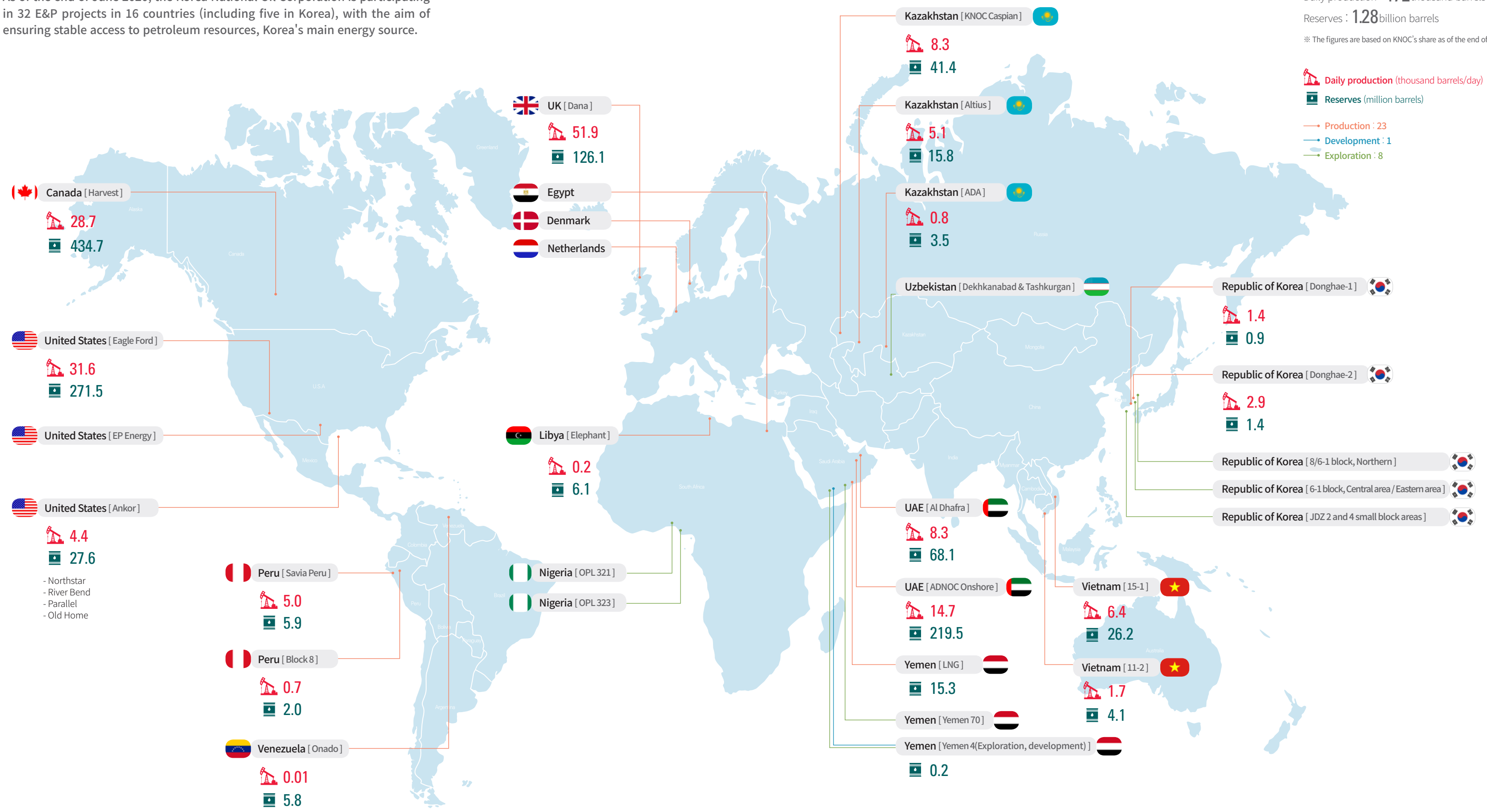
Daily production (thousand barrels/day)

Reserves (million barrels)

→ Production : 23

→ Development : 1

→ Exploration : 8



Oil Stockpiling Projects



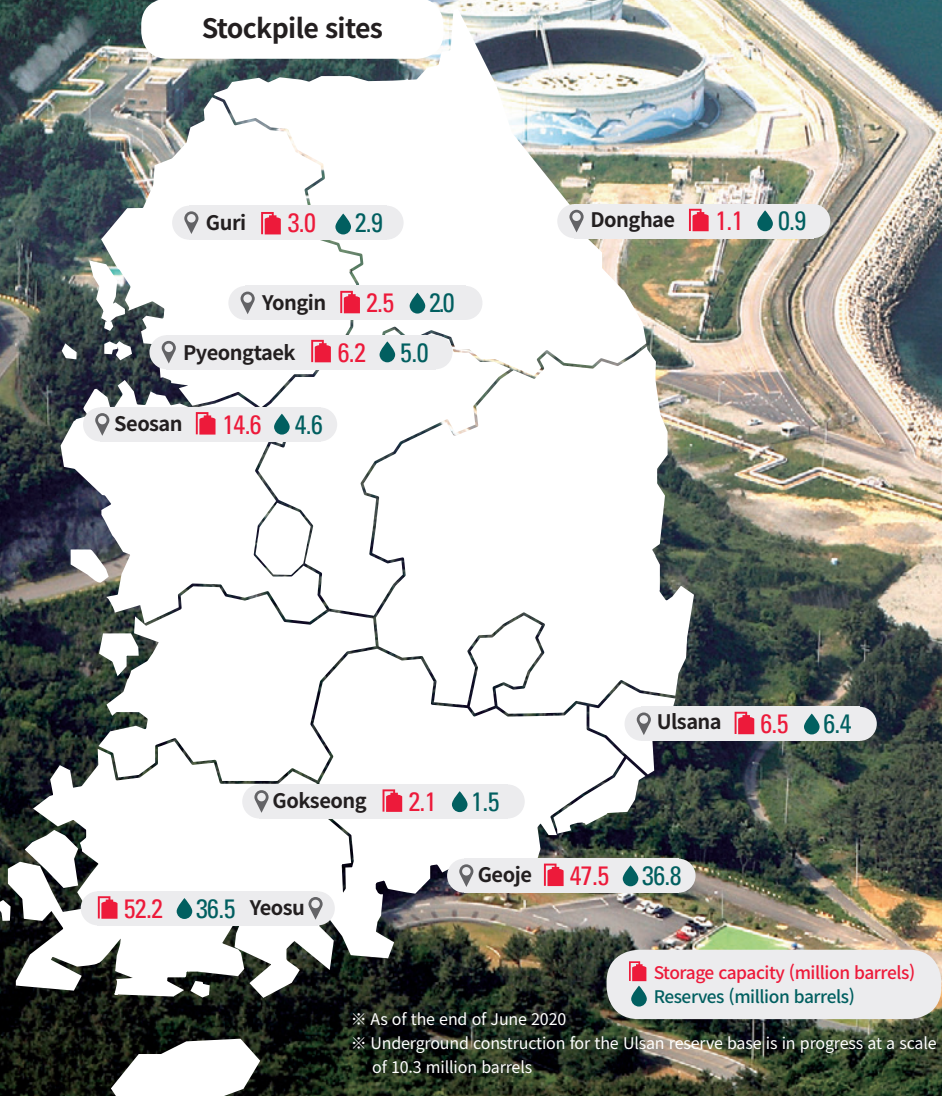
9 oil stockpile sites
136 million barrels

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The Korea National Oil Corporation (KNOC) operates oil stockpile facilities in 9 areas in Korea, including Ulsan, Geoje, and Yeosu, with a total capacity of 136 million barrels, to strengthen the nation’s ability to respond to crises in domestic oil supply and demand.

As of the end of June 2020, KNOC has 96.6 million* barrels of stockpiled oil, which is equivalent to 95 days of net imports according to the International Energy Agency (IEA) standard. This stockpiled oil is provided to customers in a timely manner to stabilize the domestic oil supply in the event of an emergency situation. The KNOC contributed to stabilizing domestic oil supply and prices by releasing stockpiled oil during the Gulf War in 1991, Hurricane Katrina in 2005, and the crisis in Libya in 2011. The oil stockpiled facilities in each site are effectively managed by the HSEQ system.

* The reserves controlled fully by the government, excluding private reserves and joint stockpiles



Korea National Oil Corporation 2020



Oil stockpiling for energy security

KNOC is working on an oil stockpiling project to stably supply oil in the event of an emergency.

KNOC has been trading crude oil, petroleum, and LPG using market spread and purchases oil reserves with the trading revenues. In addition, the KNOC strengthens the nation’s energy crisis response by storing oil from foreign companies in the surplus storage of our facilities and by securing priority purchase rights.

Northeast asia energy hub project

KNOC is leading the Northeast Asia energy hub project in Yeosu and Ulsan.

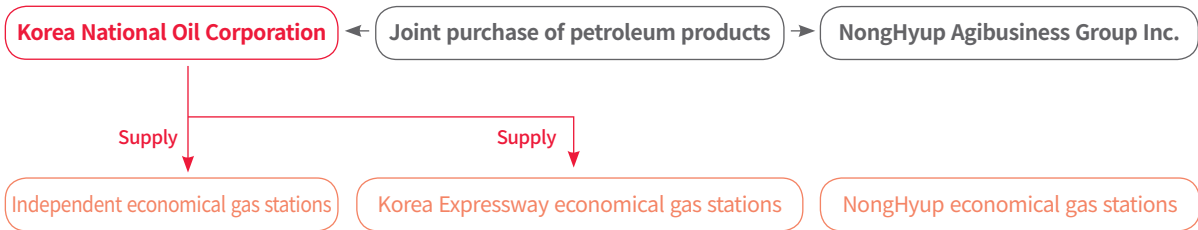
In Yeosu, we established Oil Hub Korea (OKYC) in November 2008 and operate a facility with a capacity of 8.18 million barrels. In Ulsan, the Korea Energy Terminal (KET) was established in July 2019, and a commercial tank terminal with a total capacity of 2.73 million barrels is under construction. The South Port project with a capacity of 16 million barrels is also underway.



Economical gas stations with high quality

KNOC’s economical gas stations have been recognized as the most affordable gas stations in South Korea since their launch in 2011. Currently, there are 1,207 economic gas stations nationwide, accounting for about 10.36% of the total number of gas stations. Their sales volume is 6.4 billion liters, which accounts for 17.1% of domestic sales volume. Our economic gas stations supply oil at a price approximately 27 KRW lower per liter than prices at other gas stations nationwide. KNOC aims to ensure that the public can access oil with high quality and affordable prices by improving the oil distribution structure.

Operating a system of economical gas stations



Our citizens’ right to know: oil information service

Comprehensive petroleum information network
PETRONET www.petronet.co.kr

KNOC is operating a comprehensive petroleum information network service called Petronet to provide domestic and foreign petroleum information. Through Petronet, KNOC provides customers with the latest news on oil, domestic and foreign oil prices, and in-depth analyses of the petroleum industry. Petronet contributes to the government's energy policy, academic research, and industry development, while improving convenience for the public.

Opinet : information service providing sales prices by gas station
OPINET www.opinet.co.kr

KNOC operates a real-time information service called Opinet which provides domestic sales prices by gas station. Opinet is a web- and mobile-based service used by 1.2 billion people a year and an average of 339 thousand people a day. In February 2020, we updated new content and developed a start-up promotion section for user-friendly access.



Renewable and green energy, towards a better future

Floating offshore wind power generation / CCS / solar power generation

KNOC is engaged in floating offshore wind power projects with domestic companies such as POSCO and Hyundai Heavy Industries. The KNOC is also preparing to conduct carbon capture and storage (CCS)* projects using the Donghae-1 gas field. In addition, the KNOC plans to set up solar power facilities in our nine stockpiles sites by 2021.

* Technology for capturing and transporting carbon dioxide emitted from power plants and industrial facilities, and then injecting it into a reservoir.

Social contributions

Creation of high-quality jobs

Korea National Oil Corporation is pursuing a roadmap for creating high-quality jobs to uphold our social values. In addition to converting non-regular workers to regular workers in accordance with government guidelines, we are discovering new growth engine businesses through projects such as our expansion of investment in the public sector and offshore wind power projects. Furthermore, we are taking the lead in creating jobs by engaging in collaborations with private companies related to oil development.

Growth with the local community

KNOC is contributing to the local community through a win-win growth program. The KNOC is engaged in a wide variety of community sharing activities, such as low-income families support and market support. In 2019, KNOC has also actively hired peoples with disabilities as athletes to contribute to local community development.



Safety and environment management

KNOC implemented the HSEQ management system and the environmental management system certified by an international certification authority (ISO14001 : 2015).

KNOC is making every effort to create a safer and more comfortable working environment with a focus on prevention.

The highest PSM grade (P)

KNOC minimizes accidents by thoroughly monitoring safety and operates the PSM* system to prevent major industrial accidents.

* PSM (Process Safety Management): The Ministry of Employment and Labor evaluates the safety management status of business operations to prevent major industrial accidents with the following ratings: P (excellent), S (good), M+ (normal), and M- (poor).

Zero accidents and injuries to human life

Thanks to our efforts to prevent accidents by conducting monthly disaster response training, our stockpile sites recorded zero large-scale accidents and injuries in 2019.



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