

TERMS AND CONDITIONS FOR THIRD PARTY USE OF INSTALLATIONS

(Presented in the context of a tie-in and processing agreement)

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## **APPENDICES**

APPENDIX A:	RESERVED CAPACITY
APPENDIX B:	DELIVERY/REDELIVERY SPECIFICATIONS
APPENDIX C:	MEASUREMENT, TESTING, SAMPLING, ALLOCATION, REALLOCATION AND VALUE ADJUSTMENT
APPENDIX D:	DESIGN BASIS – INCREMENTAL EQUIPMENT
APPENDIX E:	SCOPE OF WORK – INCREMENTAL EQUIPMENT
APPENDIX F:	TECHNICAL DESCRIPTION TIE-IN OPERATION
APPENDIX G:	DESIGN CHANGE PROCEDURE
APPENDIX H:	CALCULATION OF LOST AND/OR DEFERRED PRODUCTION

Note regarding use of brackets in this Agreement:

[ ] = to be filled out by the Groups

[with text] = text is a non-binding proposal only

This Agreement is made and entered into on the date hereof by and between:

[name of the operator] on behalf of the [name of Owner]

and

[name of the operator] on behalf of the [name of User].

**[Whereas ]**

Now therefore, the Groups have agreed as follows:

## 1 DEFINITIONS

The following words and terms used in the Agreement shall, unless otherwise expressly specified in the Agreement, have the following respective meanings:

- 1.1 “Affiliate” shall mean any enterprise which directly or indirectly holds more than fifty (50) per cent (%) of the share capital or votes, or in any other way directly or indirectly exercises a controlling interest in a Licensee, or

any enterprise in which a Licensee directly or indirectly holds more than fifty (50) per cent (%) of the share capital or votes, or in any other way directly or indirectly exercises a controlling interest, or

any enterprise of which more than fifty (50) per cent (%) of the share capital or votes are held directly or indirectly or which in any other way directly or indirectly is controlled by one or more enterprise(s) which hold directly or indirectly more than fifty (50) per cent (%) of the share capital or votes, or in any other way directly or indirectly exercises a controlling interest in a Licensee.

- 1.2 “Agreement” shall mean this agreement including all appendices attached hereto, as subsequently amended from time to time.

- 1.3 “Calendar Year” shall mean a period of twelve (12) consecutive Months, commencing on 1st January at 00:00 hours, and ending on the following 31st December at 24:00 hours.

- 1.4 “Commencement Date” shall mean a date according to Article 10.

- 1.5 “Commissioning” shall mean activities required to verify the functioning and/or integrity of the User Facilities, Incremental Equipment and or the Owner Facilities that are necessary for the provision of the Services as outlined in Article 11 and the requirements as further described in Appendices D and/or E.

- 1.6 “Contract Year” shall mean the period beginning at 06:00 hours on 1 st October of any Calendar Year and ending at 06:00 hours on 1 st October in the following Calendar Year.

- 1.7 “Delivery Point(s)” shall mean [ ].

- 1.8 “EUROLIBOR” shall have the meaning as defined in the "Regnskapsavtale for Petroleumsvirksomhet" used on the Norwegian Continental Shelf as applicable from time to time.
- 1.9 “Export Petroleum” shall mean processed [Gas, Oil, Condensate] to be redelivered at the Redelivery Point(s) expressed in [ ] allocated to the User.
- 1.10 “Gassled” shall mean the transportation and processing system described in "Terms and conditions for transportation of Gas in Gassled", Appendix B (Transportation System Description), as amended from time to time.
- 1.11 “Group(s)” shall mean the Owner and/or the User.
- 1.12 “Incremental Equipment” shall mean all new equipment at the Owner Facilities including modification to existing equipment, as further described in Appendices D and E.
- 1.13 “LIBOR” shall have the meaning as defined in the "Regnskapsavtale for Petroleumsvirksomhet" used on the Norwegian Continental Shelf as applicable from time to time.
- 1.14 “Licensee(s)” shall mean each participating company or all participating companies in the Owner and/or the User, as the case may be.
- 1.15 “NIBOR” shall have the meaning as defined in the "Regnskapsavtale for Petroleumsvirksomhet" used on the Norwegian Continental Shelf as applicable from time to time.
- 1.16 “Operator(s)” shall mean the operator of the Owner and/or the operator of the User as the case may be.
- 1.17 “Owner” shall mean the Licensees participating in the joint venture established in relation to Production Licence [ ] currently with the following participating interests:
- or their successors or permitted assignees.

- 1.18 “Owner Facilities” shall mean the [Owner platform etc], and all installations connecting them including but not limited to the wells and subsea facilities, as modified, expanded and/or added to from time to time.
- 1.19 “Owner Field” shall mean the hydrocarbon deposits within the boundaries of production licence [ ] designated under the name [ ] and such other hydrocarbon reservoirs being in communication therewith.
- 1.20 “Owner Platform” shall mean the [ ], as modified, expanded and/or added to from time to time.
- 1.21 “Owner Safety Zone” shall mean the restricted zone surrounding the Owner Facilities according to Norwegian legislation and regulation.
- 1.22 “Production Licence” or “PL” shall mean production licence No. [ ] and/or production licence No. [ ], as the case may be.
- 1.23 “Redelivery Point(s)” shall mean [Gas, Oil, Condensate]
- 1.24 “Reserved Capacity [Gas, Oil, Condensate]” shall mean the reserved capacity at the Owner Facilities as described in Appendix A.
- 1.25 “Scheduled Number of Shutdown Days” shall mean the duration of a scheduled maintenance shutdown period at the Owner Facilities which would have been the case if no agreement was entered into between the User and the Owner, as determined and, if requested by the User, reasonably documented by the Owner.
- 1.26 “Services” shall mean the services described in Article 11.
- 1.27 “Standard Cubic Metre (Sm<sup>3</sup>)” shall mean the quantity of crude oil or natural gas or water at fifteen (15) degrees Celsius and at absolute pressure of one point zero one three two five one (1.013251) bar which occupies the volume of one (1) cubic metre.
- 1.28 “Tie-in Operation” shall mean the activities conducted in connection with the tie-in of the [ ] to the Owner Facilities as further described in Appendix F and Article 3.

- 1.29 “Tie-in Point(s)” shall mean [ ] as further described in Appendix F.
- 1.30 “User” shall mean the Licensees participating in the joint venture established in relation to the licensees of Production Licence [ ] currently with the following participating interests:
- or their successors or permitted assignees.
- 1.31 “User Facilities” shall mean [new or existing facilities owned by the User] with the exception of the Incremental Equipment.
- 1.32 “User Field” shall mean the hydrocarbon deposits within the boundaries of Production License [ ] designated under the name [ ] as further defined in the PDO dated [dd.mm.yyyy].
- 1.33 “User Production” shall mean [wellstream/rich gas/condensate etc.] produced and exported from the User Field and delivered to the Owner for provision of Services as further described in this Agreement.
- 1.34 “Work” shall mean [design, engineering, procurement, fabrication, construction, installation, hook-up, modifications to existing equipment, mechanical completion, pre-commissioning, Commissioning] related to the [Tie-in Operation, Incremental Equipment etc] as further described in Appendices [D, E and F].
- 1.35 “Working Day” shall mean any day on which banks are open in Norway for the transaction of normal banking business.

## **2 INTERPRETATION**

In the event of any conflict between the terms of the main body of this Agreement and the provisions of any of the Appendices, the terms of the main body of the Agreement shall prevail.

### **3 TIE-IN OPERATION**

- 3.1 The User shall, at its own cost and expense, be responsible for and perform, or cause to be performed, all work related to the User Facilities.
- 3.2 To the extent that any work related to the User Facilities is performed by the Owner, all costs incurred and documented by the Owner shall be paid for by the User.
- 3.3 The User shall ensure that all marine operations and subsea interventions carried out according to Article 3.1 within the Owner Safety Zone are performed in full compliance with the regulations and procedures for such operations, including restrictions put in place by the Owner, being in effect at the time such operations are performed, and shall obligate any contractor performing such operations to abide by such regulations and procedures and make such regulations and procedures part of any contract for the laying or installation of relevant parts of the User Facilities.
- 3.4 Upon reasonable notice to the User the Owner shall have the right to review, inspect and approve all work within the Owner Safety Zone which shall be performed or caused to be performed by the User. Such approval shall not be unreasonably withheld. The Owner shall not be under any duty whatsoever to ensure the accuracy, correctness or completeness of such work.
- 3.5 The Owner shall, on behalf of the User and at the User's risk, cost and expense, perform or cause to perform all Work related to the Tie-in Operation. All costs incurred and documented by the Owner shall be paid by the User.
- 3.6 The User shall upon reasonable notice, have the right to reject the performance of and/or to suspend the Tie- in Operation, or parts thereof, unless such rejection and/or suspension is in conflict with health, safety and/or environmental (HSE) requirements at the Owner Facilities as solely decided by the Owner. Any and all consequences following from the User exercising such right to reject and/or suspend the Tie-in Operation shall be at the cost and risk of the User. If a rejection or a suspension will lead to a delay of the agreed Commencement Date which would jeopardize other business opportunities as determined by the Owner, the Owner may terminate the Agreement.

- 3.7 The Groups shall each appoint a representative who shall co-ordinate the planning and implementation of marine and subsea operations and the Tie-in Operation. The representatives shall have the right to be on board any vessel in the Owner Facilities Safety Zone used during installation of the User Facilities and/or during the Tie-in Operation.

## **4 INCREMENTAL EQUIPMENT**

- 4.1 The Owner shall, at the User's cost and expense, perform, or cause to be performed, all work related to the Incremental Equipment. All costs incurred and documented by the Owner, shall be paid for by the User.

Functional requirements, scope of Work, performance of Work and split of responsibilities for said requirements and performances shall be executed as described in Appendices D and E.

- 4.2 The Groups shall co-operate in all matters related to the Work. The Owner shall, reasonably ahead of the start of the Work related to the Incremental Equipment, establish procedures for such co-operation and in this respect take due regard to the reasonable requests of the User.
- 4.3 The Owner shall keep the User properly informed regarding the progress of all activities related to the Incremental Equipment. The Owner shall, without undue delay, notify the User of events leading to possible changes in the current time schedule and cost estimates.
- 4.4 The Owner shall at an appropriate time provide the User with a non-binding budget and time schedule including project interfaces and a phasing of expenditures for investments in the Incremental Equipment with subsequent payments to be made by the User to the Owner. The User shall have the right to review and comment upon such budget and time schedule.
- 4.5 The Owner shall provide copies of all completed design documents regarding Incremental Equipment to the User for review and approval. Such approval shall not be unreasonably withheld.
- 4.6 The Owner shall perform, or cause to be performed, the Work in a cost-efficient manner to the benefit of the User and the Owner. The User shall provide assistance as may be reasonably required by the Owner for work related to the Incremental Equipment. Such assistance shall be provided free of charge.
- 4.7 In the event that a contractor of the Owner fails to perform any part of its obligations under a contract or purchase order related to the Incremental Equipment, the Owner shall, in consultation with the User, enforce all applicable contractual provisions to remedy such failures.
- 4.8 Proposals from either Group to change the design basis and/or the Work as described in Appendix D and/or E shall be handled according to the design change procedure described in Appendix G.

## **5 SHUTDOWN OF THE OWNER FACILITIES**

5.1 All Work and other activities related to the Tie-in Operation, the Incremental Equipment and/or activities related to installation of the User Facilities that require total or partial shutdown of the Owner Facilities or any parts thereof shall to the extent possible, as determined by the Owner, be performed within the Scheduled Number of Shutdown Days. Such work shall have priority after work carried out for the Owner at the Owner Facilities, but priority before any third party who has entered into an agreement with the Owner after this Agreement was entered into.

5.2 If the actual number of shutdown days exceeds the Scheduled Number of Shutdown Days, or if curtailment of production occurs, and this is caused by the activities described in Article 5.1 above, or if such activities require a dedicated total or partial shutdown, then the User shall compensate the Owner for any costs, expenses and losses, including deferred or lost production caused by such excess or dedicated shutdown or production curtailment.

If the actual number of shutdown days used to tie in the User to the Owner Facilities exceeds the limit specified in any agreement with existing third party users the User shall compensate such existing third party users' costs, expenses and losses, including deferred or lost production, caused by shutdown days exceeding such limit. In the calculation of the compensation, any reduced costs obtained by the existing third party user due to the tie-in of the User shall be deducted.

Procedures for calculating compensation for lost or deferred production are described in Appendix H.

## **6 COMMISSIONING**

[The Commissioning shall be at the User's cost and expense. The [User/Owner] shall perform the Commissioning of [facilities] [on behalf of the User].

The User Group shall, on a reasonable endeavours basis, be ready to provide the Owner Group with User Production for Commissioning [number] months prior to the Commencement Date. The Owner Group shall, on a reasonable endeavours basis, be ready to receive User Production for Commissioning [number] months prior to the Commencement Date. In the event that hydrocarbons other than User Production are used for Commissioning, the User Group shall compensate in kind to the Owner Group its allocated share of such hydrocarbons used for Commissioning within time to be agreed and in accordance with a procedure to be agreed. If the User Group is not able to compensate in kind pursuant to the above, the User Group shall pay for such allocated share.

Any User Production delivered in relation to Commissioning shall be subject to the tariffs and compensation as stated in Article 19.]

## **7 STANDARD OF CONDUCT**

- 7.1 The Groups shall act pursuant to this Agreement in accordance with applicable laws and regulations, and in a reasonable and prudent manner, i.e. using the degree of diligence, prudence and foresight reasonably and ordinarily exercised by experienced companies engaged in the same line of business under the same or similar circumstances and conditions having due consideration to the interests of the other Group.
- 7.2 The Groups shall, to the extent necessary, co-operate in respect of all activities under this Agreement. All Work and activities shall be carried out in a manner that minimises the number of shutdown days, or other impact on the ongoing operation of the Owner Facilities or impact on operations related to the User Facilities.
- 7.3 In the event of activities which can only be performed when operation of the Owner Facilities is suspended, as judged solely by the Owner, the Groups shall endeavour to perform such activities during a period of scheduled shutdown.

## **8 RIGHT OF ACCESS FOR INSPECTION**

- 8.1 The User shall, at its sole cost, risk and expense, have the right upon giving the Owner reasonable notice and subject to available accommodation at the Owner Facilities, to access the Owner Facilities to inspect
- a) all work related to the Tie-in Operation and the Incremental Equipment and
  - b) the operation of the Incremental Equipment.
- 8.2 The Owner shall, at the User's sole risk and expense, arrange transportation to and from and accommodation at the Owner Facilities.

## **9 TITLE, DEPRECIATION AND TAX ALLOWANCES**

- 9.1 The title to the Incremental Equipment shall be transferred from the User to the Owner free of charge upon completion of Commissioning.
- 9.2 The User shall retain the right of depreciation and tax allowances with respect to all investments related to Incremental Equipment and paid by the User in accordance with this Agreement.
- 9.3 If for any reason the Groups' agreement regarding distribution of tax depreciation and tax allowances according to this Article is changed by the authorities, the two Groups agree to negotiate a settlement in good faith.

**10      COMMENCEMENT DATE**

## 11 SERVICES

11.1 Starting on the Commencement Date the Owner shall perform the following Services to the User:

[to be defined depending on services to be provided under the Agreement, e.g. receipt, handling, processing, injection, storage, redelivery, power supply, fire water, utilities, etc]

11.2 The Owner shall be entitled to suspend or restrict the Services for reasons including, but not limited to:

- a) Safety, health, environment and any other bona fide operational reasons at the Owner Facilities - including for the avoidance of doubt, any mechanical failure of the Owner Facilities and facilities downstream of the Owner Facilities;
- b) Scheduled maintenance of the Owner Facilities, as decided solely by the Owner. The Owner shall in due time consult the User regarding the dates during which scheduled maintenance is planned to be carried out during the next Calendar Year. The Owner shall give due regard to any comments made by the User. Before the end of each relevant Calendar Year the Owner shall notify the User of the dates upon which scheduled maintenance will be performed during the next Calendar Year;
- c) Repair and extraordinary maintenance of the Owner Facilities which cannot reasonably be transferred to a scheduled maintenance period;
- d) Export Petroleum not being and/or not going to be satisfactorily evacuated from the Owner Facilities and is hindering or is likely to hinder the efficient and/or safe operation of the whole or any part of the Owner Facilities;
- e) The total amount of hydrocarbons entering any part of the Owner Facilities being less than the minimum amount of hydrocarbons required to operate the Owner Facilities;
- f) Work related to tie-in of third party fields or pipelines. The Owner shall use reasonable endeavours to perform such tie-ins during scheduled maintenance days of the Owner Facilities and if this is not reasonably possible the Owner shall perform such work so as to minimise the shutdown periods and to cause as few disruptions as possible to the Services provided to the User. Such shutdown periods shall not exceed scheduled maintenance days with more than [with letters] (with digits) days for any Calendar Year. The Owner shall include in its agreement with new third party users an obligation to compensate the User's costs, expenses and losses according to the principle set out in this Agreement Article 5.2, second paragraph, which shall apply if this limit is exceeded.

The Owner shall, at the User's cost and expense, pursue and forward this compensation to the User. The Owner's liability to forward it shall be limited to the compensation actually obtained from the new third party users.

The Owner shall consult the User in advance regarding the timing of any tie-in operation of third party users.

- g) Work related to tie-in of the Owner's own [pipelines and fields/deposits located substantially within the limits of PL [ ]]

## **12 RESERVED CAPACITY**

### **13 DAILY EXCESS CAPACITY**

- 13.1 In the event that the User on a daily basis requires capacity in excess of capacity available in accordance with Article 12, the Owner shall use reasonable endeavours to accommodate such excess capacity requirement to the extent and for as long as any capacity is available in the Owner Facilities. The Owner shall, however, not be obliged to provide any excess capacity to the detriment of its own production and/or any existing third party commitments.

Such excess capacity shall be provided under the terms and conditions as set out in this Agreement. An operating procedure shall be established for booking of excess capacity on a daily basis.

## **14 DELIVERY, RECEIPT AND REDELIVERY**

- 14.1 The User shall deliver [all] User Production to the Owner at the Delivery Point(s) in accordance with this Agreement.
- 14.2 The Owner shall receive [all] User Production which complies with the specification set out in Appendix B at the Delivery Point(s) in accordance with this Agreement.
- 14.3 The Owner undertakes to process and handle User Production provided that it complies with the specifications as set out in Appendix B.
- 14.4 If the User Production delivered at the Delivery Point does not comply with the specification set out in Appendix B the Group first being aware of such off-spec deliveries shall immediately notify the other Group. The Owner shall be entitled forthwith to suspend or curtail the Services and shall immediately provide notice to such effect to the User.

The User shall indemnify and hold the Owner harmless from and against direct losses, costs, damages and/or expenses caused as a result of such off-spec delivery of User Production unless the Owner has accepted to receive such off-spec User Production according to Article 14.5. For the avoidance of doubt, the foregoing shall not be construed to limit the User liabilities set out in Article 26.3 and 26.5.

- 14.5 The Owner shall use reasonable endeavours to accept User Production that does not comply with the specification set out in Appendix B,
- provided that such acceptance
    - i) would not, in the sole opinion of the Owner, be detrimental to the operation of the Owner Facilities, and
    - ii) would not, in the sole opinion of the operators of the transportation system(s) immediately downstream of the Owner Facilities and/or processing and/or storage facilities, be detrimental to the operation of such systems and/or facilities, and
    - iii) would not materially affect the commercial value of other hydrocarbon fluids or gas in such systems and/or facilities as specified in i) and ii) above, and
  - provided that the User has notified that the User accepts redelivery of Export Petroleum which does not comply with the specifications set out in Appendix B.

Unless otherwise agreed, any documented incremental costs and/or expenses incurred as a result of the acceptance of off-spec User Production according to this Article shall be borne by the User. The Owner shall, to the best of its knowledge, notify the User of such incremental costs and/or expenses in advance and such notified incremental costs and/or expenses shall only be used as preliminary figures. The User shall provide the Owner with all possible information regarding the quality of such off-spec User Production.

- 14.6 The Owner shall redeliver Export Petroleum at the Redelivery Point(s) in accordance with the specifications set out in Appendix B and as allocated in accordance with Appendix C. The User shall take redelivery of such Export Petroleum in accordance with relevant lifting procedures.
- 14.7 If the User Production delivered at the Delivery Point(s) complies with the specifications set out in Appendix B, but the Export Petroleum redelivered at the Redelivery Point(s) does not meet the specifications as set out in Appendix B, and the commingled stream is curtailed or shut in due to an off-spec situation or any costs or charges are claimed by the downstream operator due to such off-spec situation, the Owner shall indemnify and hold the User harmless from and against direct losses, costs, damages and/or expenses arising therefrom unless the User has accepted redelivery of such off-spec Export Petroleum.

## **15 OPERATING PROCEDURES**

The Groups may from time to time agree to establish and/or alter relevant operating procedures for performances under this Agreement without amending the Agreement.

## **16 PRODUCTION PLANNING**

- 16.1 For the purpose of production planning, and as the Groups may reasonably require in order to fulfil their obligations under this Agreement, the Groups shall provide each other with production programmes comprising short-term and long-term forecasts and schedule for planned shutdowns. The Groups shall promptly notify each other about any change that has caused or is likely to cause a significant variance in production.
- 16.2 The Operator of the User shall also provide the Operator of the Owner with copies of relevant production programmes that the User submits to relevant transportation system operators to enable the Operator of the Owner to plan redeliveries of Export Petroleum.

**17 MEASUREMENT, TESTING, SAMPLING, ALLOCATION, RE-ALLOCATION AND VALUE ADJUSTMENT**

17.1 Measurement, testing, sampling, allocation, re-allocation and value adjustment shall be performed in accordance with relevant laws and regulations and in accordance with fair and prudent principles and standards. The allocation of petroleum to the User shall reflect the petroleum produced from the User Field.

17.2 The Groups shall establish procedures to achieve the purpose set out in the above paragraph as soon as practically possible upon the entering into of this Agreement and in any event no later than three (3) months prior to Commencement Date. Such procedures shall be set out in Appendix C.

17.3 The User has the right to witness calibration and meter proving and to observe the operation of all relevant equipment and/or facilities for measurement, testing, sampling, allocation and value adjustment. The Owner shall upon request from the User give notice reasonably in advance of such activities to enable the User to be present as described. The User's participation shall be on the User's own cost and expense.

The User has the right to audit, any and all metering data and other test information applicable to said equipment and/or facilities, which is reasonably necessary to verify the measurement, testing, sampling, allocation, reallocation and value adjustment. The Owner shall accommodate the User's audit within reasonable time upon such request from the User. Audits by the User shall be at the User's own cost and expense.

17.4 If at any time a Group finds that measurement, allocation and/or value adjustment has not been carried out in accordance with Appendix C, such Group shall notify the other Group of such error immediately.

In the event that such error has caused an incorrect allocation of petroleum, this shall be corrected through an in-kind reallocation. If a Group is partly or wholly unable to provide its share of petroleum to be reallocated in-kind, such Group shall settle in cash the part of its share that is not provided in-kind. Such cash settlement shall seek to put the Groups in the same position as if the reallocation had been carried out in-kind.

The Groups shall not be entitled to any compensation due to the incorrect allocation and the corresponding re-allocation, whether due to changes in petroleum prices or otherwise.

17.5 Re-allocation according to Article 17.4, whether in cash or in-kind, shall only apply to petroleum which has been allocated within 6 years prior to the date the error was identified. Any incorrect allocation carried out more than 6 years prior to the identification of the error shall hence not form basis for re-allocation.

The Operator of the Owner has the right and obligation to initiate the reallocation as soon as reasonably possible after an error as described in this Article has been identified and the factual basis for performing a reallocation has been clarified. Further, the Owner shall as soon as practically possible consult and agree with the User on the performance and timing of the reallocation and take remarks from all affected Licensees into consideration.

## **18 PRIORITIES DURING CAPACITY CONSTRAINTS**

[To the extent possible and taking existing agreements into account, restriction of Services should be distributed among all users of the Owner Facilities (including the User and the Owner) on a pro rata basis and separately for oil and gas, on the basis of average daily rates of delivery.]

## **19      TARIFFS AND COMPENSATION**

## **20 FUEL AND FLARE GAS**

The User shall provide in kind and free of charge its allocated share of fuel and flare gas. The allocation of the User's share of fuel and flare gas shall be based on the pro rata use of the equipment necessary for the provision of Services to the User in accordance with Appendix C.

If the User is not able to provide fuel and flare gas in kind, it shall pay the Owner for a corresponding volume.

## **21 PAYMENT, DEFAULT, AUDIT RIGHTS AND ACCOUNTING**

21.1 The User is responsible for preparing its own accounts in compliance with Norwegian rules and regulations and in compliance with good accounting practice. The Owner shall prepare a separate account for the Work. The billing and statements of the Owner shall be sufficiently detailed to meet these requirements. The Owner shall also furnish the User with such information as it may reasonably request in connection with its own keeping of accounts.

Promptly following the end of each calendar month, the Owner shall invoice the User for all costs due under this Agreement. The invoice shall be sufficiently specified and shall, as appropriate, specify:

- a) share of costs related to the Work
- b) unit tariffs and quantities for which the unit tariffs shall apply
- c) share of operating expenses
- d) share of taxes, duties or fees
- e) share of costs related to allocated fuel which has not been contributed in kind
- f) [other]

The User shall pay the Owner the amounts due within fifteen (15) Working Days of receipt of the invoice, such payment to be made by electronic transfer to the bank account of the Operator of the Owner, as notified to the User Operator from time to time, quoting the invoice number against which payment is made. The interest credit/charge is to be calculated on the Operator's internal accounts showing daily cash balances per currency according to the "Regnskapsavtale for Petroleumsvirksomhet" used on the Norwegian Continental Shelf as applicable from time to time.

The Owner shall have the right to request cash advances from the User for estimated capital expenditures. The Owner shall avoid accumulating unnecessary cash balances from cash advances.

The Owner has the right to add corporate management and general research and development costs according to the "Regnskapsavtale for Petroleumsvirksomhet" used on the Norwegian Continental Shelf as applicable from time to time to all costs charged to the User in connection with the Tie-in Operation and/or the Incremental Equipment.

For the avoidance of doubt, the Operator of the User shall not have the right to charge an additional mark-up for such corporate management and general

research and development costs as have been charged by the Owner's Operator under this Article.

No corporate management cost and general research and development cost shall be charged to the User on tariffs related to the Services.

- 21.2 The User shall, except in the event of manifest error, pay the said invoices without deduction whether or not any part of, or all of, the amount of the invoice is disputed. Any late payment in Norwegian kroner shall accrue interest at an annual rate equal to NIBOR plus three (3) percentage points. For EURO interest shall be at an annual rate equal to EUROLIBOR plus three (3) percentage points. For other foreign currencies interest shall be at an annual rate equal to LIBOR for the relevant currencies plus three (3) percentage points.
- 21.3 Without prejudice to any other remedies available hereunder or by law if the User fails to pay any invoice in whole or in part and such failure continues for a period of thirty (30) days after payment should have been made in accordance with Articles 21.1 and 21.2 above, the Owner shall be entitled to suspend the Work and/or Services.
- 21.4 Prior to suspension of the Work and/or Services in accordance with Article 21.3 above, the User shall be given fifteen (15) days notice to pay the overdue amount including any interest incurred thereon and thereby correct the default. However, suspension may be effectuated immediately in accordance with Article 21.3 above in the event it is evident that the User will not or cannot pay the overdue amount.
- 21.5 The Licensees of the User shall, upon notice in writing to the Operator of the Owner, have the right to conduct periodic audits of all of the Owner Operator's books, records, accounts, correspondence, instructions, specifications, drawings, receipts and other information insofar as they relate to the Work and/or to charges made pursuant to this Agreement up to two (2) Calendar Years after the Calendar Year during which such charges were made. The Owner shall store such information for no less than two (2) Calendar Years after the final invoice from the Owner to the User pursuant to this Agreement has been submitted and in compliance with the applicable laws and regulations. The Licensees of the User shall reasonably co-ordinate the performance of their audit. The Licensees of the User shall cover all costs in respect of such audits.
- 21.6 Principles laid down in the "Regnskapsavtale for Petroleumsvirksomhet" used on the Norwegian Continental Shelf as applicable from time to time shall apply unless otherwise specified in this Agreement.

## **22 TAXES, DUTIES AND FEES**

- 22.1 Taxes, duties and other fees and/or any other burdens imposed by the authorities, assessed in connection with the burning of petroleum and emissions from the Owner Facilities shall be charged to the User in accordance with the fuel and flare gas quantities allocated to the User in accordance with Article 20.
- 22.2 The User shall pay its proportionate share of all other existing or future taxes, duties, fees and/or any other burdens imposed as a result of applicable laws and/or regulations attributable to the Work and/or Services, with the exception of corporate tax, petroleum tax and/or area fee.

## **23 NEW REGULATIONS**

If, at any time after the date of signature of this Agreement, more onerous standards are required related to the Owner Facilities in accordance with applicable laws and/or regulations, then the Owner shall, after consultation with the User, modify, and/or add to, the existing Owner Facilities in order to meet the more onerous standards. The User shall, if relevant to the Work and/or Services cover a share of the cost of such modifications and/or additions to the Owner Facilities in proportion to its share of expected use of Services of all users of the Owner Facilities based on the remaining reserves reported in the latest official production profiles submitted to the Norwegian Petroleum Directorate.

## **24 LIEN**

If any indebtedness of the User to the Owner is more than thirty (30) days overdue, the Owner may retain thereafter any property or funds belonging to the User which are in the care, custody or control of the Owner for application against such indebtedness to the extent of the amount due including interest, transportation costs and costs of disposal applicable to such property.

The User shall have the right to prevent the Owner from retaining as provided for above by furnishing the Owner with a satisfactory bank guarantee for any amount due.

## **25      WARRANTIES**

The User shall indemnify the Owner against all suits, judgments, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse legal claims of any and all persons to or against the User Production. The Owner shall, within a reasonable time after receiving notice of the assertion of any such lien or adverse claim, notify the User of such fact and shall permit it to participate in the defence (if any) against such lien or adverse claim.

The Owner warrants that products redelivered by the Owner hereunder are free from all liens, claims, taxes, assessments and encumbrances of any kind and nature. The Owner shall indemnify the User against all suits, judgments, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse legal claims of any and all persons to or against said redelivered products. The User shall, within a reasonable time after receiving notice of the assertion of any such lien or adverse claim, notify the Owner of such fact and shall permit it to participate in the defence (if any) against such lien or adverse claim.

## 26 LIABILITIES

Except as otherwise specified in this Agreement, the following shall apply with respect to liability between the Groups:

26.1 The Owner shall indemnify and hold the User, its Licensees' Affiliates, its agents, its contractors and subcontractors and the employees of the foregoing parties, harmless from and against any loss, damage or expense arising out of any claim for:

- a) injuries to or death of any employee of the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors,
- b) loss of, or damage to the property of the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties, and
- c) all consequential losses which include but are not limited to loss of profit to the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties,

arising out of or in connection with its performances under this Agreement, except when such claim is a result of gross negligence or wilful misconduct of the managerial and/or supervisory personnel of the User, its Licensees' Affiliates, its agents, its contractors and subcontractors.

26.2 The User shall indemnify and hold the Owner, its Licensees' Affiliates, its agents, its contractors and subcontractors and the employees of the foregoing parties, harmless from and against any loss, damage or expense arising out of any claim for:

- a) injuries to or death of any employee of the User, its Licensees' Affiliates, its agents, its contractors and/or subcontractors,
- b) loss of or damage to the property of the User, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties, and
- c) all consequential losses which include but are not limited to loss of profit to the User, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties,

arising out of or in connection with its performances under this Agreement, except when such claim is a result of gross negligence or wilful misconduct of the managerial or supervisory personnel of the Owner, its Licensees' Affiliates, its agents, its contractors and subcontractors.

- 26.3 Notwithstanding Articles 26.1 and 26.2, the User shall indemnify and hold the Owner, the Affiliates of the Licensees of the Owner, its agents, its contractors and subcontractors and the employees of the foregoing parties, harmless from and against any loss, damage or expense arising out of any claim for:
- a) injuries to or death of any employee of the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors,
  - b) loss of or damage to the property of the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties, and
  - c) all consequential losses which include but are not limited to loss of profit to the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties,

arising out of the performances under this Agreement during the period from the date of this Agreement up to and including the date being three (3) months after the Commencement Date or three (3) months after the date when the User Field is in regular production, whichever is the latest, except when such claim is a result of gross negligence or wilful misconduct of the managerial and/or supervisory personnel of the Owner, its Licensees' Affiliates, its agents, its contractors and/or subcontractors.

The total liability under this Article 26.3 for the User shall in sum be limited to one hundred (100) million US dollars per occurrence or series of occurrences.

- 26.4 Subject to Article 26.6, claims made by third parties (other than the Affiliates of the Licensees, agents, contractors, subcontractors and employees as mentioned in Articles 26.1 and 26.2) arising out of the performances under this Agreement, the Group causing such claim shall indemnify and hold the other Group, its Licensees' Affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties, harmless from and against any loss, damage and/or expense arising out of any such claim.

26.5 Notwithstanding anything to the contrary in this Article [26.5] above, the User shall indemnify and hold the Owner, the Affiliates of the Licensees of the Owner, its agents, its contractors and subcontractors and the employees of the foregoing parties, harmless from and against any loss, damage and/or expense arising out of any claim made by other third parties (other than agents, contractors and subcontractors and their employees as mentioned in Articles 26.1 and 26.2), arising out of the performance under this Agreement during the period from the date of this Agreement up to and including the date being three (3) months after the Commencement Date or three (3) months after the date when the User Field is in regular production, whichever is the latest, except when such claim is a result of gross negligence or wilful misconduct of the managerial and/or supervisory personnel of the Owner, the Affiliates of the Licensees of the Owner, its agents, its contractors and subcontractors.

The total liability under this Article 26.5 for the User shall in sum be limited to one hundred (100) million US dollars per occurrence or series of occurrences.

26.6 Any claims made by third parties (other than the Affiliates of the Licensees, agents, contractors, subcontractors and employees as mentioned in Articles 26.1 and 26.2) and any loss, damage or expense incurred by the Owner and/or the User which is not covered by Article 26.1 and 26.2, arising out of environmental pollution due to escape of hydrocarbons from the Owner Facilities shall be borne by the User in accordance with its share of escaped User Production and/or Export Petroleum in proportion to the total quantities of escaped hydrocarbons, unless caused by gross negligence or wilful misconduct of the managerial or supervisory personnel of the Owner.

In the event User Production and/or Export Petroleum escapes as described above, the allocation of Export Petroleum to the User shall be reduced correspondingly.

## 27      **INSURANCE**

The Owner and the User shall insure or self-insure their respective liabilities hereunder (or have equivalent coverage) and shall cause their respective agents, contractors and subcontractors to procure and maintain with respect to and for the duration of this Agreement insurance policies to cover their respective liabilities hereunder. All such policies shall, to the extent obtainable, provide for a waiver of all rights of recovery or subrogation against the Owner and the User respectively, their Licensees' Affiliates, their agents and their contractors and subcontractors, as the case may be, and the respective employees of the aforesaid, it being the intention that the insurance so effected shall protect all Groups and be primarily liable for any or all losses covered by such insurance.

The Owner and the User may require that the other Group forwards documentation proving that the other Group has insured or self-insured its respective liabilities hereunder, or has equivalent coverage, in accordance with the requirements of this Agreement.

All premium and deductibles shall be for the account of the respective Group subscribing the insurance.

## 28 FORCE MAJEURE

- 28.1 The Groups shall be relieved from liability for failure to perform any of their obligations hereunder, except in relation to obligations to make payments due or to indemnify the other Group, for the period occasioned by any circumstances which are beyond their reasonable control and which could not have been reasonably foreseen by such Group at the time this Agreement was entered into ("Force Majeure"), provided that the Group seeking relief hereunder shall forthwith:
- a) notify the other Group of the event causing the failure and with reasonable diligence furnish all available information about the cause of the event and estimate the time required to remedy the failure, and
  - b) take all reasonably practicable steps to rectify the circumstances preventing the performance of its obligations immediately after those circumstances arise and to minimise the damage caused thereby, but shall not be obliged to settle any labour dispute except in such manner as it shall in its judgement consider fit.
- 28.2 Events constituting Force Majeure shall include, but not be limited to laws and other acts of governmental authority, strikes, lockouts, civil disturbance and terrorist acts, war, fire, explosions, failure of supply of fuel gas, freezing and failure or breakdown of or accident to machinery and/or equipment at production facilities and/or any part of the transportation system and/or any downstream receiving terminal(s).
- 28.3 Failure of the User Field reservoir to produce as forecasted shall not constitute an event of Force Majeure.
- 28.4 If a Force Majeure event has exceeded or is reasonably estimated by the Groups to exceed a period of six (6) consecutive months, then the Groups shall meet to discuss how to remedy the situation, including a possible termination of the Agreement.

## **29 EXCHANGE OF INFORMATION AND CONFIDENTIALITY**

- 29.1 The Groups shall at all times give each other available information as may be necessary or useful to enable each Group to exercise its rights and carry out its obligations under this Agreement.
- 29.2 All information which a Group has received from the other Group either directly or indirectly in connection with this Agreement shall be regarded as confidential information, except information falling into any of the following categories:
- a) Information which, at the time of disclosure hereunder, is lawfully part of the public domain, or which subsequently comes into the public domain other than by breach of this Agreement;
  - b) Information which at the time of disclosure hereunder, is lawfully in the possession of the receiving Group under no obligation of confidentiality, or subsequently and lawfully comes into the receiving Group's possession.
- 29.3 Each Group shall have policies and procedures designed to protect confidential information.
- 29.4 Confidential information shall not be disclosed to any third party unless otherwise agreed, except for disclosure to a Licensee's Affiliate, professional consultants, contractors, financial institutions, insurance companies or a bona fide potential assignee of a participating interest in the Owner Field or the User Field or of ownership interest(s) in a Licensee which would require approval according to the Petroleum Act section 10-12, provided that a confidentiality agreement is entered into with said professional consultants, financial institutions, insurance companies or bona fide potential assignee containing the same terms and conditions as set out in this Article.
- 29.5 Nothing in this Article shall prevent a Licensee from disclosing information when such disclosure is required by applicable laws, rules or regulations or by the rules or regulations of any stock exchange on which a Licensee's shares or the shares of its Affiliate are listed or by the Securities and Exchange Commission of the United States of America.

### **30 PUBLIC ANNOUNCEMENTS**

Public announcement or publication of any information with respect to this Agreement may only be made with the prior written approval of the other Group, unless required by applicable law, rules or regulations. Such approval shall not be unreasonably delayed or withheld.

### **31      ASSIGNMENT**

In the event that a Licensee of the Owner or the User assigns a participating interest in PL [ ] or PL [ ] respectively, the Licensee assigning such participating interest shall simultaneously assign the corresponding rights and obligations under this Agreement to the assignee.

The Licensee shall as soon as possible upon completion of the assignment notify the other Group of such assignment.

## **32 ABANDONMENT**

- 32.1 The Owner shall be responsible for the removal or other disposal of the Owner Facilities and relevant equipment owned by Owner as may be required by applicable laws, regulations and licence terms, and shall bear all costs and expenditures for or related to the removal or other disposal of the same, and shall indemnify and hold harmless the User for costs and expenditures related to such work.
- 32.2 The User shall be responsible for the removal or other disposal of the User Facilities and relevant equipment owned by the User, as may be required by applicable laws, regulations and licence terms, and bear all documented costs and expenditures for or related to the removal or other disposal of the same, and shall indemnify and hold harmless the Owner for costs and expenditures related to such work.

### **33 DURATION**

- 33.1 This Agreement shall be effective from the date hereof and shall remain in effect until terminated in accordance with the provisions below or until the expiry of the relevant licence period(s) of the Owner, including any extended licence period, or until the expiry of the relevant licence period(s) for the User, including any extended licence period(s), whichever comes first.
- 33.2 If the User decides to permanently cease production from the User Field, the User shall forthwith give the Owner at least twelve (12) months prior notice thereof, including a planned date of final production, and this Agreement shall terminate on the date of such final production, unless otherwise agreed.
- 33.3 If the Owner decides to permanently cease operation of any relevant part of the Owner Facilities, it shall forthwith give the User at least twelve (12) months prior notice thereof, and the Owner shall have the right to terminate this Agreement on the date of final operation of such relevant part of the Owner Facilities. If the User wishes, the Groups shall co-operate and endeavour to obtain a right for the User beyond the date of cessation of the Owner's operation of the relevant Owner Facilities, to operate and use the relevant Owner Facilities as may be necessary for provision of the Services at the User's cost and expense.
- 33.4 Articles [title, depreciation, tax allowances, liability, confidentiality, abandonment, governing law, jurisdiction] shall survive any termination of the Agreement.

## **34      AMENDMENTS**

Any amendment or addendum to this Agreement shall be in writing and a copy thereof shall be submitted to the Ministry of Petroleum and Energy and the Norwegian Petroleum Directorate.

## 35 NOTICES

- 35.1 Notices pursuant to this Agreement shall be sent in writing. Notices may be communicated by delivery, mail, telefax or electronic mail. Any such notice, given as aforesaid, shall be deemed to have been given or received at
- i) the time of delivery if delivered by hand;
  - ii) the first Working Day following the day of sending, or the Working Day at which confirmation of successful delivery is received by sender from recipient whichever is earlier if sent by telefax or electronic mail; or
  - iii) the fifth Working Day following the day of sending if sent by prepaid first class post.
- 35.2 The use of electronic mail for the transfer of documents shall at all times be in accordance with internationally recognised standards. The chosen standard shall enable the use of digital signatures or similar electronic safety device, encryption as well as filing and retrieving.
- 35.3 Notices and other communications shall be given in English or Norwegian, and shall be dispatched to the most recently stated business addresses of the Operator of the other Group and/or electronic mail addresses and/or telefax numbers.

## **36      CONDITIONS PRECEDENT**

This Agreement is conditional upon:

**37 APPLICABLE LAW, CONFLICT RESOLUTION AND JURISDICTION**

- 37.1 This Agreement shall be governed by and construed in accordance with Norwegian law.
- 37.2 The Groups shall act in good faith and at all times endeavour to resolve any dispute between themselves in connection with or arising out of this Agreement.
- 37.3 A Group or a Licensee of one Group shall have the right to pursue and defend rights, duties, obligations and liabilities under this Agreement which it may have towards the other Group. A licensee's pursuit and defense of its individual rights, duties, obligations and liabilities shall be limited to the Licensee's proportional share of such rights, duties, obligations and liabilities corresponding to the Licensee's participating interest in the relevant Group.
- 37.4 In the event that the Groups/Licensees are not able to resolve a dispute between themselves, the dispute shall be referred to court proceedings in [place], Norway.

Executed in two (2) originals of which the Groups shall have one each.

[place], [dd.mm.yyyy]

On behalf of the Owner

On behalf of the User

\_\_\_\_\_  
[Operator]

\_\_\_\_\_  
[Operator]