
TERMS AND CONDITIONS

FOR

TRANSPORTATION, PROCESSING AND FRACTIONATION OF

GAS AND NATURAL GAS LIQUIDS AND THE PURCHASE OF

ETHANE

IN

THE SEGAL SYSTEM

VERSION 1

VALID FROM 1st MARCH 2012

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1 INTRODUCTION

These Terms and Conditions, as they may be amended and/or supplemented from time to time as stipulated herein, are incorporated by reference into the Deed pursuant to Clause 2.1 of the Deed.

2 DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Terms and Conditions (including the Schedules attached hereto), the following terms shall have the following meanings, unless the context otherwise requires:

“Accruals Basis” means the basis of accounting under which costs and benefits are regarded as applicable to the period in which the liability to the cost is incurred or the right to the benefit arises regardless of when invoiced, paid or received;

“Ad Hoc Maintenance” has the meaning given in Clause 10.1;

“Affiliate” means, in relation to a Person, a company which directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, that Person. For this purpose control means the direct or indirect ownership of in aggregate more than fifty per cent (50%) of voting capital;

“Aggregate Booked Capacity” means, in respect of a Day, the aggregate volume of capacity for Shipper Gas set out in the Shipper’s Bookings for that Day;

“Allocation Procedure” means the procedure for the allocation of Natural Gas, Ethane and Products contained in Schedule G, as may be amended in accordance with Clause 25.6(b);

“Atmospheric Pressure” means an absolute pressure of one decimal zero one three two five (1.01325) Bar;

“Bar” has the meaning specified in ISO 1000:1992(E);

“Beneficiary” has the meaning given in Clause 25.7(d);

“Booked Capacity” means, for each Booking for a Day, the volume of capacity for Shipper Gas set out in that Booking for that Day;

“Booking” means a Service Request made by the Shipper and accepted by the Gassled Operator in accordance with the Segal Booking Manual, whether the Shipper has been allocated all the volume of capacity in the Segal System sought by it in the Service Request or, in accordance with the Segal Booking Manual, a lesser volume of capacity;

“Booking Date” means, in respect of a Booking, the date on which the Gassled Operator publishes on GBS details of that Booking;

“Booking Manual” means the detailed procedures established by the Gassled Operator for the reservation, allocation, transfer, release and adjustment of capacity in the Gassled System;

“Braefoot Bay Jetty” has the meaning given in paragraph (j) of the definition of Segal System in Schedule B;

“Butane” means any mixture of hydrocarbons, consisting predominantly of butane, which is suitable for loading into tankships and which conforms to the specifications attached in Schedule E, Part III;

“By-pass Field” has the meaning given in Schedule G;

“Cap” means the Shipper Cap or the Relevant Gas Cap, as relevant;

“Capacity Reduction” means any period during which the volume of Wet Gas or NGLs which the Segal Owners (as determined by the Segal Operator acting as a Reasonable and Prudent Operator) are able to accept into and/or process in the Segal System is less than the Total Capacity as defined in Schedule C;

“Claim” means any claim, demand, cause of action, judgement, loss, damage, cost, expense, proceeding, penalty, award of damages or liability (including reasonable legal fees, costs and expenses and sums paid by way of settlement or compromise);

“Clause 9.2 Suspension Notice” has the meaning given in Clause 9.2(b);

“Clause 9.2 Termination Notice” has the meaning given in Clause 9.2(c);

“Commencement Date” means 1st March 2012;

“Confidential Information” has the meaning given in Clause 19.1;

“Consequential Loss” means any indirect or consequential loss howsoever caused or arising whether under contract, by virtue of any fiduciary duty, in tort or delict (including negligence), as a consequence of breach of any duty (statutory or otherwise) or under any other legal doctrine or principle whatsoever whether or not recoverable at common law or in equity and whether or not foreseeable at the date of the Deed and shall be deemed to include, without prejudice to the generality of the foregoing, the following to the extent to which they might not otherwise constitute indirect or consequential losses:

- (a) loss or damage arising out of delay, postponement, deferment, interruption to or loss of production, any inability to produce, deliver or process hydrocarbons or any loss, or anticipated loss, of use of facilities or hydrocarbons, profit or revenue;

- (b) loss or damage incurred, or liquidated or pre-estimated damages or penalties of any kind whatsoever borne or payable, under any contract (other than the Deed) for the sale, exchange, transportation, processing, storage or other disposal of hydrocarbons;
- (c) losses associated with business interruption including the cost of overheads incurred during business interruption; and
- (d) loss or deferment of bargain, contract, expectation or opportunity;

“Contract Year” means a period of twelve (12) Months commencing at 0600 hours on first (1) October each Year and ending at 0600 hours on first (1st) October in the next succeeding Year save that the first Contract Year shall commence at 0600 hours on the first day of the first Service Period and the last Contract Year shall end at the first to occur of (i) 0600 hours on the last day of the last Service Period or (ii) 0600 hours on the date of termination of the Deed;

“Cruden Bay” means the facilities for handling heavier hydrocarbons at Cruden Bay and operated by BP Exploration Operating Company Limited, or its successors or assigns;

“Cubic Metre” or **“m³”** or **“Standard cubic metre”** when applied to Wet Gas or Natural Gas means the volume of Wet Gas or of Natural Gas which at fifteen (15) Degrees Celsius and at Atmospheric Pressure and when free of water vapour occupies the volume of one (1) cubic metre;

“Day” means a period beginning at 0600 hours on any day and ending at 0600 hours on the next succeeding day and **“Daily”** shall be construed accordingly;

“Day Ahead Nominated Volume” has the meaning given in Clause 8.5(a);

“Day Ahead Nomination” has the meaning given in Clause 8.5;

“Deed” means the deed entered into between the Shipper and the Segal Operator and the Segal Owners pursuant to which each agrees, amongst other things, to be bound by these Terms and Conditions (which are incorporated by reference into the Deed) with respect to the provision of the Service to the Shipper;

“Degrees Celsius” means the particular interval between the temperature in Kelvin and the temperature of two hundred and seventy three decimal one five (273.15) Kelvin as defined in ISO 1000:1992(E);

“Demethaniser Column Feed” means that quantity of Shipper Gas by component mass, which equates to the Shipper Deemed Landed Component Masses minus the total component masses in the Shipper St. Fergus fuel, Shipper St. Fergus flare, Shipper St. Fergus Special Flaring, Shipper Bypass and Shipper Module Throughput Booster Stream (as such terms are defined in the Allocation Procedure);

“Demethaniser Column Overheads” has the meaning ascribed to it in the Allocation Procedure;

“Emission Trading Cost” means, in respect of a Year, an amount equal to the costs and expenses incurred by the Segal Owners on an Accruals Basis in connection with the participation of the Segal System in the ETS for the commencement of Phase III of the ETS and any change in the scope or application of existing legislation or regulation governing such ETS;

“ETS” means the scheme for greenhouse gas emission allowances trading established under European Directive 2003/87/EC and any subsequent amendments thereto or replacement thereof;

“Entry Point” means each point at which Shipper Gas may enter the Segal System from the Gassled System, being (a) the flange connecting the pipeline known as the Tampen Link Pipeline to the Segal System; or (b) the flange connecting the Gjøa Gas Pipeline to the Segal System or (c) any other point(s) at which Shipper Gas may enter the Segal System from the Gassled System, as agreed between the Segal Operator and the Gassled Operator;

“Ethane” means a fluid consisting predominantly of ethane, which conforms to the specification attached in Schedule E, Part I;

“Existing Agreements” means any and all agreements entered into prior to the Commencement Date between:

- (a) the Company, the Segal Operator and the Segal Owners (or between the Company, the Segal Operator and the Segal Owners and others) which provide for *inter alia* the transportation of Wet Gas or Natural Gas Liquids in the Segal System; and
- (b) the Company and each of the Segal Owners separately and which document the commercial terms for *inter alia* the transportation of Wet Gas or Natural Gas Liquids in the Segal System;

“Expert” means an expert appointed pursuant to Schedule I;

“FEP” means the Ethylene Plant at Mossmorran in Fife, Scotland which, at the Commencement Date, is operated by ExxonMobil Chemical Limited;

“Field” has the meaning given in the Allocation Procedure (other than where used in Schedule C, in which case “Field” has the meaning given in that Schedule);

“FLAGS Entry Specification” means the specification for Shipper Gas as set out in Schedule D as such specification may be varied in accordance with Clause 6.3;

“FLAGS Pipeline” has the meaning given in paragraph (c) of the definition of Segal System in Schedule B;

“Force Majeure” has the meaning given in Clause 21.2;

“Gas Transporter” or **“GT”** means National Grid Gas plc as licensee under a United Kingdom gas transporter’s licence (as amended from time to time) granted or treated as granted under Section 7(2) of the Gas Act 1986 or its successors or assigns in that capacity;

“Gassco” means Gassco AS, a company incorporated under the law of Norway whose registered office is at Bygnes, 4250 Kopervik, Karmoy, Norway;

“Gassled Operations Manual” means the document referenced as such in the Gassled Terms and Conditions;

“Gassled Operator” means Gassco in its capacity as operator of the Gassled System and GBS or any successor of it in such capacity, as determined by the Minister;

“Gassled Owners” means those Persons which from time to time own the Gassled System;

“Gassled System” means the infrastructure used by the Shipper and others for the transportation and processing of natural gas within the NCS and owned by the Gassled Owners and operated by the Gassled Operator;

“Gassled Terms and Conditions” means the terms and conditions which from time to time govern the use by Persons of the Gassled System;

“Gjøa Gas Pipeline” means the pipeline between the Gjøa Platform and the Segal System, which pipeline forms part of the Gassled System;

“Gjøa Platform” means the offshore production platform used to produce and/or process hydrocarbons from the Gjøa/Vega fields;

“Index” has the meaning given in Paragraph 2(a) of Schedule J;

“Indicator” has the meaning given in Paragraph 2(a) of Schedule J;

“Interested Parties” has the meaning given in Clause 17.1;

“Joule” or **“J”** means Joule as defined in ISO 1000:1992(E);

“Kelvin” or **“K”** means degrees Kelvin as defined in ISO 1000:1992(E);

“Law” means any law, statute, regulation, statutory instrument, government order or other requirement having the force of law from time to time in the United Kingdom, Norway or in such other geographic area in which the Segal System or the Shipper Facilities are situated, as appropriate;

“LIBOR Rate” means the London Interbank Offered Rate for Pounds Sterling for one (1) month as reported daily by the British Bankers Association website (currently www.bba.org.uk/public/libor);

“Linepack” has the meaning ascribed to it in Schedule K;

“Losses” means any claims, actions, demands, losses (including, without limitation, Consequential Losses), liabilities, damages, costs and/or expenses (including legal fees on a full indemnity basis and sums by way of settlement of compromise) of whatever nature;

“Maintenance” has the meaning given in Clause 10.1;

“Measuring Equipment” means all measurement and analytical equipment installed at a Source Measurement Point as required by the Segal Operator and in compliance with Schedule F;

“Megajoule” or **“MJ”** means one million (1,000,000) Joules as defined in ISO 1000:1992(E);

“Minister” means the Norwegian Minister of Petroleum and Energy (or his successor in office or such other person who is from time to time responsible for carrying out the functions of the said Minister);

“Module Throughput Booster Stream” has the meaning ascribed to it in the Allocation Procedure;

“Month” means the period beginning at 0600 hours on the first Day of any calendar month and ending at 0600 hours on the first Day of the next succeeding calendar month (and **“Monthly”** shall be construed accordingly);

“Mossmorran” has the meaning given in paragraph (h) of the definition of Segal System in Schedule B;

“Msm³/d” means millions of Cubic Metres per Day;

“National Transmission System” or **“NTS”** means that part of the main pipeline system operated by the Gas Transporter, the conveyance of gas through which is authorised by the Gas Transporter’s licence and which for the time being is designated by the Gas Transporter as such;

“Natural Gas” means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at fifteen (15) Degrees Celsius and at Atmospheric Pressure are or is predominantly in the gaseous state;

“Natural Gas Liquids” or **“NGLs”** means any mixture of hydrocarbons consisting predominantly of ethane, propane, butane and heavier hydrocarbons extracted by physical means from Wet Gas;

“Natural Gasoline” means any mixture of hydrocarbons consisting predominantly of pentanes and heavier hydrocarbons which is suitable for loading into tankships and conforms with the specification attached in Schedule E, Part IV;

“NCS” means Norwegian Continental Shelf;

“New Charges Notice” has the meaning given in Clause 12.12(c);

“NGLs Pipeline” has the meaning given in paragraph (g) of the definition of Segal System in Schedule B;

“Northern Gas System” has the meaning given in the Allocation Procedure;

“Off-Specification Shipper Gas” has the meaning given to it in Clause 6.2;

“Operator Interface Agreements” or **“OIA’s”** means:

- (i) in respect of the connection between the Gassled System and the Segal System described at (a) in the definition of Entry Point, the Operator Interface Agreement dated 13th August 2007 between the Segal Operator and the Gassled Operator, as replaced pursuant to an Amendment Agreement 14th September 2010 between the Segal Operator and the Gassled Operator and as further amended pursuant to an Amendment Agreement to be entered into between the Segal Operator and the Gassled Operator on or around the Commencement Date; and
- (ii) in respect of the connection between the Gassled System and the Segal System described at (b) in the definition of Entry Point, the Operator Interface Agreement dated 14th September 2010 between the Segal Operator and the Gassled Operator, as amended pursuant to an Amendment Agreement to be entered into between the Segal Operator and the Gassled Operator on or around the Commencement Date; and
- (iii) in respect of any future connection between the Gassled System and the Segal System, as described at (c) in the definition of Entry Point, the operator interface agreement to be agreed between the Segal Operator and the Gassled Operator in respect of each such future connection and;
- (iv) any agreement between the Gassled Operator and the Segal Operator which replaces all or any of the agreements described at (i) to (iii) above;

“OPOL” means the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time, or any replacement thereof;

“Permitted Deduction” has the meaning given in Clause 12.9.1;

“Person” means any company, firm, partnership, body corporate or individual;

“Peterhead Power Station” means the power station situated at Boddam near Peterhead, Aberdeenshire, Scotland which, at the Commencement Date, is operated by Scottish and Southern Energy plc;

“Planned Maintenance” has the meaning given in Clause 10.1;

“Planned Maintenance Days” has the meaning given in Clause 10.1;

“Pounds Sterling” or **“£”** means the lawful currency of the United Kingdom at the Commencement Date provided that if a replacement legal currency is introduced in the United Kingdom, all monetary values expressed to be in Pounds Sterling or £ in the Deed shall be modified accordingly with effect from the date of such introduction;

“Products” means Propane, Butane and Natural Gasoline deliverable hereunder at the respective Redelivery Points (provided that “Products” as used in the Allocation Procedure shall have the meaning given in the Allocation Procedure);

“Propane” means a fluid consisting predominantly of propane which is suitable for loading into tankships and which conforms to the specification attached in Schedule E, Part II;

“Publication” means a published work bearing an ISBN or ISSN number and “published” means produced or issued or made available to members of the public in a manner intended to enable members of the public or any class of them to read it;

“Published Costs and Charges” means, in addition to the Published Tariff, any costs and charges, stipulated on GBS at the date on which the Shipper makes a Service Request, which the Segal Owners will charge to the Shipper for the Service if such Service Request is accepted and becomes a Booking (which additional costs and charges may include, without limitation, a requirement to contribute to capital or other expenditure);

“Published Tariff” means the tariff, stipulated on GBS at the date on which the Shipper makes a Service Request, which the Segal Owners will charge to the Shipper for the Service if such Service Request is accepted and becomes a Booking;

“Quarter” means any calendar quarter of three (3) consecutive Months starting on 1st October, 1st January, 1st April or 1st July in any Contract Year, with the first Quarter of a Contract Year being the one commencing on 1st October, save that the first Quarter shall commence on the first day of the first Service Period and the final Quarter shall end on the first to occur of (i) 0600 hours on the last day of the last Service Period or (ii) the date of termination of the Deed, and **“Quarterly”** will be construed accordingly;

“Reasonable and Prudent Operator” means a Person acting in good faith with the intention of performing its contractual obligations and in so doing and in the general conduct of its undertaking exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced Person engaged in the

same type of undertaking under the same or similar circumstances and the “**Standard of a Reasonable and Prudent Operator**” shall be construed accordingly;

“**Reasonable Standard**” means a Person acting in good faith with the intention of performing its contractual obligations and in so doing in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced company engaged in the same type of undertaking under the same or similar circumstances;

“**Redelivery Points**” means the points at which Sales Gas, Ethane and Products are redelivered to the Shipper which are:

- (a) for Sales Gas, the flange or agreed weld connecting the delivery facilities within the Segal System to the Gas Transporter’s delivery facilities for the reception of Sales Gas;
- (b) for Ethane, the flange referred to in paragraph (k) of the definition of the Segal System in Schedule B;
- (c) for Propane, either (i) the flange at the loading arm for Propane at the Braefoot Bay Jetty or (ii) the flange between Mossmorran and FEP;
- (d) for Butane, the flange at the loading arm for Butane at the Braefoot Bay Jetty;
- (e) for Natural Gasoline, the flange at the loading arm for Natural Gasoline at the Braefoot Bay Jetty; and
- (f) such other redelivery points to which the Segal Operator can and agrees to redeliver Sales Gas, Ethane, Propane, Butane and Natural Gasoline as advised in advance by the Segal Operator to the Shipper;

“**Regulatory Charge**” means, in respect of a Year, an amount equal to the additional costs and expenses incurred by the Segal Owners on an Accruals Basis in connection with any statute, regulation, Law, regulatory or governmental requirements (or any amendments thereto) relating to health, safety or the environment which comes into force after the Commencement Date and which applies in relation to the Segal System and for the operation thereof;

“**Relevant Event**” has the meaning given in Schedule J Paragraph 2(b);

“**Relevant Gas**” means Wet Gas delivered or tendered for delivery by Relevant Shippers;

“**Relevant Gas Cap**” means:

- (a) in the first Review Year and in respect of each incident or event or series of related incidents or events, One hundred million Pounds Sterling (£100 million); and

- (b) in each Review Year thereafter and in respect of each incident or event or series of related incidents or events, One hundred million Pounds Sterling (£100 million) escalated in accordance with Clause 14.6(c);

“Relevant Shippers” means those Persons (including the Shipper in its capacity as such), who have agreed to be bound by these Terms and Conditions in respect of capacity which they have booked in the Segal System using GBS, acting in such capacity;

“Relevant Tariff” has the meaning given in Clause 12.3;

“Review Month” means October in each Review Year after the first Review Year;

“Review Year” means a period of twelve (12) Months commencing at 0600 hours on first (1st) October in each Year and ending at 0600 hours on first (1st) October in the next succeeding Year, it being acknowledged that the first Review Year commences at 0600 hours on the Commencement Date and ends at 0600 hours on first (1st) October 2012;

“Sales Gas” means Natural Gas which meets the specification for Natural Gas entering the NTS at St Fergus as such specification may be modified from time to time and notified by the Gas Transporter to the Segal Operator, which specification at the Commencement Date is set out in Schedule E, Part V;

“Sales NGLs” means NGLs which are extracted from Shipper Gas;

“Secretary of State” means the United Kingdom Secretary of State for the Department for Energy and Climate Change (or his successor in office or such other person who is from time to time responsible for carrying out the functions of the said Secretary of State in so far as they are relevant to the operation of the Segal System);

“Segal Booking Manual” means the parameters and detailed procedures, as shown on GBS, which govern the issue by a Shipper of a Service Request, the acceptance or otherwise of that Service Request by the Gassled Operator and other related matters, as such parameters and procedures may be amended or replaced from time to time at the sole discretion of the Segal Operator;

“Segal Group” means the Segal Operator, the Segal Owners, their respective Affiliates, any of the aforesaid’s contractors or sub-contractors when engaged by the Segal Operator (in its capacity as such) to perform work or provide goods in connection with the Deed or the Segal System, together with any of the aforesaid’s agents, directors, officers, employees and servants. In the operation of GBS and in particular, the activities Gassco performs with respect to the reservation and allocation of capacity in the Segal System (including, without limitation, the acceptance or otherwise of Service Requests in accordance with the Segal Booking Manual), Gassco is acting in its capacity as Gassled Operator. Neither Gassco in its capacity as Gassled Operator, nor its Affiliates, nor any of their respective contractors or sub-contractors, nor any of the aforesaid’s agents, directors, officers, employees and servants, shall form part of the Segal Group;

“Segal Operations” means the operation of the Segal System, and all other work arising out of or in connection with the Segal System, conducted by the Segal Operator on behalf of the Segal Owners including the administration of, and exercise of any powers under, the Deed and the performance of the functions ascribed to the Segal Operator and its obligations hereunder, to the extent and on the terms provided herein, and the final abandonment and decommissioning of the Segal System;

“Segal Operator” means the Person so designated from time to time by the Segal Owners, when acting in its capacity as operator of the Segal System;

“Segal Operator’s Control Centre” means the operations co-ordination centre for the Segal System (currently known as the “UKDCC” or “UK Dispatching and Control Centre”) and operated by the Segal Operator;

“Segal Owners” means Shell and Esso in their capacities as owners of the Segal System and their respective successors and permitted assigns in such capacity;

“Segal Percentage Interest” means, in relation to a Segal Owner, the percentage ownership interest from time to time of that Segal Owner in the Segal System, such percentage ownership interests at the Commencement Date being specified in Schedule A;

“Segal System” means the facilities described in Schedule B as may be modified from time to time by the Segal Owners;

“Self Balancing Field” has the meaning given in Schedule G;

“Send or Pay Volume” has the meaning given in Clause 12.8;

“Senior Supervisory Personnel” means:

- (a) in relation to any member of the Segal Group or the Shipper Group, any person engaged by such member (a) as a director or other corporate officer or (b) as a senior manager;
- (b) in relation to the Shipper Operator, any person engaged by it (a) as a director or other corporate officer or (b) as a senior manager;

For the purposes of this definition, “senior manager” means:

- (a) in relation to Shell as Segal Operator and a Segal Owner, the person appointed by Shell to have overall responsibility for both the commercial and operational management of the Segal System and Shell’s interest in it;
- (b) in relation to Esso as a Segal Owner, the person appointed by Esso to have overall responsibility for both the commercial and operational management of its interest in the Segal System;

- (c) in relation to any other member of the Segal Group not described in (a) or (b) above, the person appointed by such member to have overall responsibility for both the commercial and operational management of the activities to be performed by such member under or for the purposes of the Deed;
- (d) in relation to the Shipper, the person appointed by the Shipper to have direct responsibility for the performance of obligations (including the conduct of operations) under or for the purposes of the Deed;
- (e) in relation to any member of the Shipper's Group not described at (d) above, the person appointed by such member as having direct responsibility for the conduct of all activities to be conducted by such member under or for the purposes of the Deed;
- (f) in relation to the Shipper Operator, the person appointed by the Shipper Operator to have direct responsibility for the performance of obligations (including the conduct of operations) under or for the purposes of the Deed;
- (g) any person more senior than the person referred to in (a), (b), (c), (d), (e) or (f) above, as the case may be, to whom the person referred to in (a), (b), (c), (d), (e) or (f) above reports, either directly or indirectly;

“Service” has the meaning given to it in Clause 4.1;

“Service Period” means, in respect of each Booking, the period set out in that Booking during which the Service is to be provided in accordance with the terms of the Deed;

“Service Request” means a request for the provision of the Service submitted by the Shipper to the Gassled Operator in accordance with the Segal Booking Manual and excludes, for the avoidance of doubt, any request for increased capacity in the Segal System made by the Shipper in its capacity as a shipper under an Existing Agreement;

“Shipper's Emissions Trading Contribution” means the Shipper's Share of the Emission Trading Cost;

“Shipper Cap” means:

- (a) in the first Review Year and in respect of each incident or event or series of related incidents or events, Thirty million Pounds Sterling (£30 million); and
- (b) in each Review Year thereafter and in respect of each incident or event or series of related incidents or events, Thirty million Pounds Sterling (£30 million) escalated in accordance with Clause 14.6(c);

“Shipper Facilities” means any platforms, pipelines, wells, plant, machinery or any other equipment or facilities upstream of an Entry Point used from time to time to produce, receive,

process, compress, store, treat, monitor, meter, control and/or transport Shipper Gas, including the Gassled System;

“Shipper’s FM Volume” has the meaning ascribed to it in Clause 12.10;

“Shipper Gas” means Wet Gas produced from the NCS and which is either owned by the Shipper or owned by a Third Party but in both cases is delivered or tendered for delivery at an Entry Point under the Deed by the Shipper;

“Shipper Group” means the Shipper, its Affiliates, any contractors or sub-contractors when engaged by a Shipper Operator (other than the Gassled Operator) to perform services or provide goods in connection with the Shipper Facilities (other than the Gassled System) together with any of the aforesaid’s agents, directors, officers, employees and servants;

“Shipper Operator” means the operator or operators of the Shipper Facilities and includes, unless otherwise specified, the Gassled Operator;

“Shipper Percentage” means:

- (a) where Clause 14.6(b)(ii)(aa) applies, an amount equal to the Relevant Gas Cap divided by the number of Relevant Shippers who have contributed Wet Gas to the commingled stream that does not comply or is deemed not to comply at the Entry Point with the FLAGS Entry Specification;
- (b) where Clause 14.6(b)(ii)(bb) applies, an amount equal to the Relevant Gas Cap divided by the number of Relevant Shippers who have flowed Wet Gas from the responsible Source Measurement Point during the period that the commingled stream does not comply or is deemed not to comply at the Entry Point with the FLAGS Entry Specification;

“Shipper’s Regulatory Contribution” means the Shipper’s Share of the Regulatory Charge;

“Shipper’s Share” has the meaning given in Clause 12.12(d);

“Shipping Provisions” means the Braefoot Bay Terminal Conditions and the Braefoot Bay Jetty Regulations, in both cases applicable to all users of the Braefoot Bay Jetty and as amended or replaced from time to time by the Segal Operator and notified to the Shipper;

“Source” means any hydrocarbon accumulation or accumulations which is or are the subject of a single development programme approved by the relevant lawful authority and from which Shipper Gas originates (or shall have such other meaning as may be agreed in writing between the Segal Operator and the Shipper);

“Source Measurement Point” means:

- (a) in respect of the connection between the Gassled System and the Segal System described at (a) in the definition of Entry Point, the points on the Staffjord A, B and C platforms at which Wet Gas is last measured and analysed prior to its export into the Tampen Link Pipeline (for clarity, each such point being a “Source Measurement Point”);
- (b) in respect of the connection between the Gassled System and the Segal System described at (b) in the definition of Entry Point, the point on the Gjøa Platform at which Wet Gas is last measured and analysed prior to its export into the Gjøa Gas Pipeline;
- (c) such other point(s) as the Segal Operator and the Shipper may agree to be source measurement point(s);

“St. Fergus” has the meaning given in paragraph (d) of the definition of Segal System in Schedule B;

“Tampen Link Pipeline” means the pipeline connection between the Staffjord field on the NCS and the Segal System, which pipeline forms part of the Gassled System;

“Telecom Equipment” means the telecommunications equipment used for communications via an electronic format such as satellite or radio as more particularly described in Schedule F, Section A(2);

“Telemetry Equipment” means the telemetry equipment required to be installed to provide the data listed in Schedule F, Section A(1);

“Terms and Conditions” means these Terms and Conditions, as amended and/or supplemented from time to time in accordance with their terms;

“Therm” or **“therm”** means one hundred and five decimal five zero six (105.506) Megajoules, or twenty nine decimal three zero seven one (29.3071) kilowatt hours;

“Third Party” means a Person who is not a Party to, or a Party acting in any capacity other than a capacity in which it enters into, the Deed;

“Third Party Audit” has the meaning given in Clause 22.2;

“Tonne” means the equivalent of one thousand (1000) kilograms as defined in ISO 1000:1992(E);

“Total Emergency Shutdown” means the inability of the Segal Owners, as determined by the Segal Operator, to accept any Wet Gas or any component thereof into the Segal System for any period due to an emergency;

“Transportation Flow Advice” or **“TFA”** means any advice to the Segal Operator from the Gas Transporter to the effect that the NTS will be unable to accept all or any part of the expected flow or actual flow of Natural Gas at an entry point into the NTS;

“User” means a Person who has contracted to receive transportation and processing services in respect of the Northern Gas System, which in respect of the Deed is the Shipper;

“User Representative” means the Person appointed by a User to give and receive notices on behalf of the User, and in the case of the Shipper, the User Representative is the Gassled Operator;

“Volume Delivered” means, in respect of a period, the total volumes of Shipper Gas in Cubic Metres delivered by the Shipper during that period under the Deed;

“Western Leg Trunkline” or **“WLT”** has the meaning given in paragraph (l) of the definition of Segal System in Schedule B;

“Wet Gas” means a mixture of Natural Gas and heavier hydrocarbons;

“Wilful Misconduct” means an intentional, conscious or reckless disregard by Senior Supervisory Personnel of any provisions of the Deed or of good and prudent oil and gas field practice in utter disregard of avoidable and harmful consequences but shall not include any act, omission or error of judgement or mistake made in the exercise in good faith of any function, authority or discretion vested in or exercisable by such Senior Supervisory Personnel and which in the exercise of such good faith is justifiable by special circumstances, including safeguarding of life, property or the environment and other emergency situations;

“Working Day” means any day on which the major banks in Oslo, the City of London and Aberdeen are normally open for business excluding Saturday and Sunday; and

“Year” means a calendar year beginning at 0600 hours on 1st January and ending on 0600 hours on the next 1st January.

2.2 Words and expressions defined in the Deed shall have the same meaning when used in these Terms and Conditions, unless otherwise specified.

2.3 Interpretation

(a) The Schedules to these Terms and Conditions shall form an integral part of these Terms and Conditions and any Clause which contains a reference to a Schedule shall be read as if all or such part or section of the Schedule which is referred to was set out in the main body of the Clause itself but, if there is a conflict, the provisions of the main body of these Terms and Conditions shall prevail over such Schedule to the extent necessary.

(b) Any headings used in these Terms and Conditions are inserted for convenience only and shall be ignored when construing these Terms and Conditions.

- (c) Unless otherwise specified, references herein to any Clauses are references to the clauses of these Terms and Conditions and references to any Schedules are to schedules to these Terms and Conditions.
- (d) Where the sense requires, words denoting the singular only shall also include the plural and vice versa. Reference to any gender shall include a reference to all genders.
- (e) References to time are to time statutorily in force in the United Kingdom.
- (f) References to any Act of Parliament, statutory provision or other law shall include any regulation, order or secondary legislation issued pursuant thereto, and any amendment, modifications and re-enactment thereof.
- (g) Unless the context otherwise requires, references herein to a British Standard (“**BS**”), International Organization for Standardization (“**ISO**”) Standard, Institute of Petroleum (“**IP**”) Standard or American Gas Association (“**AGA**”) Standard shall be to the latest version of such standard or alternatively to such other recognised standard or version of such BS, ISO Standard, IP Standard or AGA Standard as determined by the Segal Operator and notified to the Shipper from time to time.
- (h) The word “including” shall be construed to mean “including but not limited to”.
- (i) Reference to any agreement or deed (including the Deed) is to the same as amended, novated, supplemented and/or replaced from time to time.
- (j) Except where otherwise provided, all quantities of Wet Gas, Natural Gas and Sales Gas referred to in these Terms and Conditions shall be expressed in millions of Cubic Metres, all delivery rates of Wet Gas, Natural Gas and Sales Gas shall be expressed in Msm³/d, all quantities of NGLs shall be expressed in Tonnes and all delivery rates of NGLs shall be expressed in Tonnes/Day.

3 SHIPPER GAS WARRANTIES AND INDEMNITIES

- 3.1 If Shipper Gas includes Wet Gas which is not owned by the Shipper, the Shipper shall defend, indemnify and hold harmless the Segal Group from and against any and all Claims raised or made by, or liabilities incurred to, an owner (other than the Shipper) of Wet Gas delivered or tendered for delivery by the Shipper hereunder, howsoever arising and by whomsoever caused, irrespective of the negligence or breach of duty (statutory or otherwise) of the Segal Group or any of them except to the extent that any such Claims result from the Wilful Misconduct of the Segal Group or any of them.
- 3.2 The Shipper undertakes that it will not deliver any Wet Gas which is not owned by the Shipper unless it has first:
- (a) obtained, and forwarded to the Segal Operator, a legally enforceable undertaking in the form and content of the draft contained in Schedule H; and
 - (b) received written confirmation from the Segal Operator that it has received the undertaking referenced in (a) above and is satisfied that it has been properly completed and executed.
- 3.3 The Shipper represents and warrants to the Segal Owners that it has the right to deliver Shipper Gas to an Entry Point for transportation and processing in the Segal System, and that Shipper Gas is free from all liens, charges, encumbrances and adverse interests of every and any kind. The Shipper shall defend, indemnify and hold harmless the Segal Group from and against any and all Claims incurred or suffered by the Segal Group or any of them arising out of or in connection with the creation or existence of any such liens, charges, encumbrances or adverse interests.
- 3.4 The Shipper shall pay or cause to be paid all royalties, taxes, duties, charges and other sums arising in respect of Shipper Gas and shall defend, indemnify and hold harmless the Segal Group against any and all Claims incurred or suffered by the Segal Group or any of them arising in respect of any such royalties, taxes, duties, charges and other sums, howsoever arising and by whomsoever caused, irrespective of the negligence or breach of duty (statutory or otherwise) of the Segal Group or any of them except to the extent that any such Claims result from the Wilful Misconduct of the Segal Group or any of them. For the avoidance of doubt, this Clause 3.4 does not apply to income taxes relating to payments made to the Segal Owners under the Deed.
- 3.5 The Shipper will be the importer of record and will complete import declarations and pay any duties and taxes arising from importation as required and shall defend, indemnify and hold harmless the Segal Group against any and all Claims incurred or suffered by the Segal Group or any of them, howsoever arising and by whomsoever caused irrespective of the negligence or breach of duty (statutory or otherwise) of the Segal Group or any of them except to the extent that any such Claims result from the Wilful Misconduct of the Segal Group or any of them.

- 3.6 The Shipper shall give the Segal Operator three (3) months notice prior to delivering Shipper Gas from a Source from which it has not previously delivered Shipper Gas under the Deed or under the Existing Agreements. The Shipper shall not deliver Shipper Gas from such a Source until the following conditions have been met:
- (a) the Source Measurement Point has been agreed between the Segal Operator and the Shipper;
 - (b) the Segal Operator is satisfied that the requirements of these Terms and Conditions, including those set out in Clause 7 and Schedule F, have been met in respect of that Source Measurement Point; and
 - (c) the Segal Operator is satisfied with the analysis of the samples taken from that Source.

4 THE SERVICE

4.1 Subject to the terms and conditions of the Deed, and in particular Clauses 6, 9, 13 and 21 hereof, the Segal Owners shall:

- (a) accept on a Day delivery of Shipper Gas not exceeding the Aggregate Booked Capacity;
- (b) transport Shipper Gas accepted pursuant to Clause 4.1(a) above from the relevant Entry Point to St. Fergus;
- (c) subject to Clauses 13.1(d) and 13.1(e), process Shipper Gas transported pursuant to Clause 4.1(b) above at St. Fergus to produce Sales Gas and Sales NGLs;
- (d) deliver to the Shipper at the Redelivery Point for Sales Gas, the Sales Gas allocated to the Shipper pursuant to the Allocation Procedure, as adjusted in accordance with Schedule K where the Segal Operator is utilising Linepack;
- (e) transport Sales NGLs from St. Fergus to Mossmorran;
- (f) fractionate at Mossmorran such Sales NGLs transported pursuant to Clause 4.1(e) above to produce Products and Ethane;
- (g) temporarily store as appropriate within the Segal System and deliver its allocated proportion of Products to the Shipper at the respective Redelivery Points for Propane, Butane and Natural Gasoline respectively; provided that where the Redelivery Point for Propane, Butane and/or Natural Gasoline is at Braefoot Bay Jetty such delivery shall be in accordance with the Shipping Provisions with delivery to the Shipper free on board tankships to be provided by the Shipper at said Redelivery Point;
- (h) deliver the Shipper's allocated proportion of Ethane to the Shipper at the Redelivery Point for Ethane, such allocated proportion being determined in accordance with the Allocation Procedure;
- (i) maintain the Segal System as necessary to provide the services in Clauses 4.1(a) to 4.1(h) above;
- (j) procure the maintenance of FEP as necessary to provide the services in Clauses 4.1(a) to 4.1(h) above; and
- (k) participate in the co-ordination of operations between the Segal System and the Gassled System as may be provided in the Operator Interface Agreements;

all such obligations being together the "Service".

- 4.2 In the performance of its obligations under the Deed, the Segal Operator shall at all times act as a Reasonable and Prudent Operator.
- 4.3 The Segal Operator may commingle Shipper Gas, Sales Gas, Ethane and Products with other Wet Gas and hydrocarbons.
- 4.4 The Segal Operator will use its reasonable endeavours to ensure that Sales Gas allocated to the Shipper is redelivered to the Shipper at the Redelivery Point at uniform rates of delivery.
- 4.5 The Segal Operator and the Segal Owners shall have the right to use and consume any Shipper Gas (or any component thereof) free of charge:
- (a) in the operation of the Segal System or any part thereof to the extent and in the proportions permitted pursuant to the Allocation Procedure; and
 - (b) in the commissioning of any modification or replacement of any part of the Segal System in the proportion that the Shipper's use of that part being modified or replaced bears to the use of such part by all users of the Segal System.
- 4.6 In the performance of the Service, the Segal Operator may utilise Linepack in accordance with the provisions of Schedule K.

5 SHIPPER'S OBLIGATIONS IN RESPECT OF THE SERVICE

5.1 Maximum Deliveries of Shipper Gas

The Shipper shall not deliver at the Entry Points on a Day a volume of Shipper Gas in excess of the volume which the Segal Owners are obliged to accept on that Day under Clause 4.1(a).

5.2 Uniform Rates

The Shipper shall use reasonable endeavours to deliver Shipper Gas at the Entry Points during a Day at uniform rates of delivery (or at such other rate as may be requested by the Segal Operator) and, unless otherwise agreed by the Segal Operator, the Shipper shall not deliver Shipper Gas at an hourly rate which is greater than the Aggregate Booked Capacity divided by twenty-four (24).

5.3 Changes in the rate of delivery

Before making a change to the rate at which it delivers Shipper Gas at an Entry Point, the Shipper (or the Gassled Operator acting on its behalf) shall notify the Segal Operator of the proposed change. If the Segal Operator advises the Shipper (or the Gassled Operator acting on its behalf) that the proposed change may have an adverse

impact on the operability, integrity or safety of the Segal System or the processing of Wet Gas in the Segal System, the Shipper (or the Gassled Operator acting on its behalf) shall agree with the Segal Operator an alternative change which will not have an adverse impact (and shall thereafter implement the agreed change). The means of communication and the procedure for implementing this Clause 5.3 will be set out in the Operator Interface Agreements.

5.4 Obligation to accept re-delivery of Sales Gas, Ethane and Products

(a) The Shipper shall:

- (i) on each Day, accept re-delivery or procure that re-delivery is taken of its allocated entitlement to Sales Gas and Ethane; and
- (ii) lift or procure the lifting of its entitlement to Products;

at the appropriate Redelivery Point provided that that where the Redelivery Point for Propane, Butane and/or Natural Gasoline is at Braefoot Bay Jetty, the Shipper shall lift its entitlement to Propane, Butane and/or Natural Gasoline subject to and in accordance with the Shipping Provisions.

- (b) If the Shipper fails to comply with its obligations under this Clause 5.4 (including where a Shipper fails to book sufficient entry capacity into the NTS or to nominate a vessel in accordance with the Shipping Provisions), the Segal Operator may, at the expense of the Shipper, dispose of such Sales Gas, Ethane or Products in such manner as it, in its sole discretion, sees fit, and shall account to the Shipper for the proceeds of sale (if any) after deduction of any and all costs and expenses incurred by the Segal Operator in effecting such sale.
- (c) The Shipper shall be responsible for and shall defend, indemnify and hold harmless the Segal Operator and the Segal Owners and the other members of the Segal Group from and against any and all costs and expenses arising out of or in connection with such disposal whether or not in any way attributable to the negligence and/or breach of duty (statutory or otherwise) of the Segal Operator and/or the Segal Owners and/or any member of the Segal Group (or any of them) except where and to the extent that such costs or expenses are incurred as a result of the Wilful Misconduct of the Segal Operator and/or the Segal Owners and/or any other members of the Segal Group.

5.5 Fuel and Flare contributions

The Shipper will contribute towards the fuel and flare gas requirements at St. Fergus and Mossmorran the volume of Shipper Gas determined in accordance with the Allocation Procedure.

5.6 Right to commingle

The Shipper may deliver Shipper Gas to the Entry Point(s) in a commingled stream with other Wet Gas.

5.7 Standard of performance

In the performance of its obligations under the Deed, the Shipper shall act to a Reasonable Standard.

5.8 Notices to be given or received by the Gassled Operator

Save as otherwise specified, the Gassled Operator shall give and receive notices in connection with the Deed for and on behalf of the Shipper. Notices given by or to the Gassled Operator shall be deemed to have been given by or to the Shipper. The procedure for implementing this process of giving and receiving notices is set out in the Operator Interface Agreements.

5.9 Acts and omissions of, and agreements made by, the Shipper Operator

The Shipper shall be bound by all acts and omissions of the Shipper Operator (including the Shipper Operator's Wilful Misconduct) and all agreements made on its behalf by the Shipper Operator, as if such acts or omissions were performed, or agreements made, by the Shipper itself.

6 SHIPPER GAS QUALITY

6.1 FLAGS Entry Specification

- (a) The Shipper shall procure that Shipper Gas delivered to an Entry Point complies with the FLAGS Entry Specification. If Shipper Gas is delivered in a commingled stream and that commingled stream complies at that Entry Point with the FLAGS Entry Specification, then such Shipper Gas shall be deemed to comply with the FLAGS Entry Specification. If Shipper Gas is delivered in a commingled stream and that commingled stream does not comply at that Entry Point with the FLAGS Entry Specification, then such Shipper Gas shall be deemed not to comply with the FLAGS Entry Specification.
- (b) If the Shipper becomes aware that Shipper Gas will not, or the Shipper anticipates that such Shipper Gas may not, comply with the FLAGS Entry Specification it shall notify the Segal Operator as soon as is reasonably practicable and, in any event, within one (1) hour of becoming so aware.

6.2 Non compliance

If Shipper Gas does not comply with or is deemed not to comply with the FLAGS Entry Specification, or in the reasonable opinion of the Segal Operator, any Shipper Gas may not comply with the FLAGS Entry Specification, (such Shipper Gas being herein referred to as “**Off-Specification Shipper Gas**”), the Segal Operator:

- (a) may suspend acceptance of Shipper Gas at the relevant Entry Point until the Shipper has demonstrated to the reasonable satisfaction of the Segal Operator that Shipper Gas meets the FLAGS Entry Specification; and/or
- (b) may, at its sole discretion, and subject to any conditions which it requires, expressly agree in writing to accept any Off-Specification Shipper Gas which the Segal Operator considers would not affect the transportation of Wet Gas and/or components thereof in the Segal System or processing thereof to produce Sales Gas, Ethane and/or Products or otherwise adversely affect the Segal System, Segal Operations and/or operations at FEP. For the avoidance of doubt, the Segal Operator shall be under no obligation to accept Off-Specification Shipper Gas in any circumstances. Any such acceptance shall not constitute any representation or warranty by the Segal Operator or the Segal Owners that they will accept any other Off-Specification Shipper Gas at any time; and/or
- (c) may dispose of any Off-Specification Shipper Gas (by flaring or otherwise) and in such case no compensation shall be payable to the Shipper.

In the absence of the Segal Operator’s express written agreement to accept any Off-Specification Shipper Gas pursuant to Clause 6.2(b) above, the Segal Operator shall be deemed not to have agreed to accept such Off-Specification Shipper Gas and the Shipper shall not deliver the same to the relevant Entry Point.

6.3 Variation of FLAGS Entry Specification

The Segal Operator may vary the FLAGS Entry Specification from time to time in a manner consistent with, and to the extent necessary to reflect, any variation of the specification for Sales Gas. Following any variation to the specification for Sales Gas and consequent variation to the FLAGS Entry Specification, the Segal Operator shall notify the Shipper of the effective date of such variation, and issue a new Schedule D and a new Schedule E Part V reflecting such variations to the Shipper prior to such date.

7 SHIPPER FACILITIES AND MEASURING EQUIPMENT

- 7.1 The Shipper shall at its sole cost and risk:
- (a) procure that the Shipper Facilities shall be designed, constructed, installed, commissioned, certified, tested, repaired, maintained in good working order and condition and operated in accordance with the Standard of a Reasonable and Prudent Operator and that the Shipper Facilities shall to the extent necessary to allow the Shipper and the Segal Operator and the Segal Owners to perform their respective obligations under the Deed at all times be compatible with the design, construction and operation of the Segal System and the operating practices of the Segal Operator;
 - (b) procure any alterations and/or modifications to the Shipper Facilities or operating practices of the Shipper Operator as the Segal Operator may in accordance with the Standard of a Reasonable and Prudent Operator from time to time require to ensure that the Segal System is capable of being operated safely and in compliance with any applicable Law or regulation.
- 7.2 In order to facilitate compliance by the Shipper with its obligations under Clauses 7.1 (a) and (b), the Segal Operator shall:
- (a) provide as much prior notice as is reasonably practicable to the Shipper of the alterations and/or modifications to the Shipper Facilities and to the operating practices of the Shipper Operator which the Segal Operator may require pursuant to Clause 7.1 (b); and
 - (b) use reasonable endeavours to provide all such information as the Shipper may reasonably request, subject always to any confidentiality restrictions which may apply in relation to the provision of such information.
- 7.3 The Segal Operator shall not be obliged to accept Shipper Gas unless and until the Shipper Facilities from or through which such Shipper Gas is delivered have been constructed, installed, tied-in, certified, tested and commissioned and are capable of delivering Shipper Gas to the relevant Entry Point, all in accordance with the provisions of the Deed.
- 7.4 The Shipper shall install, maintain, repair and operate, or shall procure that the Shipper Operator installs, maintains, repairs and operates, the Telemetry Equipment, the Telecom Equipment and the Measuring Equipment at each Source Measurement Point. The Shipper shall ensure that the accuracy of the Measuring Equipment shall be verified in the manner and at the frequency described in Schedule F and any corrections to readings shall be made in accordance with the said Schedule F.
- 7.5 The Shipper shall carry out, or procure that the Shipper Operator carries out, measurement and sampling of Shipper Gas in accordance with the provisions of

Schedule F. The Shipper shall carry out, or procure that the Shipper Operator carries out, spot sampling and analysis of Wet Gas in accordance with the requests made by the Segal Operator acting as a Reasonable and Prudent Operator (it being acknowledged that the Segal Operator may require the Shipper to sample and analyse (or to procure the spot sampling and analysis) of Shipper Gas to demonstrate compliance with the FLAGS Entry Specification and Schedule F Section B.9. The Operator Interface Agreements make provision for regular and ad hoc sampling to the reasonable satisfaction of the Segal Operator.

- 7.6 The Segal Operator shall have the right to approve or otherwise the detailed design of the Measuring Equipment, the Telemetry Equipment and Telecom Equipment. Schedule F, Section B shall be amended on such approval if required, such approval not to be unreasonably withheld.
- 7.7 The Shipper shall procure that the design of the Measuring Equipment meets the requirement of not more than 1% uncertainty on mass and volume determination unless otherwise agreed in writing with the Segal Operator and at all times reads centrally and accurately.
- 7.8 The Shipper shall maintain in place or procure that there is maintained in place a fully documented management system of the Measuring Equipment comprising station log books, functional design specification (including all computer calculations and commissioning test results), maintenance records, maintenance schedule, maintenance procedures, test equipment data and installed equipment data.
- 7.9 The Shipper and the Segal Operator shall agree a schedule for the correction of any mis-measurement in as short a time as is reasonably practicable (such agreement not to be unreasonably withheld), failing which such schedule shall be determined by an Expert.

8 FORECASTING, NOMINATION AND ALLOCATION INFORMATION

- 8.1 The Shipper acknowledges that it provides or procures the provision to the Gassled Operator of certain information pursuant to the Gassled Terms and Conditions, including, without limitation, the forecasts to be provided pursuant to Article 2 of the Gassled Operations Manual.
- 8.2 The Shipper agrees that the Gassled Operator may pass any or all of such information to the Segal Operator if the Gassled Operator considers it necessary to allow it to perform its obligations under the Operator Interface Agreements.
- 8.3 Compositional Information to be given to the Segal Operator

The Shipper is required pursuant to Article 2.1 of the Gassled Operations Manual to include composition and quality data as part of the forecasts it provides to the Gassled

Operator. In respect of Shipper Gas to be delivered at an Entry Point, the Shipper agrees that such compositional data shall include:

- (a) the mass and weight percentage to three (3) decimal places of each of:
 - (i) methane;
 - (ii) ethane;
 - (iii) propane;
 - (iv) i-butane;
 - (v) n-butane;
 - (vi) i-pentane;
 - (vii) n-pentane;
 - (viii) hexane plus heavier hydrocarbon species;
 - (ix) nitrogen; and
 - (x) carbon dioxide;
- (b) the likely mass and weight percentage of any other component that is estimated to be present.

8.4 Changes in composition to be given to the Segal Operator

The Shipper shall notify or procure that the Gassled Operator is notified as soon as practicable of any change or anticipated change in the composition of Shipper Gas as specified in Clause 8.3.

8.5 Day Ahead Nomination to be given to the Segal Operator

Without prejudice to Clauses 8.1 and 8.2, the Shipper shall procure that the Gassled Operator shall notify the Segal Operator (such notice being the “**Day Ahead Nomination**”) before 1330 hours on each Day of:

- (a) its best bona fide estimated volume in Cubic Metres of Shipper Gas planned to be delivered at the Entry Point(s) on the following Day (“**Day Ahead Nominated Volume**”), which volume may not, for the avoidance of doubt, be greater than the Aggregate Booked Capacity for that Day;

- (b) any anticipated change in the composition previously notified by the Gassled Operator pursuant to the Operator Interface Agreements;
- (c) any other information which is likely to affect the Daily deliveries of Shipper Gas to the Entry Point(s).

8.6 Daily Estimate to be given by the Segal Operator

The Segal Operator shall notify the Shipper before 1600 hours on each Day of its estimate of the quantity, in energy units, of Sales Gas that will be re-delivered to the Shipper at the Redelivery Point for Sales Gas on the following Day, such estimate being based on the information provided by the Gassled Operator for such following Day in accordance with Clause 8.5.

8.7 Prior Day's Information to be given to the Segal Operator

The Shipper shall procure that there is provided to the Gassled Operator such information as the Gassled Operator may reasonably require to allow it to provide to the Segal Operator the following information by 1200 hours on each Day in respect of Shipper Gas delivered to the Entry(s) Point on the previous Day:

- (a) the mass (in Tonnes) to one (1) decimal place;
- (b) the volume (in thousands of Cubic Metres) to one (1) decimal place;
- (c) composition (in weight percent) to five (5) decimal places in respect of the following components:-
 - (i) methane;
 - (ii) ethane;
 - (iii) propane;
 - (iv) butane;
 - (v) natural gasoline;
 - (vi) nitrogen;
 - (viii) carbon dioxide; and
 - (viii) any other components.

Such information shall be measured on a continuous basis in accordance with Schedule F or as otherwise agreed between the Segal Operator and the Gassled Operator.

8.8 Information to be provided in respect of each Field

In providing the forecasts, nominations and allocation information as specified in the Operator Interface Agreements, the Shipper shall procure that the Gassled Operator shall specify the mass, volume and composition of Shipper Gas in respect of each Field (as well as the mass, volume and composition of Shipper Gas as a whole).

8.9 Information to be given to the Shipper

The Segal Operator shall provide statements to the Shipper in respect of the allocation of Sales Gas, Product and Ethane to the Shipper in accordance with the Allocation Procedure.

9 SUSPENSION AND CAPACITY REDUCTION

9.1 Suspension of Service

The Segal Operator (acting on behalf of the Segal Owners) may suspend performance of the Service, including refusing to accept all or part of the Shipper Gas delivered (or which would otherwise have been delivered) at the Entry Point(s), with immediate effect on giving notice to the Gassled Operator, if:

- (a) in the sole opinion of the Segal Operator, such action is necessary or appropriate to assure the safety or operational integrity of the Segal System;
- (b) in the sole opinion of the Segal Operator, such action is necessary or appropriate for the safeguarding of life or property or the prevention of pollution or other environmental damage;
- (c) a breakdown or failure of any part of the Segal System and/or of FEP occurs which prevents the Segal Owners providing the Service;
- (d) any part of the Segal System and/or of FEP is not operational or the capacity of the Segal System and/or of FEP is reduced for any reason including Maintenance;
- (e) the Gas Transporter issues a TFA refusing the acceptance of Sales Gas allocated to any users of the Segal System;
- (f) the Segal Operator exercises its rights under Clause 6.2;
- (g) the Shipper fails to comply with its obligations under the Deed and does not (within such period of time, after notice of failure to comply has been given to the Shipper, as the Segal Operator considers appropriate in the circumstances) satisfy the Segal Owners, acting reasonably, that the Shipper is now complying and will continue to comply with such obligations under the Deed;

- (h) the Segal Operator serves a Clause 9.2 Suspension Notice in accordance with Clause 9.2;
- (i) there occurs a breakdown or failure of any part of the Measuring Equipment, the Telecom Equipment or the Telemetry Equipment; and/or
- (j) the Gassled Operator is not in compliance with its obligations under the Operator Interface Agreements or any of them.

9.2 Performance Assurance

- (a) If the Segal Owners have reasonable grounds to believe that the Shipper may be unable to meet its current and/or prospective financial obligations under the Deed, or the financial position of the Shipper has deteriorated to a level which is unacceptable to the Segal Owners acting reasonably (including, without limitation, due to a change of control of the Shipper or its guarantors), then the Segal Owners may give notice to the Shipper stating their grounds for such belief and requesting appropriate assurance in respect of the financial position of the Shipper. Any such assurance request shall include relevant details of the form of the security, the level of security (which shall include but not be limited to an on demand letter of credit or other form of acceptable guarantee) and possible providers of the security that are in each case acceptable to the Segal Owners.
- (b) If the Shipper does not provide assurance to the satisfaction of the Segal Owners, acting reasonably, within five (5) Working Days of such notice under Clause 9.2(a), the Segal Operator may serve a notice (“**Clause 9.2 Suspension Notice**”) on the Shipper and suspend the Service to that Shipper with immediate effect. Such suspension shall continue until the Shipper provides assurance to the satisfaction of the Segal Owners acting reasonably.
- (c) If the Shipper does not provide assurance to the satisfaction of the Segal Owners, acting reasonably, within thirty (30) days of service of a Clause 9.2 Suspension Notice, the Segal Owners may terminate the Deed with immediate effect by serving a notice (“**Clause 9.2 Termination Notice**”) on the Shipper. Such termination shall be without prejudice to accrued rights and obligations.

9.3 Capacity Reduction and Total Emergency Shutdown

- (a) The Segal Operator shall notify the Gassled Operator of a Capacity Reduction or Total Emergency Shutdown as soon as reasonably practicable. The Shipper shall ensure that the Gassled Operator ceases or reduces delivery of the Shipper Gas to the Entry Point(s) as required in the circumstances in accordance with such information immediately following receipt of the same.

- (b) In the case of a Capacity Reduction, the remaining capacity in the Segal System will be allocated between all users of the Segal System in accordance with Schedule C.

9.4 Diversion of NGLs

If there is a total or partial reduction in the capacity of NGL facilities at St Fergus and/or in the processing capacity downstream of St. Fergus and/or in the capacity downstream of any Redelivery Point and the Segal Operator is unable to deliver all or part, as the case may be, of the Sales NGLs to Mossmorran, the Segal Operator shall use reasonable endeavours to divert Sales NGLs to an alternative outlet or otherwise dispose of Sales NGLs in order to maintain the delivery of Shipper Gas at the Entry Points or the delivery of Wet Gas into the Segal System. The Segal Operator shall notify the Gassled Operator as soon as practicable of any such diversion or disposal and on such occasions shall credit the Shipper with the revenue (if any) realised by the Segal Operator for such diverted or otherwise disposed of Sales NGLs after deduction of any and all costs and expenses incurred by the Segal Operator in effecting such diversion or disposal. In its actions hereunder, the Segal Operator shall take due account of the Shipper's interests and shall inform the Gassled Operator as soon as reasonably practicable of the time when a normal service can be resumed.

9.5 Notices

A notice to the Gassled Operator under this Clause 9 may be given verbally, by telephone or by facsimile, or other electronic means, agreed by the Segal Operator and the Gassled Operator. A notice given verbally shall be confirmed by facsimile or such other electronic means, but the notice shall be deemed to have been received when given verbally. If sent by facsimile or such other electronic means, the notice shall be deemed to be received at the time it was sent (whether or not it was sent on a Working Day and irrespective of the time at which it was sent) provided, in the case of facsimile, the sender's transmission report indicates successful transmission to the correct fax number. The relevant facsimile number for the Gassled Operator will be specified in, and may be amended in accordance with, the Operator Interface Agreements.

10 MAINTENANCE PERIODS

10.1 In these Terms and Conditions:

“**Ad Hoc Maintenance**” means Maintenance other than Planned Maintenance.

“**Maintenance**” means:

- (a) in relation to the Segal Owners, the addition and/or tie-in of third party facilities to, or the repair, modification, maintenance or replacement of or addition to, the Segal System; and
- (b) in relation to the Shipper, the addition and/or tie-in of third party facilities to, or the repair, modification, maintenance or replacement of or addition to, the Gassled System.

“**Planned Maintenance**” means, in respect of a Year, Maintenance which was planned during the immediately preceding Year to be carried out during that Year.

“**Planned Maintenance Days**” means:

- (a) in relation to the Segal Owners, a day on which Planned Maintenance is carried out in relation to the Segal System; and
- (b) in relation to the Shipper, a day on which Planned Maintenance is carried out in relation to the Gassled System.

10.2 In each Year, the Segal Operator may shut down all or part of the Segal System used to provide the Service or which affects the provision of the Service for Maintenance. The Segal Owners shall use reasonable endeavours not to suspend the Service for Planned Maintenance for a cumulative period of more than thirty (30) days in any two Year period and to schedule Planned Maintenance during the months of April to September inclusive. The Shipper shall use reasonable endeavours to procure that the Gassled Operator does not carry out Planned Maintenance for a cumulative period of more than thirty (30) days in any two Year period.

10.3 Without prejudice to Clause 9.1 and notwithstanding Clauses 10.2, the Segal Operator may shut down all or part of the Segal System at any time in order to comply with any applicable national, international and/or local government order, decree or enactment, legislation, statutory instrument or law, or the recommendations of any statutory inquiry or applicable governmental guidelines or where such work is, in the sole opinion of the Segal Operator, required for reasons of safety or the prevention of pollution or other environmental damage. The Segal Operator shall use reasonable endeavours to perform such work during Planned Maintenance Days.

11 ETHANE

- 11.1 The terms and conditions applicable to any purchase by the Segal Owners (or either of them or their respective Designated Affiliates) of Ethane allocated to the Shipper pursuant to Clause 4.1(h) are as set out in Clause 4 of the Deed.
- 11.2 Subject to Clause 11.3, any Ethane allocated to the Shipper hereunder which is not purchased by the Segal Owners (or either of them or their respective Designated Affiliates) shall be removed from the NGLs stream and either redelivered to the Shipper in the Sales Gas or the Segal Operator may remove from the Sales Gas any such Ethane if required to meet the specification for Natural Gas entering the NTS at St Fergus and dispose of such Ethane. The Segal Operator shall notify the Shipper of such disposal and shall credit the Shipper with the revenue (if any) realised by the Segal Operator for such Ethane disposed of under this Clause 11.2 after deduction of any and all costs and expenses incurred by the Segal Operator in effecting such disposal. The Segal Operator shall use all reasonable endeavours to maximise the value realised on such disposal.
- 11.3 If the Segal Owners (or either of them or their respective Designated Affiliates) are permanently unable to exercise the option to purchase Ethane at the Redelivery Point for Ethane in accordance with the terms set out in the Deed and have that Ethane accepted at FEP, or elect not to exercise such option in circumstances where they would have been able to have that Ethane accepted at FEP, the Parties shall use reasonable endeavours to agree a new Redelivery Point for Ethane and appropriate terms for a service utilising this new Redelivery Point.

12 TARIFF AND OTHER CHARGES

- 12.1 In respect of each Day within a Service Period and for each Booking which the Shipper has made for that Day, the Shipper shall pay to the Segal Owners a sum equal to the Relevant Tariff multiplied by a volume in Cubic Metres equal to the greater of
- (i) the Send or Pay Volume; or
 - (ii) the Volume Delivered, where, notwithstanding the terms of Clause 5.1, the Shipper has delivered a volume of Shipper Gas in excess of the volume which the Segal Owners are obliged to accept on that Day under Clause 4.1(a).

Within fourteen (14) Days of the end of each Month, the Segal Operator shall send to the Shipper an invoice for the amount due under this Clause 12.1 in respect of Days in such Month (charging VAT, where applicable). The Shipper shall pay such invoice in accordance with Clause 23.

- 12.2 If the Volume Delivered in respect of a period is adjusted pursuant to the Allocation Procedure, or if an error has been found in respect of any invoice issued pursuant to Clause 12.1, the amount due shall be recalculated and the Segal Operator or the Shipper

(as the case may be) shall make the payment or repayment required to reflect such re-calculated amount within thirty (30) Working Days of confirmation of such re-calculation.

12.3 The “**Relevant Tariff**” in Pounds Sterling per Cubic Metre for each Booking which a Shipper has made for each Day within a Service Period shall be calculated as follows:

- (a) for each Day between the Booking Date and 0600 hours on the next occurring 1st October, the Relevant Tariff shall be the Published Tariff;
- (b) for each Day of the twelve month period commencing at 0600 hours on that 1 October and for each Day of each twelve month period commencing at 0600 hours on each 1st October thereafter, the Relevant Tariff shall be equal to the Published Tariff multiplied by the following formula, provided that if the formula is determined to be less than one (1), it will be deemed to be equal to one (1):

$$\text{Formula} = 0.45(\text{PPI}_y/\text{PPI}_0) + 0.1(\text{G}_y/\text{G}_0) + 0.45(\text{E}_y/\text{E}_0)$$

Where:

“**PPI_y**” means the arithmetic average of the monthly values of the index (herein called the “**Producer Price Index**”) “Index Numbers of Producer Prices – Net Sector Output - Output of the Manufactured Products” (SIC 2007) with code initials JVZ7 for the twelve (12) consecutive months ending three (3) months prior to the beginning of the Review Month as published by the United Kingdom Office for National Statistics.

“**PPI₀**” means 121.108, being the arithmetic average of the monthly values of the Producer Price Index for the twelve (12) consecutive months covering the period July 2010 to Jun 2011 inclusive (2005 = 100).

“**G_y**” means the arithmetic average of the month ahead prices from Heren Monthly Indices in pence per therm for the National Balancing Point for the twelve (12) months ending three months prior to the Review Month.

“**G₀**” means 50.939, being the arithmetic average of the month ahead prices from the Heren Monthly Indices for the twelve (12) months covering the period July 2010 to June 2011 (inclusive).

“**E_y**” means the arithmetic average of the quarterly prices of electricity in Great Britain expressed in pence per kilowatt hour (kWh) (each such quarterly price being herein called the “**Electricity Price**”) for the four (4) consecutive quarters ending three (3) month prior to the beginning of the Review Month as published by the Department of Trade and Industry (or its successor) in the monthly publication “Energy Trends” (or a successor or alternative Publication)

under the heading “Prices of fuels purchased by manufacturing industry in Great Britain) and the sub-heading “electricity” for the size category of consumer entitled “Large” in Table 3.1.1

“E₀” means 6.208, being the arithmetic average of Electricity Prices for the four (4) quarters covering the period 1 July 2010 to 30 June 2011 (inclusive).

- 12.4 All intermediate steps in the calculation of the Relevant Tariff shall be made to eight (8) decimal places without rounding and the final product shall be rounded to four (4) decimal places. A figure of five (5) or more in the fifth (5th) place of decimals shall cause a rounding up of the fourth (4th) decimal.
- 12.5 If VAT or any similar tax or any other tax or duty chargeable on any substance is included in any of the indices, statistics or prices then the effect of such tax or duty shall be removed, to the extent that is practicable, from each index, statistic or price as affected before using the same in the relevant calculation. In the event that the Parties are unable (not later than ninety (90) Days after the end of the Review Month) to agree on a suitable method for the removal of any taxes or duties pursuant to this Clause 12.5, then the matter may (at the request of any Party) be referred to an Expert who shall determine a suitable method whereby the effect of such tax or duty is to be removed to the extent that is practicable.
- 12.6 Not used.
- 12.7 In the calculation of the Relevant Tariff, the latest figures needed to calculate PPI_y , E_y and G_y which are available on the first day of the Review Month shall be used (whether the same are published in final or in provisional form) and the values or prices so obtained shall not be adjusted consequent upon such figures being subsequently published in final or amended form save only in those specified circumstances and in the manner set out in Schedule J.
- 12.8 "**Send or Pay Volume**" means, in respect of each Day within a Service Period:
- (i) where the Shipper has one Booking for such Day, the Shipper's Booked Capacity, less any Permitted Deductions;
 - (ii) where the Shipper has more than one Booking for such Day, its Booked Capacity under each Booking, less any share of Permitted Deductions applied to that Booking pursuant to Clause 12.9.2.

12.9 Permitted Deduction

12.9.1 "**Permitted Deduction**" means, in respect of a Day, a volume (not exceeding the Aggregate Booked Capacity) equal to the sum of the following volumes:

- (a) the Shipper's FM Volume, less any Shipper Gas not owned by the Shipper but delivered by it to an Entry Point pursuant to Clause 3.2;
- (b) the volume in Cubic Metres of Shipper Gas within the FLAGS Entry Specification tendered for delivery by the Shipper at an Entry Point on a Day which the Segal Owners failed to accept due to:
 - (i) the breach by the Segal Owners of their obligations under the Deed,
 - (ii) the suspension of the performance of the Service under Clauses 9.1(a), (b), (c), (d) or (e) of these Terms and Conditions, or
 - (iii) Force Majeure affecting the Segal System; and
- (c) if such Day is a Day on which Planned Maintenance was carried out in relation to the Gassled System and delivery of Shipper Gas to an Entry Point was reduced thereby, the difference between the Aggregate Booked Capacity and the volume in Cubic Metres of Shipper Gas within the FLAGS Entry Specification which the Shipper actually delivered at the Entry Points provided that there have been less than thirty (30) prior Days during the past twenty-four (24) Months on which Planned Maintenance in relation to the Gassled System was carried out and delivery of Shipper Gas to the Entry Points was reduced thereby.

12.9.2 Where the Shipper has more than one Booking for a Day, a share of the Permitted Deductions for that Day shall be applied to each Booking in the ratio that the Booked Capacity set out in that Booking bears to the Aggregate Booked Capacity for that Day.

12.10 "**Shipper's FM Volume**" means, in respect of a Day, the volume in Cubic Metres of Shipper Gas which the Shipper was unable to tender for delivery to the Segal Owners on such Day for reasons of Force Majeure affecting the Shipper Facilities; provided that an event or circumstance constituting Force Majeure shall not be taken into account for the purposes of calculating the Shipper's FM Volume unless the Shipper complies with its obligations pursuant to Clause 21.

12.11 The Shipper shall pay the Published Costs and Charges in the manner stipulated on GBS or, if no such stipulation is made, within twenty (20) days of receiving an invoice from the Segal Operator in respect of the same, all in accordance with Clause 23 hereof.

12.12 Regulatory Contribution or Emission Trading Contribution

- (a) The Shipper shall pay a Shipper's Regulatory Contribution and Shipper's Emission Trading Contribution to the Segal Owners within twenty (20) days of receiving an invoice from the Segal Operator in respect of the same.
- (b) The Segal Operator shall use reasonable endeavours to make the Shipper aware of the existence of any Regulatory Charge and/or Emissions Trading Cost that, in the opinion of the Segal Operator, is likely to lead to a New Charges Notice being served in terms of Clause 12.12(c) as soon as reasonably practicable after the Segal Operator becomes so aware. Failure of the Segal Operator to make the Shipper aware of any Regulatory Charge and/or Emissions Trading Cost in terms of this Clause 12.12(b) will not affect the liability of the Shipper to pay any Shipper's Regulatory Contribution and/or Shipper's Emissions Trading Contribution.
- (c) As soon as reasonably practicable after assessing the impact of any Regulatory Charges and/or any Emissions Trading Cost which have or will become payable, the Segal Operator shall send the Shipper a notice ("**New Charges Notice**") notifying the Shipper of the Regulatory Charge and/or Emissions Trading Cost and containing an explanation for, and an estimate of the level of (i) the Regulatory Charge and/or Emissions Trading Cost and (ii) the Shipper's Regulatory Contribution and/or Shipper's Emissions Trading Contribution based on the Segal Operator's opinion of the equitable Shipper's Share.
- (d) The Shipper shall pay its share of Regulatory Charge and/or Emissions Trading Cost ("**Shipper's Share**") in respect of a Year in which such costs are incurred by the Segal Owners. In the event that the Parties are unable to agree the Shipper's Share within thirty (30) days of receipt of the New Charges Notice, any of the Parties shall have the option to refer the matter to an Expert for determination.
- (e) Where a notice of termination has been served under Clause 15, the Shipper shall be liable to pay all charges relating to Shipper's Regulatory Contribution and/or Shipper's Emissions Trading Contribution (including those charges arising from any Regulatory Charge and/or Emissions Trading Cost) arising in respect of the period until the date of termination specified in the termination notice. This Clause 12.12 (e) shall survive termination of the Deed or expiry of a Service Period.

13 ALLOCATION AND ENTITLEMENT

13.1 Allocation Procedure

- (a) Allocation of Sales Gas, Products and Ethane to the Shipper shall be in accordance with the Allocation Procedure.
- (b) The percentage of Ethane to be contained in the Demethaniser Column Overheads shall be the bottom of the range notified to the Shipper by the Segal Operator pursuant to the Allocation Procedure unless any Shipper Gas has by-passed the processing modules at St. Fergus or been allocated to the Module Throughput Booster Stream, when the percentage of Ethane to be contained in the Demethaniser Column Overheads shall be calculated on a daily basis to ensure that the percentage of Ethane in the Demethaniser Column Overheads equates to the bottom of the range notified to the Shipper by the Segal Operator pursuant to the Allocation Procedure when applied to the quantity of Ethane in the Demethaniser Column Feed.
- (c) It is agreed that Shipper Gas which is delivered or tendered for delivery hereunder may be treated as if it was produced from a By Pass Field for the purposes of the Allocation Procedure.
- (d) That part of the Service described in Clause 4.1(c) shall not require the Segal Owners to process all Shipper Gas transported pursuant to Clause 4.1(b) at St. Fergus to produce Sales NGLs out of Shipper Gas, it being accepted by the Shipper that Shipper Gas may, for any reason, operational or otherwise, and at the sole discretion of the Segal Operator, by-pass the processing modules at St Fergus.
- (e) If there is a Capacity Reduction, that part of the Service described in Clause 4.1(c) shall not require the Segal Owners to process all Shipper Gas transported pursuant to Clause 4.1(b) at St. Fergus to produce Sales NGLs out of Shipper Gas, it being accepted by the Shipper that Shipper Gas may by-pass the processing modules at St Fergus.

13.2 Delivery to an Entry Point in a Commingled Steam

In addition to any other provisions of the Deed requiring the Shipper to provide or procure the provision of information to the Segal Operator, the Shipper shall provide or procure that there is provided to the Segal Operator as soon as possible after, and in any event within twenty (20) Working Days from, a request from the Segal Operator such information as the Segal Operator may reasonably require for the purposes of the Deed and/or the provision of the Service with respect to Shipper Gas being delivered as part of a commingled stream at an Entry Point including, without limitation, any information in relation to the composition or source of such Shipper Gas or to the allocation procedures and/or agreements relating to such Shipper Gas and all measurement equipment, systems and procedures required for such allocation.

13.3 Self Balancing Field

For the avoidance of doubt, Shipper Gas which is delivered or tendered for delivery hereunder shall be treated as if it was produced from a Self Balancing Field for the purposes of the Allocation Procedure.

13.4 Agreed Field for the purposes of Capacity Restriction

13.4.1 Subject to the remaining provisions of this Clause 13.4, each Field which flows Wet Gas to the Segal System via the Gassled System and to which Shipper Gas is allocated under the Allocation Procedure shall, for the purposes of the capacity reduction procedure set out in Schedule C, form part of a “Field Group” which shall comprise all Fields in the NCS which flow Wet Gas to the Segal System via the Gassled System and to which Wet Gas is allocated under the Allocation Procedure, whether pursuant to the Existing Agreements or otherwise.

13.4.2 The arrangement contemplated in Clause 13.4.1 is conditional upon: (a) the Segal Operator having received any necessary consents from, and having made any necessary intimations to, third parties in relation to such arrangement; and (b) any notice periods in such consents or intimations having expired.

13.4.3 Unless and until the arrangement contemplated in Clause 13.4.1 becomes unconditional, each Field which flows Wet Gas to the Segal System via the Gassled System and to which Shipper Gas is allocated under the Allocation Procedure shall, for the purposes of the capacity reduction procedure set out in Schedule C, be treated as a separate Field.

13.4.4

- (i) In the event that the arrangement contemplated in Clause 13.4.1 has not become unconditional by a date which is twenty (20) days prior to the start of the first Service Period, the Segal Operator shall, on giving notice to the Shipper, be entitled to require the Shipper to apportion between Fields from which it intends to flow Shipper Gas and to which such Shipper Gas will be allocated under the Allocation Procedure, a share of the Aggregate Booked Capacity. The Segal Operator’s notice shall set out the details of this apportionment mechanism (including, without limitation, the circumstances in which the Shipper may adjust such apportionment).
- (ii) The Segal Operator shall use such apportionment solely for the purposes of implementing, if required, the capacity reduction procedure set out in Schedule C.
- (iii) The Shipper shall provide such apportionment (in the manner required in the Segal Operator’s notice) within five (5) days of the Segal Operator’s notice.

- (iv) Should the Shipper fail to provide such apportionment as required, the Segal Operator reserves the right to make such apportionment as it, acting as a Reasonable and Prudent Operator, considers fit.

14 RISK, PROPERTY, LIABILITY AND INDEMNITY

14.1 Risk and Property

- (a) Subject to Clauses 14.1(b) and 14.3(a), title to Shipper Gas, Sales Gas, Ethane and Products allocated to the Shipper and transported in the Segal System pursuant to the Deed shall remain at all times with the Shipper and all risk of loss or damage to such Shipper Gas, Sales Gas, Ethane and Products shall be borne by the Shipper.
- (b) The risk and property in any Ethane allocated to the Shipper and bought by a Segal Owner or its Designated Affiliate shall pass to that Segal Owner or its Designated Affiliate on delivery thereto at the Redelivery Point for Ethane.

14.2 Consequential Loss

- (a) Notwithstanding any other provision of the Deed, the Segal Group shall not be liable for (and the Shipper shall defend, hold harmless and indemnify the Segal Group from and against any claim by or liability to the Shipper for) any Consequential Loss suffered by the Shipper arising out of or in connection with the performance, misperformance or non-performance of the Deed howsoever arising and by whomsoever caused and regardless of any negligence, breach of duty (statutory or otherwise) or Wilful Misconduct by the Segal Group or any of them.
- (b) Subject to Clauses 12.1 and 14.6, but otherwise notwithstanding any other provision of the Deed, the Shipper Group shall not be liable for (and the Segal Owners shall defend, hold harmless and indemnify the Shipper Group from and against any claim by or liability to the Segal Owners for) any Consequential Loss suffered by the Segal Owners arising out of or in connection with the performance, misperformance or non-performance of the Deed howsoever arising and by whomsoever caused and regardless of any negligence, breach of duty (statutory or otherwise) or Wilful Misconduct by the Shipper Group or any of them.

14.3 Damage to Property

- (a) The Shipper shall defend, hold harmless and indemnify the Segal Group from and against any and all Claims arising out of or in connection with any loss, recovery or destruction of or damage to any Shipper Facilities (excluding the Gassled System), and/or the loss of Shipper Gas, Sales Gas, Ethane and Products derived therefrom whilst the same are within the Segal System, in either case, arising out of or in connection with the performance, misperformance or non-performance of the Deed, howsoever arising and by whomsoever caused regardless of any negligence or breach of duty (statutory or otherwise) by the Segal Group or any of them except to the extent

that any such loss, recovery, destruction or damage results from the Wilful Misconduct of the Segal Group or any of them.

- (b) Subject to Clause 14.6, the Segal Owners shall defend, hold harmless and indemnify the Shipper Group from and against any and all Claims arising out of or in connection with any loss, recovery or destruction of or damage to the Segal System arising out of or in connection with the performance, misperformance or non-performance of the Deed, howsoever arising and by whomsoever caused regardless of any negligence or breach of duty (statutory or otherwise) by the Shipper Group or any of them except to the extent that any such loss, recovery, destruction or damage results from the Wilful Misconduct of the Shipper Group or any of them.

14.4 Personnel

- (a) The Shipper shall defend, hold harmless and indemnify the Segal Group from and against any and all Claims arising out of or in connection with:

- (i) personal injury to; and/or
- (ii) death or disease of; and/or
- (iii) loss or recovery of, or destruction of and/or damage to personal property of;

any directors, officers, agents, servants and/or employees (including for this purpose in house contractors (being a contractor or an employee of such contractor working as a member of staff but not falling within the legal definition of an employee)) of the Shipper or its Affiliates arising out of or in connection with the performance, misperformance or non-performance of the Deed howsoever arising and by whomsoever caused regardless of any negligence or breach of duty (statutory or otherwise) by the Segal Group or any of them except to the extent that any such injury, death, disease, loss, recovery, destruction and/or damage results from the Wilful Misconduct of the Segal Group or any of them.

- (b) The Segal Owners shall defend, hold harmless and indemnify the Shipper Group from and against any and all Claims arising out of or in connection with:

- (i) personal injury to; and/or
- (ii) death or disease of; and/or
- (iii) loss or recovery of, or destruction of and/or damage to personal property of;

any directors, officers, agents, servants and/or employees (including for this purpose in house contractors (being a contractor or an employee of such contractor working as a member of staff but not falling within the legal definition of an employee)) of the Segal Owners or their respective Affiliates arising out of or in connection with the

performance, misperformance or non-performance of the Deed howsoever arising and by whomsoever caused regardless of any negligence or breach of duty (statutory or otherwise) by the Shipper Group or any of them except to the extent that any such injury, death, disease, loss, recovery, destruction and/or damage results from the Wilful Misconduct of the Shipper Group or any of them.

14.5 Pollution

- (a) Subject to Clauses 14.2(b), 14.3(b) and 14.4(b), the Shipper shall defend, hold harmless and indemnify the Segal Group from and against any and all Claims (including, but not limited to, clean-up costs) arising out of or in connection with pollution (including any obligations pursuant to OPOL) from the Shipper Facilities (excluding the Gassed System) howsoever arising and by whomsoever caused and regardless of any negligence and/or breach of duty (statutory or otherwise) by the Segal Group or any of them, except to the extent that any such pollution results from the Wilful Misconduct of the Segal Group or any of them.
- (b) Subject to Clauses 14.2(a), 14.3(a) and 14.4(a), the Segal Owners shall defend, hold harmless and indemnify the Shipper Group from and against any and all Claims (including but not limited to clean-up costs) arising out of or in connection with pollution (including any obligations pursuant to OPOL) from the Segal System howsoever arising and by whomsoever caused and regardless of any negligence and/or breach of duty (statutory or otherwise) by the Shipper Group or any of them, except to the extent that any such pollution results from the Wilful Misconduct of the Shipper Group or any of them.

14.6 Liability for Off-Specification Shipper Gas

- (a) Notwithstanding the other provisions of this Clause 14, if Off-Specification Shipper Gas is delivered into the Segal System, then, unless the Segal Operator has agreed in writing to accept such Off-Specification Shipper Gas in accordance with Clause 6.2, the Shipper shall, in accordance with this Clause 14.6, defend, hold harmless and indemnify the Segal Group from and against any and all Claims and Losses arising out of or in connection with:
 - (i) loss of or damage to the Segal System and/or the rectification of any loss or damage to the Segal System; and/or
 - (ii) the loss and/or contamination of hydrocarbons in the Segal System (including any liability of the Segal Operator or the Segal Owners under any contract to make payment to or otherwise compensate any person for any volume so lost or contaminated); and/or
 - (iii) the flaring or other disposal, or the processing or treatment, of any Off-Specification Shipper Gas or other hydrocarbons;

which arise out of or in connection with the delivery, acceptance, processing and/or transportation of any Off-Specification Shipper Gas howsoever arising and by whosoever caused regardless of the negligence or breach of duty (statutory or otherwise) by the Segal Group or any of them, except to the extent that any such Claims result from the Wilful Misconduct of the Segal Group or any of them.

- (b) In the event that:
- (i) Shipper Gas is delivered to an Entry Point as part of a commingled stream which fails to comply with or is deemed to fail to comply with the FLAGS Entry Specification at that Entry Point (as contemplated in Clause 6.2); and
 - (ii) the Segal Owners suffer or incur Claims and/or Losses to which Clause 14.6(a) above applies, then
 - (aa) where Wet Gas is delivered to the Entry Point in question from only one Source Measurement Point, or the Segal Owners are entitled to claim from the Shipper in accordance with this (aa) pursuant to (bb) below, the Segal Owners shall, in respect of each incident or event or series of related incidents or events, be entitled to recover from the Shipper a share of those Claims and Losses equal to the lesser of the Shipper Cap and the Shipper Percentage.
 - (bb) Where Wet Gas is delivered to the Entry Point in question from more than one Source Measurement Point, the Segal Operator shall use reasonable endeavours to identify which of the Source Measurement Point(s) is the origin of the Wet Gas which has resulted in the commingled stream failing to comply or being deemed to fail to comply with the FLAGS Entry Specification at the Entry Point. In using reasonable endeavours to so identify such Source Measurement Point(s), the Segal Operator shall only be required to have regard to measurement and analysis data (as stipulated in Schedule F, Section A) received by the Segal Operator's Control Centre.

Where the Segal Operator has identified the responsible Source Measurement Point(s) and where Shipper Gas flowed from that Source Measurement Point(s) at the relevant time, the Segal Owners shall, in respect of each incident or event or series of related incidents or events, be entitled to recover from the Shipper a share of those Claims and Losses equal to the lesser of the Shipper Cap and the Shipper Percentage.

Where the Segal Operator is unable to identify the responsible Source Measurement Point(s) as contemplated in (bb) above, the Segal Owners shall be entitled to claim from the Shipper in accordance with (aa) above.

- (c) The amount calculated in respect of a Review Year in accordance with this Clause 14.6(c) shall be the greater of the Cap and the following:

$$\pounds\text{Cap} \times \frac{\text{PPI}_y}{\text{PPI}_0}$$

Where

“PPI_y” and “PPI₀” have the meaning ascribed to them in Clause 12.3;

- 14.7 Subject to Clause 14.2(a) and notwithstanding any other provision of the Deed, the Shipper shall defend, hold harmless and indemnify the Segal Group from and against any and all Claims which the Shipper may suffer or incur arising out of or in connection with GBS and the Gassled Operator’s operation thereof (including, without limitation, the non-availability of GBS, errors or omissions (accidental or otherwise) in the content and information available on GBS and/or the Gassled Operator’s acceptance or otherwise of Service Requests made by the Shipper) howsoever arising and by whomsoever caused and regardless of any negligence and/or breach of duty (statutory or otherwise) by the Segal Group or any of them, except to the extent that any such Claims results from the Wilful Misconduct of the Segal Group or any of them.

14.8 Subrogation Rights

The Parties undertake that any policies of insurance which are affected by the terms of the Deed shall contain waivers of subrogation rights reflecting the indemnities given in this Deed.

14.9 Claims Procedure

- (a) The Parties shall advise each other as soon as reasonably practicable of any Claim relevant to or affected by the provisions of the Deed.
- (b) The Parties shall use reasonable endeavours to ensure that the handling and defence of any Claim which is relevant to or affected by the provisions of the Deed is carried out in all material respects in accordance with the instructions of the Party or Parties which have given the relevant undertakings and indemnities.
- (c) In respect of any Claim against a Beneficiary in relation to which such Beneficiary intends to rely on the benefit of an undertaking or indemnity under Clause 3.3 to 3.5 (inclusive), Clause 5.5(c) or this Clause 14, the Beneficiary shall advise the Party or Parties which have given the undertakings and indemnities upon which the Beneficiary intends to rely as soon as reasonably practicable after receipt of the Claim. The Beneficiary shall not communicate with the claimant in respect of such Claim without the prior written consent of such Party or Parties and the Beneficiary shall, in respect of

matters reasonably within its control, use its best endeavours to ensure that the handling of any such Claim is carried out in all material respects in accordance with the instructions of such Party or Parties.

14.10 Status

- (a) The indemnities given in the Deed shall be full and primary and shall apply in respect of the full liability of the indemnifying Party, notwithstanding that the indemnified Party may be entitled to a contribution thereto from any Person.
- (b) This Clause 14 shall survive the termination of the Deed.

15 TERMINATION

15.1 Early Termination by the Segal Owners

The Segal Owners may terminate the Deed by giving written notice to the Shipper, with effect from delivery of the written notice:

- (a) if the Shipper has been prevented from delivering the Shipper Gas to any Entry Point for a period of twenty four (24) Months or more due to Force Majeure; or
- (b) if the Shipper does not deliver Shipper Gas to any of the Entry Points (other than due to Force Majeure) for more than twelve (12) consecutive Months during a Service Period; or
- (c) if, in the opinion of the Segal Owners, acting reasonably, any part of the Segal System or of FEP is damaged beyond economic repair; or
- (d) if a petition is presented to, and agreed to be heard by, a court having jurisdiction or an order is made or an effective resolution is passed or legislation is enacted for the dissolution, administration, liquidation or winding-up of the Shipper other than for the purpose of amalgamation or reconstruction; or
- (e) if the Shipper becomes insolvent or makes an assignment for the benefit of creditors or is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts (or if it is not a company to which such section applies would be so deemed if it were such a company); or
- (f) if a receiver or administrator is appointed or an encumbrancer takes possession of the whole or a material part of the assets or undertaking of the Shipper; or
- (g) if the Shipper ceases or threatens to cease to carry on its business or a major part thereof or a distress, execution or other process is levied or enforced or

sued out upon or against any significant part of the chattels or property of the Shipper and is not discharged within fourteen (14) days; or

- (h) if the Shipper is in breach of any of its obligations hereunder (save for breaches of Clause 23 to which (i) below applies) and, in the case of a breach capable of remedy, has failed to remedy such breach by the thirtieth (30th) day after the date of a notice from the Segal Owners so to do; provided that if the Shipper, acting to a Reasonable Standard, has commenced action to remedy such breach within the thirty (30) day period and continues such action until the breach is remedied, the Segal Owners shall not be entitled to terminate the Deed; or
- (i) following the expiry of any continuous period of thirty (30) days during which the Shipper is in default pursuant to Clause 23;
- (j) the Gassled Operator is not in compliance with its obligations under the Operator Interface Agreements or any of them and, in the case of a breach capable of remedy, has failed to remedy such breach by the thirtieth (30th) day after the date of a notice from the Segal Operator so to do;
- (k) in the event that the Shipper ceases to be a registered shipper in the Gassled System;

15.2 Early Termination by the Shipper

The Shipper may terminate the Deed by giving written notice to the Segal Owners, with effect from delivery of the written notice:

- (a) if the Segal Owners have been prevented from accepting Shipper Gas at any of the Entry Points for a period of twenty four (24) Months or more due to Force Majeure; or
- (b) if, in the opinion of the Shipper, acting reasonably, any part or parts of the Shipper Facilities which are necessary for the transportation of Shipper Gas to the relevant Entry Point and without which the Shipper will be unable to deliver any Shipper Gas to any of the Entry Points are damaged beyond economic repair; or
- (c) if the Segal Owners have failed to provide the Service (other than due to Force Majeure) for more than twelve (12) consecutive Months during a Service Period; or
- (d) a petition is presented to, and agreed to be heard by, a court having jurisdiction or an order is made or an effective resolution is passed or legislation is enacted for the dissolution, administration, liquidation or winding up of a Segal Owner other than for the purpose of amalgamation or reconstruction; or

- (e) a Segal Owner becomes insolvent or makes an assignment for the benefit of creditors or is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts (or if it is not a company to which such section applies would be so deemed if it were such a company); or
- (f) a receiver or administrator is appointed or an encumbrancer takes possession of the whole or a material part of the assets or undertaking of a Segal Owner; or
- (g) a Segal Owner ceases or threatens to cease to carry on its business or a major part thereof or a distress, execution or other process is levied or enforced or sued out upon or against any significant part of the chattels or property of a Segal Owner and is not discharged within fourteen (14) days; or
- (h) if a Segal Owner is in breach of any of its obligations hereunder (save for breaches of Clause 23 to which (i) below applies) and, in the case of a breach capable of remedy, has failed to remedy such breach by the thirtieth (30th) day after the date of a notice from the Shipper so to do; provided that if the Segal Owner acting to a Reasonable Standard or, where appropriate, the Segal Operator on its behalf acting as a Reasonable and Prudent Operator, has commenced action to remedy such breach within the thirty (30) day period and continues such action until the breach is remedied, the Shipper shall not be entitled to terminate the Deed; or
- (i) following the expiry of any continuous period of thirty (30) days during which a Segal Owner, or the Segal Operator, is in default pursuant to Clause 23.

15.3 Performance Assurance

The Deed shall terminate with immediate effect on the service of a Clause 9.2 Termination Notice in accordance with Clause 9.2(c).

15.4 Cessation of Operations

The Shipper may terminate the Deed with effect from the date on which the Shipper Facilities or any part thereof permanently discontinues operation such that the Shipper is unable to deliver Shipper Gas to any of the Entry Points provided that it gives not less than one (1) year's prior written notice to the Segal Owners specifying such date.

The Segal Owners may terminate the Deed with effect from the date on which the Segal System or FEP or any part of either required for the provision of the Service permanently discontinues operation provided it gives not less than one (1) year's prior written notice to the Shipper specifying such date.

15.5 Regulatory Charge/Emission Trading Cost

The Shipper may terminate the Deed by giving not less than three (3) months prior written notice to the Segal Owners in the event that the Shipper's Regulatory Contribution and/or Shipper's Emission Trading Contribution, as provided in Clause 12.12, makes it uneconomic for it to continue to receive the Service. In the event that the Segal Owners and the Shipper cannot agree:

- (a) if the Shipper's Regulatory Contribution and/or Shipper's Emission Trading Contribution makes it uneconomic for the Shipper to continue to receive the Service; and/or
- (b) the point in time at which it becomes uneconomic for the Shipper to so continue to receive the Service,

then any Party may, on one (1) Months' notice to the other Parties, refer the matter to an Expert for resolution.

15.6 Minimum Volumes

The Segal Owners may terminate the Deed by giving not less than three (3) months' prior written notice to the Shipper if the volume of Wet Gas received at St. Fergus has been less than six million Cubic Metres (6 Msm³) per Day for a period of three (3) consecutive Months or more during which the Segal System is operational, provided that if, after service of a notice hereunder, the Parties wish to commence negotiations regarding a new agreement for the continuation of the Service, the period of notice shall be extended to six (6) months.

16 NOTICES

16.1 Delivery and receipt

Save as otherwise provided herein, any notice required to be given pursuant to the Deed shall be in writing and may be given by delivering the same by hand at, or by sending the same by prepaid first class post, or by facsimile to the relevant addresses as set out in Clause 16.2 below (for the Segal Operator and the Segal Owners) and in the Deed (for the Shipper) or to such other address as a Party may notify in writing to the other Parties from time to time. Any such notice given as aforesaid shall be deemed to have been given and received:

- (a) if delivered by hand, at the time of delivery;
- (b) if sent by prepaid first class post, on the second Working Day following the Day of sending; and

- (c) if sent by facsimile when dispatched provided that the sender's transmission report indicates successful transmission to the correct fax number.

Any notice given or deemed to have been given after 17.00 hours on any Working Day or at any time on a day which is not a Working Day shall be deemed to have been given at 09.00 hours on the next Working Day.

16.2 Address for Service

Any notice given hereunder by any Party shall be similarly given to all other Parties, and any such notice shall be given to the Parties at their following respective addresses:

Shell U.K. Limited
1 Altens Farm Road
Nigg
Aberdeen AB12 3FY

Fax: 00 44 1224 884201
For the attention of the Commercial Manager

Esso Exploration and Production UK Limited
ExxonMobil House
Ermyrn Way
Leatherhead
Surrey KT22 8UX

Fax: 00 44 1372 222 622
For the attention of Manager Business Development– Europe NGL & Infrastructure

A Party may notify the other Parties of a change to the address or any of the other details specified in this Clause 16.2. Such notification shall be effective on the later of the date specified in such notice or five (5) Working Days after the notice is given.

16.3 Service of Process

The Shipper agrees that any process by which any suit, action or proceeding in England is begun may be served on the Shipper at the address specified for this purpose in the Deed.

Shell and Esso agree that any process by which any suit, action or proceeding in England is begun may be served on them at the addresses specified in Clause 16.2.

17 DISPUTES

- 17.1 If a dispute is one which falls or is agreed by all the Parties involved in a dispute (the “**Interested Parties**”) to be determined by reference to an Expert, then each of the Interested Parties agrees that the Segal Operator shall act as the sole representative of all the Segal Owners with full authority to agree on the appointment of the Expert pursuant to paragraph 1 of Schedule I.
- 17.2 No Party shall unreasonably withhold its consent to (a) Expert or court proceedings relating to the Deed and (b) Expert or court proceedings which relate to the same or a connected matter, being amalgamated into one single action or determination.

18 REPRESENTATIVE CAPACITY

- 18.1 The Shipper agrees that it shall look only to the Segal Owners for the due performance of the obligations of the Segal Operator under the Deed and nothing herein contained shall impose any liability upon, or entitle the Shipper to assert any claim or commence any proceedings against, the Segal Operator in respect of such obligations.
- 18.2 Without prejudice to Clause 18.1, any claim or proceedings which the Segal Owners may assert or commence against the Shipper under the Deed may, if agreed by the Segal Owners, be asserted or commenced by the Segal Operator in its own name only on behalf of the Segal Owners.

19 CONFIDENTIALITY AND PUBLIC ANNOUNCEMENTS

19.1 Confidentiality Undertaking

The Deed, and all data and information that has been or is hereinafter acquired or obtained by any Party under or in relation to the Deed (the Deed and such data and information being “**Confidential Information**”) shall, subject to this Clause 19, be held confidential and shall not be disclosed by any Party to any person other than a Party without the prior written agreement of all of the other Parties.

19.2 Permitted disclosures

Any Party may make available, without the prior agreement of the other Parties, any or all of such Confidential Information to any or all of the following:

- (a) its Affiliates;
- (b) any outside professional consultant of a Party or to any external contractor of a Party provided that such Party shall prior to such disclosure inform the other Parties of both the name of such consultant or external contractor and the Confidential Information to be disclosed to it;

- (c) any governmental authority having the right to require the same or otherwise to the extent required by law;
- (d) any of its directors, officers, employees, statutory auditors or external legal advisors or to any of its in house contractors (being a contractor or an employee of such contractor working as a member of staff of such Party but not falling within the legal definition of an employee) who is made aware of the confidential nature of such Confidential Information;
- (e) any bona fide intending assignee of its interest under the Deed;
- (f) any bank or financial institution from whom it or its Affiliates is seeking or obtaining finance or who is advising it in financial matters;
- (g) any recognised stock exchange or the Securities Exchange Commission of the United States of America in compliance with their rules and regulations;
- (h) any court of competent jurisdiction acting pursuant to its power;
- (i) an Expert, to the extent the Confidential Information refers to the matter having been referred to the Expert;
- (j) the Inland Revenue of the United Kingdom, the Norwegian Directorate of Taxation or any other taxation authorities having jurisdiction in respect of the tax affairs of the Party; and
- (k) a Shipper Operator.

19.3 Terms of Disclosure

- (a) Each Party shall procure that the Confidential Information disclosed to any of its Affiliates pursuant to this Clause 19 shall be held confidential by such Affiliate or Affiliates on the same terms as set out herein.
- (b) Prior to the disclosure of any Confidential Information to any Person referred to in Clauses 19.2(b). 19.2(e) or 19.2(f), such Person shall undertake in writing, in terms no less onerous than those in this Clause 19, to maintain such Confidential Information confidential. Any such undertaking shall be expressed to be in favour of all Parties.

19.4 Permitted Disclosure

The provisions of this Clause shall not apply to:

- (a) Confidential Information which is or becomes generally available to the public other than as a result of a breach of the provisions of the Deed; and

- (b) Confidential Information which was known to the recipient (other than as a result of a breach of the provisions of the Deed) at the time of its disclosure (such knowledge being evidenced by such Party's normal written records).

19.5 Duration of Undertaking

The provisions of this Clause 19 shall remain in force for a period of five (5) years subsequent to the termination of the Deed.

19.6 Public Announcements

Save and except in the case of an emergency, where the Segal Operator shall be entitled to act at its discretion, no Party shall issue or make any public announcement or statement regarding the Deed or the Segal Operations unless prior thereto it furnishes the other Parties with a copy of such announcement or statement and obtains the approval in writing of the other Parties (such approval not to be unreasonably withheld) provided that, notwithstanding any failure to obtain such approval, no Party or any Affiliate of such Party shall be prohibited (but subject always to providing a prior copy to the Parties) from issuing or making any such public announcement or statement if it is necessary to do so in order to comply with any applicable laws or the regulations of a recognised stock exchange or the Securities and Exchange Commission of the United States of America or the information is in the public domain. The Party issuing or making such public announcement or statement shall promptly furnish the other Parties with a copy of any such announcement or statement.

20 ASSIGNMENT

20.1 Assignment to Affiliates

Each Party shall have the right to assign all or any part its rights, benefits and obligations under the Deed to an Affiliate of such Party. Such assignments shall be effected by a novation signed by the assignee/transferee and the Parties, or by such other document as the Parties (other than the Party proposing the assignment) may reasonably require. Such assigning Party shall remain liable, on a joint and several basis, for the obligations of its Affiliate (whether it remains an Affiliate or not) unless the other Parties agree in writing to release the assigning Party from such liability (such agreement not to be unreasonably withheld).

20.2 Assignment by the Segal Owners

Save as otherwise provided in Clause 20.1, a Segal Owner shall not assign or transfer to any Person any of its rights and obligations under the Deed without the prior written consent of the Shipper, which shall only be withheld on grounds of lack of financial and/or technical capability of the proposed assignee/transferee to discharge the obligations of a Segal Owner under the Deed to the reasonable satisfaction of the

Shipper. Such assignments or transfers shall be effected by a novation signed by the assignee/transferee and the Parties.

20.3 Assignment by Segal Operator

- (a) Notwithstanding the provisions of Clause 20.1, the Segal Operator may assign or transfer its interest as Segal Operator under the Deed to any Person which is a Segal Owner (or an Affiliate of a Segal Owner) who is designated as the Segal Operator by the Segal Owners. Such assignment or transfer shall be effected by a novation signed by the Parties and the assignee/transferee.
- (b) Save as otherwise provided in Clause 20.3(a), the Segal Operator shall not assign or transfer to any Person its interest as Segal Operator under the Deed without the prior written consent of the Shipper, which shall only be withheld on grounds of the lack of financial and/or technical capability of the proposed assignee/transferee to discharge the Segal Operator's obligations under the Deed to the reasonable satisfaction of the Shipper. Such assignment or transfer shall be effected by a novation signed by the Parties and the assignee/transferee.

20.4 Assignment by the Shipper

Save as otherwise provided in Clause 20.1:

- (i) unless otherwise agreed by the Segal Owners, the Shipper shall only be entitled to assign or transfer to any Person all (and not part) of its rights and obligations under the Deed;
- (ii) the Shipper shall not be entitled to transfer or assign its rights and obligations under the Deed without the prior written consent of each of the Segal Owners, which consent shall only be withheld on grounds of lack of financial and/or technical capability of the proposed assignee/transferee to discharge the obligations of the Shipper under the Deed;
- (iii) Any such assignment or transfer shall be effected by a novation signed by the assignee/transferee and the Parties.

20.5 Costs

All costs and expenses relating to any assignment or transfer pursuant to this Clause 20 shall, as between the Parties, be the responsibility of the assignor. For the avoidance of doubt any stamp duty incurred on the documents executed to effect such assignment or transfer shall either be paid by the assignor, or the assignor shall be responsible to procure the payment of the same by the assignee.

21 FORCE MAJEURE

21.1 Non-Performance Excused for Force Majeure

Subject to such Party's compliance with the provisions of this Clause 21, a Party shall not be in breach of the Deed or otherwise liable to any other Party for non-performance of any obligations under the Deed to the extent that such breach or non-performance is caused by Force Majeure but provided that such Party shall not be required to:

- (a) settle any labour dispute or industrial or public disturbance or blockade except in such manner as it shall in its own judgement consider acceptable; or
- (b) incur any extraordinary costs or make other than commercially reasonable investments.

21.2 Meaning of Force Majeure

“Force Majeure” shall, subject to Clauses 21.3 and 21.4, mean any event or circumstance, the occurrence of which is beyond the reasonable control of the Party concerned (acting and having acted as a Reasonable and Prudent Operator or to a Reasonable Standard).

21.3 Force Majeure Events or Circumstances

Without limitation to the generality of Clause 21.2, the following events or circumstances shall qualify as Force Majeure provided the requirements of Clause 21.2 are also satisfied in respect of any such event or circumstance:

- (a) acts of God, earthquake, flood, lightning, fires, storm, storm warnings, and navigational and maritime perils;
- (b) strikes, lockouts or other industrial disturbances;
- (c) acts of war, civil disturbances, blockades, insurrections, riots, occupation of premises or facilities, terrorism, epidemics;
- (d) any law, order, rule, regulation, act, restraint, omission or failure to act of any governmental body or authority, civil or military (whether or not in fact legally valid);
- (e) accident, failure, breakage, fire, explosion or other damage or malfunction resulting in the partial or complete shutdown of any part of the Segal System and/or of FEP;
- (f) freezing of Entry Points or Redelivery Points facilities, measurement meters and equipment, other parts of the Segal System and/or of FEP or the Shipper Facilities; or

- (g) delay in receiving equipment, other materials or services after the Commencement Date.

21.4 Events or Circumstances which are not Force Majeure

Notwithstanding Clause 21.2, the following events or circumstances shall not, in any event, constitute Force Majeure:

- (a) either (i) the breakdown or failure of machinery caused by normal wear and tear, which should have been anticipated by a Reasonable and Prudent Operator and/or (ii) the non-availability of standby equipment or spare parts in circumstances where a Reasonable and Prudent Operator would have had such equipment or spare parts available to remedy such breakdown or failure;
- (b) financial hardship or the inability of a Party, and/or any Affiliate of a Party, to make a profit or achieve a satisfactory rate of return resulting from performance or failure to perform its obligations under the Deed or from the use of the Service or from the transportation of Shipper Gas or the sale of Natural Gas and/or NGLs and/or Products derived from Shipper Gas;
- (c) loss of customers, loss of market share, or reduction in demand for Natural Gas and/or NGLs and/or Products derived from Shipper Gas;
- (d) failure or inability to perform attributable to charges or tariffs and rates hereunder or currency devaluation;
- (e) the failure of performance or exhaustion of any reservoir;
- (f) the failure of any purchaser or potential purchaser of Sales Gas, NGLs or Products to take delivery of Sales Gas, NGLs or Products;
- (g) failure by a Shipper Operator to act as a Reasonable and Prudent Operator;
- (h) any failure of the Shipper to perform its obligations as a result of events or causes affecting the Gassled Operator or the Gassled System where such event or causes would not constitute Force Majeure as defined in this Clause 21;
- (i) failure of the Shipper to secure capacity in the Gassled System such that the Shipper cannot deliver Shipper Gas to all or any of the Entry Points; or
- (j) where the Shipper intends to deliver at an Entry Point Wet Gas not owned by it for transportation under the Deed, the failure of the owner of such Wet Gas to deliver or procure the delivery of such Wet Gas to the Shipper such that the Shipper cannot deliver or tender it for delivery at an Entry Point.

21.5 Payment obligations not excused

The obligations of a Party to make any payment under the Deed shall not be suspended by an event or circumstance of Force Majeure save to the extent that the failure to pay money when due was caused by an event or circumstance of Force Majeure affecting all reasonable means of payment. In which event, upon the cessation of such Force Majeure, the Party affected shall pay, in addition to the sums due and not paid, interest on such sums calculated at the LIBOR Rate plus one percent (1%) from the date upon which payment was due up to the date of payment (inclusive).

21.6 Application of Relief

- (a) A Party intending to seek relief under this Clause 21 shall not be entitled to such relief unless such Party:
 - (i) within ten (10) Working Days of the Day upon which the Party first knew or ought reasonably to have known of the failure to fulfil an obligation for which relief is sought hereunder notifies the other Parties thereof and of its intention to claim Force Majeure relief under this Clause 21 and provides the other Parties with an interim report (in such detail as it is reasonably practicable to achieve within such period) as to the place of and to its opinion as to the reasons for such failure and the period of time required to remedy it;
 - (ii) within thirty (30) Working Days of the day upon which the Party first knew or ought reasonably to have known of the failure to fulfil an obligation for which relief is sought hereunder provides the other Parties with a further report containing such further information (if any) as it shall have been reasonably practicable to have obtained within such period (including information obtained in response to another Party's reasonable requirements).
- (b) Following a Party's satisfaction of the provisions of Clause 21.6 (a) above, Clause 21.1 shall be deemed to have had effect from the date that such Party is first unable to perform its obligations due to Force Majeure.

21.7 Remedy

Any Party seeking relief pursuant to this Clause 21 shall, as soon as reasonably practicable after the commencement of Force Majeure, proceed with diligence and as expeditiously as possible to do all things as may be reasonably practicable at its own reasonable cost to remedy the event or circumstance causing such non-performance and to minimise the interruption thereby caused, provided that no Party shall be required to:

- (a) settle any labour dispute or industrial or public disturbance or blockade except in such manner as it shall in its own judgement consider acceptable; or

- (b) incur any extraordinary costs or make other than commercially reasonable investments, including investment in development of transportation or pipeline facilities.

21.8 No Extension of Service Period

No occurrence of Force Majeure shall be construed as or result in extending the duration of any Service Period.

22 AUDITS

22.1 Shipper's Audits

The Shipper may appoint an auditor for the purposes of this Clause 22. Any such auditor must be independent of the Shipper and acceptable to the Segal Operator, such acceptance not to be unreasonably withheld. A Person shall be deemed not to be independent if such Person would have been prevented by Schedule I paragraph 2(b) or (c) from being appointed as an expert if he was being considered for such an appointment.

The Segal Operator shall give such auditor access to the Segal System and relevant records to verify to the Shipper:

- (a) that capacity has been allocated in accordance with the procedure given in Schedule C in the event of a Capacity Reduction;
- (b) that the Segal Operator has made notification in accordance with Clause 9.3(a);
- (c) that the revenue, costs and expenses referred to in Clauses 9.4 or 11.2 have been correctly calculated in accordance with those Clauses;
- (d) that the Shipper's Emissions Trading Contribution and the Shipper's Regulatory Contribution have been correctly calculated in accordance with Clause 12.12;
- (e) that all components of Shipper Gas have been allocated in accordance with the Allocation Procedure and the accuracy of the measurement equipment meters at the St Fergus and Mossmorran Disposal Points (as defined in the Allocation Procedure) to the extent relevant to the components allocated to the Shipper;
- (f) that the threshold specified in Clause 15.6 has been reached.

If an audit demonstrates that a matter is inconsistent with the Deed, the Segal Operator shall investigate and rectify the matter accordingly. The Segal Operator shall document all rectifications to the Shipper's reasonable satisfaction.

22.2 Co-ordination of Audits

The Shipper shall use its reasonable endeavours to have their audit carried out in conjunction with an audit to be carried out by a User or by a regulatory body (in either case a “**Third Party Audit**”), with the costs thereof being shared appropriately. If, having been given twenty-one (21) days notice of a Third Party Audit, the Shipper elects not to carry out its audit in conjunction with the Third Party Audit, the Shipper will be deemed to have waived its rights to audit the relevant matters.

22.3 Segal Audits

The Shipper shall give, or procure that there is given, to the Segal Operator and the Segal Owners, and/or any auditor appointed by them, access to the Shipper Facilities and relevant records in order to

- (a) witness the installation and operation of Measuring Equipment;
- (b) witness meter proving, calibration, measurement, sampling and analysis carried out pursuant to Schedule F by the Shipper Operator;
- (c) inspect any of the Measuring Equipment and/or records, including computer records, procedures and facilities related to the operation, maintenance, repair, and, where applicable, proving and calibration of any of the Measuring Equipment; and
- (d) audit the Measuring Equipment, systems, procedures and agreements approved by the Segal Operator.

22.4 Costs

Each Party shall pay its own costs and expenses related to an audit; provided that offshore logistics costs shall be borne by the Shipper.

22.5 Frequency and Conduct of Audits

- (a) The Shipper shall give thirty (30) days notice to the Segal Operator of its intention to carry out an audit and the names of the individuals who will carry out such audit. The Parties shall agree the date of commencement of the audit, such agreement not to be unreasonably withheld.
- (b) The Segal Operator shall give thirty (30) days notice to the Shipper of its intention to carry out an audit and the names of the individuals who will carry out such audit. The Parties shall agree the date of commencement of the audit, such agreement not to be unreasonably withheld.

- (c) The Shipper shall only be entitled to exercise the audit rights to verify the matters specified in Clause 22.1, other than that in Clause 22.1(e), once per relevant event.
- (d) The Shipper shall only be entitled to exercise its audit rights to verify the matters specified in Clause 22.1(e) once in any Year.
- (e) The Segal Operator shall only be entitled to exercise its audits right twice in any Year in relation to each facility which forms part of the Shipper Facilities.
- (f) The Party instructing an audit shall procure that its auditor causes the minimum of interference and strictly observes all safety procedures as required by the operator of the relevant facilities. Onshore audits shall be carried out during normal business hours.

22.6 Information

The Parties shall ensure that full and complete data, information and records, including computer records, are kept and that such data, information and records are made available to the auditor.

22.7 Confidentiality

- (a) The Shipper shall not be entitled to receive any data or information of a confidential nature relating to the matters which are to be verified by an independent auditor.
- (b) The Parties shall procure that any auditor appointed by them is bound by confidentiality obligations equivalent to those contained in Clause 19.

22.8 Period

The audit rights set out in this Clause 22 shall continue for a period of two (2) years after the end of the Year to which the audit relates, even if the Deed has terminated.

23 PAYMENTS

- 23.1 All sums payable pursuant to the Deed are exclusive of VAT. In the event, or to the extent, that VAT or any tax analogous thereto (including sales tax, excise duty or duty) becomes payable by a Party issuing an invoice in respect of any supply made under the Deed, any such amount of VAT or analogous tax shall be paid by the paying Party provided that the invoice qualifies as a VAT or analogous tax invoice.
- 23.2 Unless otherwise provided, any payment due from any Party to another pursuant to the Deed shall be made within twenty (20) days of the date of receipt of the relevant invoice.

- 23.3 Invoices submitted shall include sufficient payment instructions to enable the paying Party to comply with the payment provisions. If any amount invoiced is disputed (including where the paying Party disputes that liability for any Regulatory Charge or Emissions Trading Cost have been apportioned in accordance with Clause 12.12), the amount shall nonetheless be paid in full by the Party to whom the invoice is addressed but the paying Party shall notify the Party or Parties to be paid of the particulars of the dispute at the time such payment is made. If, notwithstanding the use of their reasonable endeavours, the relevant Parties are unable to resolve the dispute or any part thereof within thirty (30) days of receipt of notice of the dispute by the Party that has been paid, any of the paying Party and the Party or Parties that has or have been paid may refer the matter to an Expert for determination. Any amounts due following resolution of a dispute shall be subject to an interest rate equivalent to the LIBOR Rate plus three percentage points (3%).
- 23.4 Any failure by a Party to pay any sums due in accordance with the Deed shall constitute a default. The Party not in default shall be entitled to charge interest compounded monthly on amounts due in default at a rate equal to three percentage points (3%) above the LIBOR Rate effective from time to time during the period of default, which shall commence on the first day following the due date for payment up to and including the Working Day on which payment is made. The previous Working Day's quoted rate shall be applicable on any non-Working Day.

24 DIVIDED RIGHTS

- 24.1 The Segal Owners shall, at least twelve (12) months prior to the earliest Contract Year at which they can offer a divided rights service (“**DR Date**”) send notice to the Shipper stating the DR Date (“**DR Notice**”). On receipt of such notice, the Shipper may within one (1) month notify either or both of the Segal Owners that it wishes to receive an offer for a divided rights service commencing on the DR Date.
- 24.2 By 15th of April each Year the Segal Owners shall use reasonable endeavours to submit to the Shipper an estimate of the DR Date (“**Expected DR Date**”). For the avoidance of doubt the Expected DR Date shall be for information and planning purposes only and shall not be binding in any way. The Segal Owners reserve the right to submit a superseding Expected DR Date in the event of a change to the prevailing conditions and forecasts including, by way of example and without limitation, a change in capacity requirements through changes to existing or new equity production, or existing or new third party business or in Segal System capacity.

25 GENERAL PROVISIONS

- 25.1 Entire Agreement
- (a) Save as provided in Clause 25.1(d), the Deed constitutes the entire agreement and understanding of the Parties and supersedes any previous agreement between the Parties relating to the subject matter of the Deed.

- (b) Each of the Parties acknowledges and agrees that in entering into the Deed it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any Person (whether party to the Deed or not) other than as expressly set out in the Deed. In particular, but without limitation, the Shipper agrees that the Segal Booking Manual shall have no contractual effect.
- (c) Nothing in this Clause 25 shall, however, operate to limit or exclude any liability for fraud.
- (d) The Deed does not supersede or replace the Existing Agreements which, to the extent that they are in full force and effect, continue to be so in accordance with their terms.

25.2 Waiver

- (a) The failure to exercise or delay in exercising a right or remedy provided by the Deed or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies.
- (b) No waiver by any Party of any provision of the Deed shall be binding unless made expressly and expressly confirmed in writing. Any such waiver shall relate only to such matter, non-compliance or breach to which it expressly relates and shall not apply to any subsequent or other matter, non-compliance or breach and shall not affect the other terms of the Deed.

25.3 Successors and assigns

The Deed shall be binding upon and endure for the benefit of the Parties, their successors and permitted assigns.

25.4 No partnership

Nothing in the Deed shall create or shall be construed as creating a partnership of any kind or an association or as imposing upon any Party any duty, obligations or liability of a partnership nature.

25.5 Liability

The liability of the Segal Owners to the Shipper shall be several in proportion to their respective Segal Percentage Interests.

25.6 Amendments and Variation

- (a) Subject to Clauses 25.6(b) and (c), any amendment or modification to the Deed shall be expressly agreed in writing and shall not be valid unless duly signed and executed by the authorised representatives of each of the Parties.
- (b) The Segal Operator, acting as a Reasonable and Prudent Operator, may at any time amend Schedules C, E, (Parts I, II, III and IV), F and/or G having given the Shipper reasonable advance notice of all material amendments and the reasons therefor; provided that such amendments shall not materially prejudice the Shipper relative to other users of the Segal System.
- (c) The Segal Owners may, after the Commencement Date, choose:
 - (i) to offer capacity in the Segal System on an interruptible basis. The Segal Operator may make such amendment to these Terms and Conditions and the Deed as it considers necessary in order to allow capacity to be booked on an interruptible basis provided that it has first given the Shipper reasonable advance notice of all material amendments and the reasons therefor and provided also that such amendments shall not materially prejudice the Shipper's existing Bookings at the time of such amendment.
 - (ii) to allow shippers from the NCS who have booked capacity in the Segal System using GBS to trade (by way or sale or otherwise) such capacity. The Segal Operator may make such amendment to these Terms and Conditions and the Deed as it considers necessary in order to allow capacity to be so traded provided that it has first given the Shipper reasonable advance notice of all material amendments and the reasons therefor and provided also that such amendments shall not materially prejudice the Shipper's existing Bookings at the time of such amendment.

25.7 Contracts (Rights of Third Parties) Act 1999

- (a) Subject to the remaining provisions of this Clause 25.7, the Parties intend that, by virtue of the Contracts (Rights of Third Parties) Act 1999:
 - (i) any relief from or exclusion of liability, hold harmless, indemnity or benefit created in favour of the Segal Group or the Shipper Group by virtue of Clauses 3.3 to 3.5 (inclusive), Clause 5.5(c) and Clause 14 of these Terms and Conditions, be enforceable, in accordance with their terms, by the members of the Segal Group and the Shipper Group who are not Parties;
 - (ii) Clause 4 of the Deed may be enforced by any Designated Affiliate of Shell and by any Designated Affiliate of Esso.
- (b) Notwithstanding Clause 25.7(a) above, the Deed (and, for clarity, these Terms and Conditions which are incorporated therein) may be terminated, rescinded, amended or varied by the Parties without notice to or the consent of any Third Party even if, as a

result, that Third Party's right to enforce a term of Clauses 3.3 to 3.5 (inclusive), Clause 5.5(c) or Clause 14 of these Terms and Conditions, or Clause 4 of the Deed, will be varied or extinguished.

- (c) No member of the Segal Group or the Shipper Group who is not a Party shall be entitled to assign any benefit conferred on it under the Deed by virtue of the Contracts (Rights of Third Parties) Act 1999.
- (d) The benefits conferred on the members of the Segal Group and the Shipper Group which are not Parties by virtue of Clauses 3.3 to 3.5 (inclusive), Clause 5.5(c) and Clause 14 of these Terms and Conditions shall only apply on the condition that the Person concerned (the "**Beneficiary**"):
 - (i) complies with Clause 14.9;
 - (ii) submits its written acceptance to the Parties that Clauses 3.3 to 3.5 (inclusive), Clause 5.5(c) and Clause 14 sets out the entire liabilities of the Parties to the claimant and that no Party shall be liable to such claimant for any other loss incurred or damage suffered by it in respect of the matters referred to in Clause 3.3 to 3.5 (inclusive), Clause 5.5(c) and this Clause 14; and
 - (iii) does not seek any further or other remedy (whether under the Deed or otherwise) in respect of the stated Claim.
- (e) The Parties intend that no Person who is not a Party shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of the Deed except as provided for in this 25.7.

SCHEDULE A**THE SEGAL PERCENTAGE INTERESTS**

Segal Owner	Segal Percentage Interest
Shell	50%
Esso	50%
	<hr/> <u>100%</u>

SCHEDULE B**SEGAL SYSTEM**

The Segal System consists of:

- (a) the twenty inch (20") nominal diameter pipeline from the Fulmar Platform to St Fergus (**"Fulmar Gas Line"**);
- (b) the desulphurisation facilities at St Fergus, Aberdeenshire, Scotland for gas arriving at St Fergus through the Fulmar Gas Line (**"Fulmar Gas Line Onshore Facilities"**);
- (c) the thirty-six inch (36") nominal diameter pipeline from the Brent 'B' platform to St Fergus with a twenty-four inch (24") nominal diameter feeder pipeline from the Brent 'A' platform (**"FLAGS Pipeline"**);
- (d) the gas and NGLs processing plant at St Fergus (excluding the Goldeneye facilities) (**"St Fergus"**);
- (e) the eighteen inch (18") nominal diameter pipeline for the transportation of methane, ethane, propane and butane either separately or in combination between St Fergus and Peterhead Power Station;
- (f) the six inch (6") nominal diameter pipeline for the transportation of natural gasoline and associated NGLs between St Fergus and Cruden Bay;
- (g) the twenty inch (20") nominal diameter pipeline for the transportation of NGLs from St Fergus to the NGLs plant at Mossmorran, Fife, Scotland (**"NGLs Pipeline"**);
- (h) the facilities to fractionate NGLs, a sulfinol unit and facilities for storage at Mossmorran (**"Mossmorran"**);
- (i) the loading pipelines for fractionated NGLs, pipelines to return vapours from such fractionated NGLs and the pipeline for loading natural gasoline, all between Mossmorran and Braefoot Bay on the Firth of Forth, Scotland;
- (j) the jetty and facilities to load fractionated NGLs onto vessels at Braefoot Bay (**"Braefoot Bay Jetty"**);
- (k) the flange at Mossmorran for re-delivery of fractionated ethane;
- (l) the sixteen inch (16") nominal diameter pipeline from the Cormorant "A" platform to the Brent "A" platform together with all equipment associated with the tie-in of

spurlines to such pipeline from platforms using such pipeline (“**Western Leg Trunkline**”); and

- (m) any other facilities relative to the above used by the Segal Operator to provide the Service.

SCHEDULE C

CAPACITY REDUCTION PROCEDURE

1 Definitions

Expressions used herein are as defined in the Deed or the Terms and Conditions of which this Schedule forms part, unless defined below:

“**Agreed Field**” means, solely for the purpose of this Schedule C, a BG Field or a Non BG Field, and “Agreed Fields” shall be interpreted accordingly;

“**Available Capacity**” means the maximum capacity in the relevant parts of the Segal System actually available on the Day;

“**BG Field**” means a Field or Field Group from which the gas produced therefrom is sold to British Gas Trading Limited (“**BGTL**”) or part of the gas production from a Field which is sold to BGTL and agreed by BGTL to be treated as a separate Agreed Field for the purposes of the allocation of Sales Gas;

“**Booked Capacity**” means, for each Agreed Field, the capacity in the Segal System which has been reserved for that Day for each Field and means:

- (i) in the case of gas from an Agreed Field transported and/or processed in the Segal System in accordance with the terms and conditions of transportation agreements between the Segal Owners and the owners of such gas, the capacity required to fulfil the Segal Operator’s obligations in respect of capacity in the Segal System under such transportation agreements (excluding reasonable endeavours or similar obligations thereunder); and
- (ii) in the case of gas owned by Shell and/or Esso which is not subject to the terms of transportation agreements in relation to capacity in the Segal System, then:
 - (A) where the gas is produced in association with crude oil, the capacity required to transport and/or process the peak export of gas attributable to Shell and Esso for the Contract Year in question; or
 - (B) where the gas is not produced in association with crude oil, the capacity required to enable the maximum volume of gas required to meet obligations pursuant to sales contracts entered into by Shell and/or Esso in respect of the gas together with a reasonable allowance for fuel and flare;

“**Field**” means any hydrocarbon accumulation or accumulations which is or are treated by the Segal Operator as a separate field for the purposes of this Schedule C;

“**Field Group**” means a group of Fields which the Field owners have advised the Segal Operator that they wish to have treated as though it were a single Agreed Field for the purposes of allocating capacity in the Segal System in the event of a restriction;

“**Non BG Available Capacity**” is defined in Section 2(a) of this Schedule C;

“**Non BG Field**” means a Field or portion of a Field or Field Group agreed by BGTL to be treated as a separate Agreed Field for the purposes of allocation of Sales Gas from which gas produced therefrom is not sold to BGTL;

“**Non BG Priority Capacity**” means the Priority Capacity reserved for Non BG Fields;

“**Non BG Priority Booked Capacity**” means the result of aggregating the “Booked Capacity” declared by each of the Non BG Priority Fields;

“**Non BG Priority Field**” means a Non BG Field which is entitled to Priority Capacity;

“**Priority Capacity**” means the total capacity in the relevant part(s) of the Segal System which has been reserved by the Segal Operator for that Day in accordance with contractual obligations existing at the Commencement Date in respect of Capacity Reductions. The Priority Capacity on a Day shall not exceed a maximum of three decimal five million Cubic Metres (3.5Msm³/d);

“**Total Capacity**” means the sum of the Booked Capacities for that Day.

2. Procedure

The capacity available for Shipper Gas during a Capacity Reduction shall be calculated as follows:

- (a) the proportion of the Available Capacity to which the Non BG Fields are entitled shall be calculated by dividing the sum of the Booked Capacities of the Non BG Fields by the Total Capacity and multiplying such proportion by the Available Capacity to get the ‘Non BG Available Capacity’;
- (b) any Non BG Priority Capacity shall be subtracted from the Non BG Available Capacity up to a maximum of the nominations of the relevant Non BG Fields who are entitled to Priority Capacity on the Day;
- (c) following any deductions pursuant to Section 2(b) above, the remaining Non BG Available Capacity shall be allocated to the Non BG Fields in proportion to their Booked Capacities.

In summary:

Shipper Gas capacity on a Day = (A-B) x (E/(C-D))

Where:

- A means the Non BG Available Capacity on that Day
 - B means the Non BG Priority Capacity on that Day
 - C means the aggregate of the Booked Capacities of all Non BG Fields on that Day
 - D means the Non BG Priority Booked Capacity on that Day
 - E means the Shipper Booked Capacity.
- (d) any Non BG Available Capacity which is not used by a Field or Field Group to which it is allocated shall be re-allocated to other Non BG Fields or Field Groups pro rata to their Booked Capacities;
 - (e) if following (d) there is excess Non BG Available Capacity not required by Non BG Fields or Field Groups on the Day such capacity shall be made available to the BG Fields; and
 - (f) any capacity allocated to BG Fields which is not required by any of the BG Fields on the Day shall be made available to the Non BG Fields and shall be allocated pro rata to their Booked Capacities following (c) and (d) above.

SCHEDULE D**FLAGS ENTRY SPECIFICATION**

The FLAGS Entry Specification is as set out below.

Shipper Gas shall be technically free from objectionable odours and dust or other solid or liquid matters, waxes, gums and gum forming constituent which might cause injury to or interference with the operation of the lines, meters, regulators or other appliances through which it flows.

Shipper Gas shall comply with the following technical specification:

SPECIFICATION		
Water Content	Max	35 ppm vol
Cricondenbar	Max	105 bar(a)
Total Sulphur	Max	15 ppm vol (expressed as H ₂ S)
Hydrogen Sulphide	Max	2.5 ppm vol
Carbon Disulphide		Nil
Mercaptans		Nil
Carbon Dioxide	Max	1.6 % mol
Oxygen	Max	10 ppm vol
Triethyelene Glycol (TEG)	Max	0.6 ppm vol
Methanol	Max	100 ppm vol (Note 1)
Temperature at Entry Point	DesignMax	57 deg C
	Design Min	0 (zero) deg C
Arrival Pressure at Entry Point	Design max	140.2 barg
Mercury	Max	0.01 ug / m ³
Non-hydrocarbon content	Max	5.5 mol%
C3+ (propane and heavier)	Min	5.5 mol%

NOTES:

1. Use of methanol shall be strictly limited on a reasonable endeavours basis for start up purposes only.

SCHEDULE E**GAS AND PRODUCT SPECIFICATIONS****Part 1****ETHANE**

Characteristics	Designation	Test Method
Composition		
Ethane mol percent, min	85	ASTM D-2163
Carbon Dioxide mol percent, max	7.0	ASTM D-2163
Methane mol percent, max	2.5	ASTM D-2163
Propane mol percent, max	8	ASTM D-2163
Hydrogen sulphide ppm mol, max	40	BS 4250

Part II**PROPANE**

Characteristics	Designation	Test Method
Vapour pressure at 37.8 ° C, Bar gauge max	14.34	ASTM D-2598
Composition		
Ethane, liquid volume percent, max	2.0	ASTM D-2163
Propane, liquid volume percent, min	95.5	ASTM D-2163
Butane and heavier liquid volume percent, max	2.5	ASTM D-2163
Olefins, liquid volume percent, max	1	ASTM D-2163
Residual Matter		
R number, max	10	ASTM D-2158
O number	Pass	ASTM D-2158
Corrosion — Copper strip, max	No 1	ASTM D-1838
Total Sulphur ppm by mass, max	50	ASTM D-2784
Hydrogen Sulphide ppm by volume, max	<1	BS4250
Moisture Content	Pass	ASTM D-2713

Part III**BUTANE**

Characteristics .	Designation	Test Method
Vapour pressure at 37.8 ⁰ C, Bar gauge max	4.83	ASTM D-2598
Composition		
Butane, liquid volume percent, min	95.0	ASTM D-2163
Pentane and heavier liquid volume percent, max	2.0	ASTM D-2163
Olefins, liquid volume percent, max (typically not detected)	1	ASTM D-2163

Residual Matter		
R number, max	10	ASTM D2158
O number	Pass	ASTM D-2158
Corrosion — Copper strip, max.	No 1	ASTM D-1838
Total Sulphur ppm by mass, max	50	ASTM D-2784
Hydrogen Sulphide ppm by volume, max	<1	BS 4250
Free Water Content	None	ASTM D-1835

Part IV
NATURAL GASOLINE

Characteristics	Designation	Test Method
Maximum true vapour pressure	0.7 Bar absolute at 26.7 ⁰ C	ASTM D-2889

Part V
SALES GAS REDELIVERY SPECIFICATION

Sales Gas shall be technically free from objectionable odours and dust or other solid or liquid matters, waxes, gums and gum forming constituent which might cause injury to or interference with the operation of the lines, meters, regulators or other appliances through which it flows.

CV (MJ/m ³)	Range	36.9 – 42.3
Wobbe Index (MJ/m ³)	Range	48.2 – 51.2
Water Dewpoint	Max	69 bar g @ minus 10 deg C
Hydrocarbon Dewpoint	Max	72.39 bar @ minus 2 deg C
Total Sulphur	Max	35ppm vol (expressed as H ₂ S)
Hydrogen Sulphide	Max	3.3 ppm vol
Carbon Dioxide	Max	2% mol
Oxygen	Max	0.1 mol%
Delivery Temperature	Range	5 – 38 deg C
Delivery Pressure	Max	72.39 barg

NOTE

The components re-delivered to the Shipper at the Redelivery Point for Sales Gas shall be deemed to comply with the Sales Gas Redelivery Specification if those components are (a) redelivered in a commingled stream which complies with the Sales Gas Redelivery Specification or (b) are accepted into the NTS, even if the sum of the components allocated to the Shipper do not themselves comply with the Sales Gas Redelivery Specification.

SCHEDULE F

MEASUREMENT

INTERPRETATION AND DEFINITIONS

1.1 All procedures, results, documents and reports, which are to be provided to the Segal Operator under this Schedule F, shall be in the English language.

1.2 In this Schedule F the following terms shall have the following meanings:

“**Calorific Value**” shall have the meaning ascribed to such expression in Schedule F B.7(3)(ii)(d);

“**continual**” where used in the context of the frequency of availability of results in relation to measured quantities in Schedule F shall mean measurements for component analysis where sampled data and/or analysis phases are required, i.e., gas chromatographic analysis of component fractions or vapour pressure shall mean that the signal from the analysis unit shall be made available at the relevant input interface terminal upon completion of a complete sampling and analysis cycle;

“**continuous**” where used in the context of the frequency of availability of results in relation to measured quantities in Schedule F shall mean measurements for instantaneous measurements of mass/volume, flow- rate, temperature, pressure and Density shall mean that the signal from the field transducers shall be continuously available at the relevant input interface terminal;

“**Coriolis Meter**” means a meter that uses the inertial force exerted on an object as a result of movement relative to a rotating frame of reference to measure the amount of mass moving through the element. The substance to be measured runs through a U-shaped tube that is caused to vibrate in a perpendicular direction to the flow. Fluid forces running through the tube interact with the vibration, causing it to twist. The greater the angle of the twist, the greater the flow;

“**Density**” means the mass of a sample divided by its volume at specified conditions of temperature and pressure as more particularly defined in ISO 6976: 1995;

“**Flowing Density**” means the mass of a sample divided by its volume at specified conditions of the flowing lines temperature and pressure from which the sample was taken;

“**Pascal**” shall have the meaning ascribed to such expression in Schedule F B.7(3)(ii)(a);

“**Relative Density**” shall have the meaning ascribed to such expression in Schedule F B.7(3)(ii)(c);

“**Ultrasonic Meter**” means a meter that measures flow by determining the difference in transit time of ultrasonic pulses. Flow measurement is determined by measuring the time required for an ultrasonic pulse to be transmitted between two transducers that are mounted at an angle relative to the gas or fluids (as the case may be) flow. When the ultrasonic signal is travelling in the downstream direction, the transit time of the pulse is less than when it is travelling in the upstream direction. The difference between the upstream and downstream transit times is directly proportional to the velocity of the gas or fluids (as the case may be).

SECTION A: TELEMETRY AND TELECOMMUNICATIONS

- (1) The Shipper shall procure that the Shipper Operator shall install telemetry equipment in respect of each Source Measurement Point which shall be capable of automatically transmitting via the Telecom Equipment to the computer based monitoring system at the Segal Operator’s Control Centre the following information relating to Shipper Gas measured at that Source Measurement Point:
- (a) the cumulative total mass with a resolution of zero decimal one (0.1) Tonne;
 - (b) the instantaneous mass flow rate measured in Tonnes per hour;
 - (c) the cumulative total volume with a resolution of one hundred (100) Cubic Metres;
 - (d) the instantaneous standard volumetric flow rate measured in Cubic Metres per hour (the flow data from Section A.(1)(a), (b) and (c) above is to be summated “Measurement Station” totals, not data from individual flow lines);
 - (e) the gas export pressure measured in Bar gauge;
 - (f) the gas export temperatures at the flow meters, measured continuously by resistance thermometer, in Degrees Celsius;
 - (g) the water content, in parts per million volume of gas, measured continuously and recorded using at least two analysers of a type and manufacture agreed by the Segal Operator, such agreement not to be unreasonably withheld;
 - (h) the Flowing Density in kilograms per Cubic Metre being used for mass flow computation calculated from continuous analysis by on-line gas chromatography of representative samples or measured;
 - (i) the Density at standard conditions;
 - (j) the status of the platform power-operated isolation valves;
 - (k) gas export compressor operating status;

- (l) meter pressure measured in Bar gauge;
- (m) meter temperature measured in Degrees Celsius;
- (n) data required for pipeline operating purposes as may be agreed from time to time; and
- (o) H₂S content measured in parts per million volume (ppmv) measured by continuous sampling using at least two analysers of a type and manufacture agreed by the Segal Operator, such agreement not to be unreasonably withheld.
- (p) CO₂ content measured in %mol measured by continuous sampling using at least two analysers of a type and manufacture agreed by the Segal Operator, such agreement not to be unreasonably withheld.

The telemetry equipment shall be designed to function in a manner agreed by the Segal Operator, such agreement not to be unreasonably withheld.

The telemetry equipment shall encode the data in Modbus RTU protocol or other protocol as agreed, suitable for transmission via the telecommunications equipment to the Segal Operator's Control Centre at a transmission rate of 9600 bits/s.

- (2) The Shipper shall procure that the Shipper Operator shall install and maintain the equipment necessary to convey the data referred to in Section A.(1) above and to enable speech communication to take place between the relevant platform and the Segal Operator's Control Centre.
- (3) Where computational equipment is used to carry out discrete scanning of a number of such inputs and conversion from analogue or state to digital form, then such scanning and conversion shall be carried out such that any changes in analogue input signal is detected within less than four (4) seconds and any change in state input signal is detected within one hundred (100) milliseconds of its appearance at the input interface terminal.

Onward transmission of the digitised signal to the Segal Operator will be based on change-of-state/value exception reporting in accordance with the Modbus RTU protocol specification and in any event shall occur within one (1) second of the completion of the analogue or state to digital conversion.

In the case of instantaneous accumulated totals, i.e., total mass, the onward transmission of the digitized signal to the Segal Operator will be in accordance with the Modbus RTU protocol specification and need not occur more frequently than once every fifteen (15) seconds or at such frequency as to be mutually agreed. In no event shall the frequency exceed once every one hundred and twenty (120) seconds.

- (4) The Segal Operator shall provide the Shipper Operator with data as required from time to time for the safe operation of the Shipper Facilities. For the avoidance of doubt this is to include Emergency Shut Down (ESD) valve status.

SECTION B: MEASUREMENT AND ANALYSIS – SHIPPER GAS

B.1 General

- (1) The measurement and analysis of Shipper Gas required to be carried out pursuant to Clause 6, 7 and 13.2 shall be conducted as follows:
- (a) Wet Gas shall be measured according to the procedures set out in Section B.7.
 - (b) the composition of such Wet Gas shall be sampled and analysed according to the procedures set out in Sections B.8 and B.9.
- (2) The Shipper shall ensure that the quality of all Shipper Gas to be delivered at a Source Measurement Point for onwards transportation to an Entry Point shall be subject to such monitoring or continuous quality control with such equipment and by such procedures as shall be required to ensure that such Shipper Gas can be demonstrated to the reasonable satisfaction of the Segal Operator to comply with the FLAGS Entry Specification.
- (3) All Shipper Gas shall be in the gaseous state at each Source Measurement Point.

B.2 Measuring Equipment

- (1) All Measuring Equipment shall be of a design type and manufacture agreed by the Segal Operator (such agreement not to be unreasonably withheld).
- (2) The components of the Measuring Equipment and the methods and procedures agreed pursuant to this Schedule F shall be subject to the consent of the Secretary of State and the Parties shall agree to any variations or amendments which the Secretary of State requires. Failure by the Shipper Operator to comply with any procedures agreed hereunder shall be deemed to be a failure by the Shipper to comply with the requirements of this Schedule F.
- (3) Neither the components of the Measuring Equipment nor any methods or procedures agreed pursuant to this Schedule F for measurement testing or verification shall be varied without the prior approval of the Segal Operator (such approval not to be unreasonably withheld) and shall be subject to the consent of the Secretary of State.
- (4) The Measuring Equipment shall include such reasonable alternative facilities as shall ensure that withdrawal for maintenance or equipment failure or adjustment of any individual component part does not affect the supply of Wet Gas or the measurement testing or verification thereof in accordance with this Schedule F.

B.3 Adjustment and Calibration

- (1) (a) Except in the case of Ultrasonic Meter(s) the Shipper shall procure that all equipment and devices pertaining to measurement testing and verification and forming part of the Measuring Equipment utilized by it shall be calibrated at monthly intervals by the Shipper Operator or at such other intervals as may be agreed by the Secretary of State, the Segal Operator and the Shipper Operator in accordance with such methods and procedures as shall be agreed between the Segal Operator and the Shipper Operator, such procedures to provide for a calibration report to be supplied to the Segal Operator within fourteen (14) Days of each calibration.
- (b) In the case of Ultrasonic Meter(s), at least at six (6) monthly intervals the Shipper shall procure that the Shipper Operator shall calibrate or procure the calibration of the Ultrasonic Meter used to measure the flow in accordance with such methods and procedures as shall be agreed between the Shipper Operator and the Segal Operator such procedures to provide for a calibration report to be supplied to the Segal Operator within fourteen (14) Days of each calibration.

For the avoidance of doubt the six (6) monthly interval shall only apply to Ultrasonic Meter(s) which have been subject to operational service and there shall be no requirement to calibrate the standby and spare Ultrasonic Meter(s) which have not been operated.

Provided that the Ultrasonic Meter(s) have performed satisfactorily (systematic offset and drift of less than 0.3% of reading over the normal operating range of the meter) then after three (3) successive calibrations, or upon earlier agreement by the Shipper Operator and the Segal Operator, the calibration frequency shall be relaxed to annually or relaxed to a lesser frequency agreed between the Shipper Operator and the Segal Operator.

If the Ultrasonic Meter(s) shall fail to maintain a drift of less than 0.3% of reading then after the calibration at which this occurred the Ultrasonic Meter(s) shall return to six (6) monthly testing until such time as it stabilises according to the above criteria.

The Ultrasonic Meter(s) shall be calibrated using a method agreed by the Segal Operator and carried out by an officially recognised and approved calibration facility to national or international standards.

- (2) The Shipper shall procure that the Shipper Operator shall prior to the installation of each component of the Measuring Equipment agree limits of accuracy for each such component with the Segal Operator and that when calibration is carried out each such component shall be adjusted by the Shipper Operator to read centrally and accurately within such limits.

- (3) The Shipper shall procure that the Wet Gas metering system uncertainties will be analysed by the Shipper Operator using the methods and principles given in British Standard 7965 and ISO 5168 and (notwithstanding the Segal Operator's agreement to the limits of accuracy for each component of the Measuring Equipment referred to in Section B.3(2) above) the Shipper shall procure that the total uncertainty in measurement of Wet Gas as the case may be at each Source Measurement Point shall in all reasonably anticipated mass and standard volume flow conditions be less than one (1) percent of the reading at a 95% confidence level.

B.4 Verification

- (1) The Shipper shall procure that the accuracy of all of the Measuring Equipment shall be verified by the Shipper Operator once in every Month or in the case of Ultrasonic Meter(s) at the frequency provided for in Section B.3(1) or at such other frequency as may be agreed by the Segal Operator and the Shipper (and at other times if reasonably requested by the Segal Operator) and, without prejudice to Section B.6, the validity of any verification shall be binding on such Parties unless either of such Parties shall within fourteen (14) Days after receipt of the results of such verification from the Shipper Operator, give notice to the Shipper Operator and the other Party that it disputes the validity of such verification.

For the avoidance of doubt in the case of Ultrasonic Meter(s) all associated devices shall be verified every Month or as agreed between the Segal Operator and the Shipper in accordance with this Section B.4(1).

- (2) The periodic verification referred to in Section B.4(1) shall save as provided in Section B.5(2) be made at the cost of the Shipper.
- (3) If any component of the Measuring Equipment is found by the Shipper or the Segal Operator to be subject to a monotonic and/or systematic offset or drift such as to affect the overall accuracy of the Measuring Equipment (notwithstanding that the accuracy of the component is within the limits of accuracy specified in Section B.3(2)) then the Shipper shall procure that the Shipper Operator shall discuss with the Segal Operator what amendments to the Measuring Equipment and/or procedures are appropriate in all the circumstances.

In the case of Ultrasonic Meter(s) the adjustments referred to in the immediately preceding paragraph may be applied as an on-line correction factor within the flow computer or if such an on-line adjustment is not possible the Shipper shall procure that the Shipper Operator shall discuss with the Segal Operator what amendments to the Measuring Equipment and/or procedures are appropriate in all the circumstances.

B.5 Attendance

- (1) The Shipper shall procure that the Shipper Operator shall give to the Segal Operator twenty (20) days' notice of the date time and nature of all:

- (a) verifications (including calibrations) to be conducted hereunder; and
 - (b) works tests to be conducted on any component of the Measuring Equipment.
- (2) The Shipper shall conduct or procure to be conducted any additional works tests on the Measuring Equipment requested by the Segal Operator provided that such request is reasonable having regard to the adequacy and/or results of any previous tests.
- (3) The Shipper shall procure that all original test data records and results and other similar records relating to the Measuring Equipment are preserved for a period of not less than five (5) years from the 30th September next following the date to which they relate and shall provide a copy thereof to the Segal Operator on request.

B.6 Defective Measurement

- (1) If at any time or from time to time during the continuance of a Service Period any component of the Measuring Equipment used to measure flow and/or composition is found to be defective or registering outside the limits of accuracy agreed or determined pursuant to Section B.3(2) (such component being herein called a “Defective Component”) the Shipper shall as soon as reasonably practicable procure that it be adjusted to read centrally and accurately pursuant to Section B.3(2) or (if that is not possible) replace it with a serviceable component.
- (2) (a) Where there is a Defective Component the earlier readings from such Defective Component shall be retrospectively corrected back to the date when such component became defective or (where the date such component became defective cannot be established) back to a date being the mid-point between the last verification which indicated that the component was operating within the limits specified in Section B.3(2) and the next following verification on the assumption (whether or not it be the case) that such component became defective on such mid-point date provided always that no retrospective correction shall be made in respect of any readings made in any period during which the Defective Component was registering within twice the deviation from the central reading permitted under the limits of accuracy agreed or determined for such component pursuant to Section B.3(2).
- (b) in the case of Ultrasonic Meter(s) used to measure the flow, if as part of a routine calibration a systematic offset or drift occurs, provided that the offset or drift is within 0.3% of the reading, the measurements previously issued shall not be adjusted. If the offset or drift is found to be greater than 0.3% the Shipper shall procure that the Shipper Operator shall meet with the Segal Operator to decide whether this is a defective instrument or registering outside the limits of accuracy. A mis-measurement report shall be issued by the Shipper in accordance with Section B.6(4) and the Shipper shall procure that the measurements previously issued by the Shipper Operator shall be corrected by the Shipper Operator as provided in Section B.6 save that in respect of any

such offset or drift greater than 0.3% found in the period of twelve (12) Months from the date of commencement of deliveries of gas through the Ultrasonic Meter(s), the Shipper and the Segal Operator shall first seek to agree the date on which such offset or drift first occurred (which date shall then be used for the purposes of Section B.6(2)) and failing such agreement, the date for the purposes of Section B.6(2) shall instead be the latest date on which the particular Ultrasonic Meter was reinstated in the line to measure the flow.

- (3) Readings shall be corrected for the purposes of Section B.6(2) by applying the methods set out below in the order in which they appear:
 - (a) by using the readings recorded by any check measuring testing or verification equipment provided that in any such case such equipment shall be registering accurately within the same limits as those which are mentioned in Section B.3(2) but if such equipment shall not be registering accurately or if no such equipment shall have been installed then;
 - (b) by correcting the error if the percentage of error is ascertainable to the satisfaction of the Segal Operator by calibration test or mathematical calculation but if the percentage of error is not so ascertainable then;
 - (c) by estimating the quantity and/or quality of Shipper Gas as the case may be delivered by reference to deliveries under similar conditions when the Defective Component was registering accurately.
- (4) If at any time or from time to time during the continuance of a Service Period any component of the Measuring Equipment used to measure flow and/or composition is found to be defective or registering outside the limits of accuracy agreed or determined pursuant to Section B.3(2) the Shipper shall complete and issue to the Segal Operator or procure that the Shipper Operator completes and issues to the Segal Operator a "mis-measurement report" the form and content of which shall be as advised by the Segal Operator at the request of the Shipper.

B.7 Wet Gas Measurement

- (1)
 - (a) The provisions of this Section B.7 shall apply to measurement of Shipper Gas at all Source Measurement Points.
 - (b) The gas stream shall be superheated to ensure that it is in the gas phase at the Source Measurement Point. The uncertainty of any equipment measuring the quantity of Wet Gas in operation should be demonstrably less than plus or minus one percent (1%) over the normal operating range of such equipment.
- (2) The quantity of Wet Gas measured at each Source Measurement Point shall be continuously computed (by automatic computation equipment which shall incorporate suitable recording devices) from measurements (made by continuous or continual

measuring instruments of standard manufacture acceptable to the Shipper, the Shipper Operator and the Segal Operator) being either:

- (a) orifice plate meters pursuant to Section B.7(3);
 - (b) multi path transit time devices with multiple independent measuring paths where the entire gas stream flows through the body of the meter pursuant to Section B.7(4); or
 - (c) or any other device as agreed between the Segal Operator and the Shipper.
- (3) In the case of orifice plate meters:
- (i)
 - (a) primary elements and associated devices shall be installed and constructed in compliance with the requirements of ISO 5167 2003; in order to ensure appropriate handling of Wet Gas which may be saturated at the primary element where the primary element is an existing metering orifice a drain hole may be inserted at the base of the plate provided that the additional uncertainty associated with such a drain hole as calculated by BS1042 section 1.2: 1989 section two paragraph 4.2 does not cause the overall uncertainty to exceed the limits specified in B.7(1) over the normal operating range of the meter.
 - (b) the flow computation calculations set out in (ii) to (v) below shall be made in accordance with ISO 5167 1991;
 - (ii) measurements taken pursuant to Section B.7(2)(a) shall be of:
 - (a) the pressure drop (*P) measured in Pascal (Pa) as defined in ISO 1000-1992(E) (“Pascal”) across a metering orifice;
 - (b) the Wet Gas line Density (ρ_1) calculated as described in Section B.7(5) or measured in kilograms mass per cubic metre at the conditions prevailing at the downstream pressure tapping of the orifice meter and corrected to upstream conditions (assuming an isentropic expansion of the Wet Gas through the orifice) by applying the equation in Section B.7(3)(iii)(a);
 - (c) the Relative Density as defined in ISO 1000: 1992(E) (“Relative Density”) of the Wet Gas (s);
 - (d) the Calorific Value (CV) as defined in ISO 6976: 1995 (“Calorific Value”) in Joules per Standard cubic metre (dry) of the Wet Gas computed using the formulae constants and procedures in ISO 6976:

1995 or such other standard as may be applicable from gas composition analysis determined by an on-line gas chromatograph;

- (e) the Wet Gas absolute pressure measured in Pascal (Pa) at the upstream pressure tapping of the orifice meter; and
 - (f) the Wet Gas temperature (t) measured in Degrees Celsius (°C) downstream of the metering orifice and corrected to the conditions prevailing at the upstream pressure tapping of the metering orifice (t1) by applying the equation in Section B.7(3)(iii)(b).
- (iii) (a) The measured Density at each Source Measurement Point if measured at the downstream pressure tapping of the metering orifice (*2) shall be corrected to the Density (*1) used in the equation in Section B.7(3)(iv)(a) by the following equation:

$$\rho_1 = \rho_2 \left(\frac{P_1}{P_2} \right)^{K_3}$$

where K_3 is an exponent correcting for the expansion of the gas through the orifice and for the purposes of the Deed K_3 is equal to the reciprocal of the gas isentropic exponent at flowing conditions and where is the ratio of the absolute (static) pressure at the downstream (P_2) pressure tapping to the absolute (static) pressure at the upstream (P_1) pressure tapping.

Flowing conditions and where $\left(\frac{P_1}{P_2} \right)$ is the ratio of the absolute (static) pressure at the downstream (P_2) pressure tapping to the absolute (static) pressure at the upstream (P_1) pressure tapping.

- (b) The measured temperature (t) is corrected to the temperature prevailing at the upstream pressure tapping of the metering orifice (t1) by the following equation:

$$t_1 = (t + 273.15) \left(\frac{P_3}{P_1} \right)^{K_4} - 273.15$$

where K_4 is an exponent and for the purposes of the Deed K_4 is equal to $K_3 - 1$ and P_3 is the fully recovered pressure calculated using the equation for pressure loss in ISO 5167 or such other standard as may be applicable pursuant to Section B.7(3)(v).

(iv) Where the flow of Wet Gas is being measured by a single metering orifice and metering tube:

(a) The instantaneous rate (qm) at which dry Wet Gas is flowing measured in kilograms per second shall be calculated from the formula:

$$qm = \frac{C}{\sqrt{(1-\beta^4)}} \varepsilon 1 \frac{\pi}{4} d^2 \sqrt{2\Delta P \rho l}$$

where each of the symbols shall have the meaning assigned to it in ISO 5167 (or the appropriate part of such other standard as may be applicable pursuant to Section B.7(3)(v));

(b) The instantaneous volume rate of flow (qv) measured in Standard cubic metres per second at an absolute pressure of one decimal zero one three two five (1.01325) bar at fifteen Degrees Celsius (15°C) shall be calculated from

$$qv = \frac{qm}{s \times \rho(\text{air})(REAL)}$$

where s is the real Relative Density of the Wet Gas and * (air) (REAL) is the Density expressed as mass in kilograms per Standard cubic metre of dry air as defined in ISO 6976(E) or such other standard as may be appropriate pursuant to Section B.7(3)(v) at a temperature of fifteen Degrees Celsius (15°C) and at an absolute pressure of one decimal zero one three two five (1.01325) bar which occupies a volume of one (1) cubic metre. For the purpose of the Deed* (air) (REAL) is equal to one decimal two five four one (1.22541) kilograms mass per cubic metre. If a version of ISO 6976 other than ISO 6976 - 1995(E) is used the corresponding values from such other version of the standard must be used;

(c) The instantaneous energy rate of flow (qe) measured in Terajoules per second shall be calculated from either:

(i) where Calorific Value is expressed in volume terms (MJ/m³) CV(vol)

$$qe = \frac{CV(vol)}{10^6} \times qv$$

or

- (ii) where Calorific Value is expressed in mass terms (MJ/tonne)
CV(mass)

$$qe = \frac{CV(mass)}{10} \times qm$$

- (v) The installation of the metering orifice referred to in Section B.7(2)(a) and the calculations and definitions referred to in Sections B.7(3) and B.9(9)(a) shall be in accordance with ISO 5167 and ISO 6976(E) and AGA-8 (as applicable) provided that such standards shall be replaced by any other standard(s) for the more accurate measurement of the flow of Wet Gas (or for any other agreed purposes) which may hereafter be:
- (a) required by applicable law or regulations;
 - (b) recommended by ISO as a replacement for ISO 5167 or ISO 6976(E) as applicable provided that the Shipper shall only be obliged to procure that the Shipper Operator adopts such parts of the replacement standard as do not require the replacement of the metering tubes and orifice carriers (or other parts of the Measuring Equipment of similar cost) and provided further that the adoption of such parts of the replacement standard does not result in the reduction of system accuracy; or
 - (c) agreed between the Shipper, the Shipper Operator and the Segal Operator.

Such standard shall be adopted in the case of (a) from a date not later than the date of such legal requirement taking effect in the case of (b) as soon as practicable following any such recommendation and in the case of (c) as may be agreed.

- (4) In the case of Ultrasonic Meter(s):
- (i) primary element and associated devices shall be installed and operated in accordance with AGA9 and good oil and gas field practice. In the case of an Ultrasonic Meter installation when such time arises as a suitable standard is provided by ISO or other such body which is acceptable to the Segal Operator then the Ultrasonic Meter(s) and associated devices shall be installed in compliance with such standard notwithstanding that existing Ultrasonic Meter installations shall only be obliged to adopt such standard provided that the adoption of such standard will result in an increase of system accuracy and shall only be obliged to adopt such parts of the replacement standard as do not require the replacement of the metering tubes and Ultrasonic Meter(s) (or other parts of the Measuring Equipment of similar cost) and provided further that the

adoption of such parts of the standard does not result in the reduction of system accuracy or availability.

- (ii) measurements taken pursuant to Section B.7(2)(b) shall be of:
- (a) the volumetric flowrate at line conditions, which shall be calculated using a methodology, agreed by the Shipper, the Shipper Operator and the Segal Operator. The volumetric flowrate at line conditions shall be measured in cubic metres per second and calculated by an equation in the form of:

$$q_a = q_{measured} \times MF \times C_r \times L_r$$

Where;

q_a is the actual volume flowrate in cubic metres per second measured by the Ultrasonic Meter(s).

$q_{measured}$ is the derived volumetric flowrate and may contain such terms as velocity and effective cross sectional area.

MF is the meter factor determined at calibration.

C_r is the correction factor for expansion and contraction of meter body and which includes the correction factor for the thermal expansion of the meter spool piece and the correction factor for the pressure expansion of the meter spool piece.

L_r is the linearisation factor for correcting non-linear meters and will include an algorithm to linearise non-linear Ultrasonic Meter characteristic curves. This linearisation factor which may or may not be required, to be decided by the Shipper Operator and the Segal Operator, is flow rate dependent and shall be calculated using agreed methods.

- (b) the Wet Gas line Density (ρ_1) calculated as described in Section B.7(5) or measured in kilograms mass per cubic metre at the conditions prevailing at the meter body or measured;
- (c) the Wet Gas absolute pressure measured in Pascal (Pa) at the Ultrasonic Meter;
- (d) the Wet Gas temperature (t) measured in Degrees Celsius at the Ultrasonic Meter;

- (e) the instantaneous mass flowrate (q_m) at which Wet Gas is flowing measured in kilograms per second shall be calculated from the following formula:

$$q_m = \rho_l \times q_a$$

Where;

q_a is the actual volume flowrate in cubic metres per second as calculated in B.7(4)(ii)(a);

ρ_l is the stream Density at line conditions in kilograms per cubic metre as described in Section B.7(4)(ii)(b);

- (f) the instantaneous volume rate of flow (q_v) measured in Standard cubic metres per second at an absolute pressure of one decimal zero one three two five (1.01325) bar at fifteen (15) Degrees Celsius shall be calculated from,

$$q_v = \frac{q_m}{\rho_s}$$

Where:

ρ_s is the gas Density at standard conditions measured in kilograms per Standard cubic metre computed using the formulae constants and procedures in ISO 6976(E) or such other standard as may be applicable;

- (g) the Calorific Value (CV) in Joules per Standard cubic meter (dry) of Wet Gas or Joules per tonne of Wet Gas as appropriate computed using the formulae constants and procedures in ISO 6976: 1995 or such other standard as may be applicable from gas composition analysis determined by an on-line chromatograph;
- (h) The instantaneous energy rate of flow (q_e) measured in Terajoules per second shall be calculated from either:

- (i) where the Calorific Value is measured in volume terms in MJ/m³

$$q_e = \frac{CV(vol)}{10^6} \times q_v$$

- (ii) where the Calorific Value is measured in mass terms in MJ/kg

$$qe = \frac{CV(mass)}{10^9} \times qm$$

(i) The calculations and definitions above shall be in accordance with AGA-9, ISO 6976(E) or AGA-8 as stated above provided that such standards shall be replaced by any other standard(s) for the more accurate measurement of the flow of Wet Gas (or for any other agreed purposes) which may hereafter be:

(aa) required by applicable law or regulations;

(bb) recommended by ISO as a standard for Ultrasonic Meter(s) or as a replacement of ISO 6976: 1995 or AGA-8 as applicable and provided that the Shipper shall only be obliged to adopt such parts of the replacement standard as do not require the replacement of the metering tubes and Ultrasonic Meter(s)(or other parts of the Measuring Equipment of similar cost) and provided further that the adoption of such parts of the replacement standard does not result in the reduction of system accuracy or availability; or

(cc) agreed between the Shipper, the Shipper Operator and the Segal Operator.

Such standard shall be adopted in the case of (aa) from a date not later than the date of such legal requirement taking effect in the case of (bb) as soon as practicable following any such recommendation and in the case of (cc) as may be agreed.

(iii) The Ultrasonic Meter(s) shall be designed, installed, constructed and maintained in taking due account of the manufacturers recommendations and in accordance with good oil and gas field practice.

(5) At all Source Measurement Points the Density referred to in Section B.7(3)(ii)(b) and B.7(4)(ii)(b) may be obtained by calculation from the measurement of pressure temperature and molecular weight and compressibility factor (Z) derived from AGA-8 or such other equivalent standard as may be agreed by the Segal Operator.

For the purpose of calculating the compressibility factor the composition of the Wet Gas shall be determined by an on-line gas chromatograph subject to the provisions of Section B.8 or by other suitable means agreed by the Shipper, the Shipper Operator and the Segal Operator.

- (6) The quantities of Wet Gas flowing during each Day, Month and Contract Year shall be calculated by continuous automatic integration of the instantaneous rate of flow as determined under Section B.7(3)(iv) and B.7(4)(ii)(e).
- (7) Where the flow of Wet Gas is being measured by more than one metering tube operating in parallel the sum of the integrated instantaneous flow rates through each metering tube in use as determined under Section B.7(3)(iv) or B.7(4)(ii)(e) hereof shall be used in calculating the quantities flowing during each Day Month and Contract Year.
- (8) Where any measurements are determined in units or multiples of units other than those specified in this Schedule F Section B the factors agreed by the Segal Operator shall be applied such that the measurements are converted into the specified units.

B.8 Wet Gas analysis by on-line gas chromatograph

- (1) The Shipper shall procure that the Shipper Operator shall carry out component analysis of the Wet Gas at each Source Measurement Point which analysis shall be continuously computed by two (2) automatic on-line gas chromatographs which shall incorporate a suitable recording device) from samples (made by continuously operating sample lines connected to the Wet Gas stream), and that the Shipper Operator shall comply with the requirements of this Section B.8 in respect of such on-line gas chromatograph. The results from the on-line gas chromatograph shall be required by the Segal Operator on a Day.
- (2) The on-line gas chromatographs shall be directly connected to the Wet Gas stream at a position and by a method appropriate for obtaining a representative analysis of the composition of the flowing stream.
- (3) Unless otherwise agreed with the Segal Operator, the on-line gas chromatographs' design shall be suitable for the analysis of Wet Gas and shall be adequate to separate and measure the following components within the following component ranges:

Component	Mol % Range
Nitrogen	0.1 - 10.0
Carbon Dioxide	0.2 - 5.0
Methane	50.0 - 95.0
Ethane	2.0 - 20.0
Propane	1.0 - 10.0
i – Butane	0.1 - 2.0
n - Butane	0.1 - 4.0
i - Pentane	0.02 - 1.0

n - Pentane	0.02 - 1.0
neo Pentane	0.02 - 1.0
Hexanes +	0.002 - 2.0

- (4) The on-line gas chromatographs shall automatically control its own functioning including necessary calibration operations.
- (5) The lines taking the sample to the on-line gas chromatographs shall be maintained at a temperature not less than that of the process stream at the point from which the sample is withdrawn. Particular attention shall be paid to the design of the sampling system and to the problem of local cooling where the sample pressure is reduced.
- (6) The on-line gas chromatographs shall be calibrated at appropriate intervals with a standard gas prepared by gravimetric means or traceable by a recognised procedure to an appropriate gravimetrically prepared standard mixture and contain the components described in Section B.9(3).
- (7) For the purpose of defining the limits of accuracy of an on-line gas chromatographs pursuant to Section B.3(2) the normalised result for a discrete analysis performed by the chromatograph shall agree with the normalised result from a sample taken at the time and analysed independently using a recognised analytical method and an appropriate standard gas to within +/- 0.02 mol percent for components of concentration less than 1 mol percent and to within +/- 0.2 mol percent for components in higher percent concentration.
- (8) The on-line gas chromatographs shall be built and installed in such a way as to comply with all local safety requirements.
- (9)
 - (a) The Shipper shall procure that the Shipper Operator shall produce a report of the composition each Day in molar percentage of the components described in Section B.9(3). This composition shall be the mass flow-weighted mean of all the analyses accumulated during such Day and shall be used for the purpose of the Allocation Procedure.
 - (b) The Shipper shall procure that the analysis results shall be used by the Shipper Operator in the calculation of Wet Gas Density at Source Measurement Points pursuant to Section B.7(3)(b) and B.7(4)(b).
 - (c) The Shipper shall ensure that an ISO10723 test shall be carried out at the manufacturer using the gas composition expected at the meter station outlet. The test shall be repeated on site as and when the detector requires to be replaced.

- (d) If a chromatograph is used to measure Wet Gas Density, the percentage C6 component to C10 component split shall be entered into the flow computer based on manual sample analysis in accordance with Clause B.9 2(b)(vii).
- (10) The Shipper shall procure that the Shipper Operator shall provide the Segal Operator with the flow-weighted average composition of Wet Gas derived from the on-line gas chromatographs in respect of each Day.
- (11) At any time and from time to time the Segal Operator may request the Shipper to procure that a spot sample be taken for analysis at the Segal Operator's premises using recognised procedures in order to verify the accuracy of the chromatography.
- (12) During any period when on-line gas chromatography is not operational, the Shipper shall procure that the Shipper Operator shall take spot samples with sufficient frequency agreed from time to time by the Segal Operator to monitor properly changes in operating conditions except that if the period during which an on-line gas chromatograph is non-operational is less than one (1) Day then the analyses obtained during the period(s) in that Day during which the on-line gas chromatograph was operating correctly shall be used.

B.9 Spot Sampling and Analysis of Wet Gas

At each Source Measurement Point and wherever and whenever in the Deed the Shipper is required to procure the Shipper Operator to take spot samples of Wet Gas the Shipper shall procure that the Shipper Operator complies with the following provisions:

- (1) Spot Sampling
 - (a) Samples shall be collected in duplicate pressure containers, which shall be used for this purpose only, and the Segal Operator shall have the right to receive a representative part of either of such duplicate samples. The duplicate sample shall be retained for sixty (60) Days in case there should be a need to replace the sample analysed and if no further analysis is required pursuant to Section B.9(2)(e) within such sixty (60) Days then the duplicate sample shall be disposed of and the analysis results considered final.
 - (b)
 - (i) Good sampling practice shall be used at all times and in particular sample lines shall be as short as reasonably possible and pressure containers shall be labelled to indicate sample identity period of sampling and estimated pressure and Wet Gas temperature during sampling.
 - (ii) The method and equipment used and installed for taking samples shall be subject to the Segal Operator's approval (such approval not to be unreasonably withheld) and the Segal Operator shall subsequently be

entitled to witness the taking of samples from time to time at its own expense and risk.

(iii) The methods and equipment to be used for taking samples shall not be changed without the prior approval of the Segal Operator (such approval not to be unreasonably withheld).

(c) As soon as reasonably practicable the samples shall be sent to a suitable place for analysis pursuant to Section B.9(2)(b)(i).

(2) Analysis of Spot Samples

(a) Samples shall be analysed for composition as soon as reasonably practicable, which under normal circumstances shall be within fourteen (14) Days of being taken.

(b) (i) Samples shall be analysed by experienced personnel using equipment of suitable design for Wet Gas analysis. Both the equipment design and the analysis procedure employed shall be subject to approval by the Segal Operator who may require (for approval purposes) analysis of an audit sample of certified composition (which approval of the Segal Operator shall not be unreasonably withheld).

(ii) The handling of Wet Gas samples shall be generally in accordance with ISO 6974 with calculations carried out following ISO 6976 or any other method agreed by the Segal Operator.

(iii) The analysis equipment shall be adequate to separate and measure the components of the Wet Gas in accordance with the requirements of the Allocation Procedure.

(iv) The analysis equipment and procedures shall produce values which conform to the overall method repeatability tolerances given below:

Component Range	Method Repeatability (mol percent)
Greater than or equal to one (1) mol percent	+/- 0.1
Less than one (1) mol percent	+/- 0.02
C ₆₊ component	+/- 0.03

The total molar composition shall be normalised to one hundred (100) percent. In conforming to these tolerances account shall be taken of the uncertainty of the standard gas composition the repeatability of standard measurements and the repeatability of sample measurements

- (v) The analysis equipment shall be able to separate oxygen from the components in order to check for air contamination above the natural level of argon contained in the Wet Gas of the sample.

Any analysis result showing air contamination of greater than one (1) mol percent or any identifiable argon contamination above the natural level of argon contained in the Wet Gas shall not be acceptable.

Any analysis result showing air contamination above the natural level of argon contained in the Wet Gas of less than one (1) mol percent may be utilised after correction for the amount of air identified to be present.

Any sample which when restored to sampling temperature in the laboratory shows a significant loss of pressure such as to indicate an approach to the cricondenbar shall not be acceptable for analysis.

- (vi) The analysis equipment shall be calibrated at appropriate intervals with a standard mixture, which shall contain as a minimum nitrogen carbon dioxide methane ethane propane and butane.

If the analytical procedure does not allow the responses of the hydrocarbons heavier than butane to be calculated from the butane content the standard mixture shall contain appropriate amounts of the heavier hydrocarbons.

A standard mixture shall be of similar composition to the sample of Wet Gas and shall either be prepared by gravimetric means or be traceable by a recognised procedure to an appropriate gravimetrically prepared standard mixture.

The analytical accuracy of a standard mixture shall be such as to allow the accuracy specified in Section B.9(2)(b)(iv).

- (vii) The relative amounts of hydrocarbons in the C₆+ component shall be determined from an analysis of hydrocarbons through to decanes and heavier (C₁₀+).
- (viii) Each Wet Gas stream shall be separately analysed for argon and helium. For the purpose of allocation the result obtained for argon and

helium shall be added to the result obtained for the nitrogen component.

- (c) Notwithstanding the provisions of Section B.9(2)(b)(iii) the analysis of the hydrogen sulphide component of Wet Gas shall be carried out from time to time by a wet chemical or other agreed method.
- (d) The Segal Operator shall have the right at reasonable notice and at reasonable intervals to visit the analysis laboratory to witness the analysis and have audit samples of certified composition analysed for the purpose of ensuring that equipment design analysis procedures and the levels of uncertainty are in accordance with the provisions of this Section B.9.
- (e) In the event of a dispute as to the result of an analysis the duplicate sample taken pursuant to Section B.9(1)(b) and retained for this purpose shall be delivered to a laboratory agreed by the Segal Operator whose analysis shall be final and binding provided that if the dispute concerns the ability of the analysis laboratory to conform to the agreed standards of analysis then such further analysis shall be carried out by a second laboratory which is acceptable to the Segal Operator and capable of conducting such analysis in accordance with such agreed standards of analysis and whose analysis shall be final and binding. If such analysis results differ by greater than five (5) times the accuracy limits quoted in Section B.9(2)(b)(iv) the costs shall be borne by the Shipper. If the results differ by a lesser amount the Party or Parties requesting such additional analysis shall bear the costs. If the results of such further analysis highlight a deficiency in the existing analysis procedure then the Shipper shall procure that the Shipper Operator shall in any event take action (or procure that action is taken) to correct any such deficiency.

(3) Application of Spot Sample Analyses

- (a) The results of the analyses shall be used in the Allocation Procedure. The results of the analyses shall be sent as soon as practicable to the Segal Operator and in any event no later than when the results are available for use for the purposes above.
- (b) If a sample and its duplicate are lost then the most recent representative sample analysis of the sample of gas composition (whether from a spot sample or otherwise) shall be used instead.

SECTION C: RESOLUTION OF DISPUTES

Save as provided in Section B.9(2)(e), the Interested Parties shall (at the request of any Party) meet to discuss and endeavour to settle any dispute or failure to agree arising from the application of the provisions of this Schedule F or the measurement of Wet Gas as required by this Schedule F and if within thirty (30) Days after such request they shall have been unable to agree the matter may be referred to an Expert (at the request of any Interested Party) who shall resolve such dispute or failure to agree in accordance with the terms of the Deed.

SCHEDULE G**ALLOCATION PROCEDURE****PART A GENERAL****1. Definitions**

Expressions used herein are as defined in the main body of these Terms and Conditions unless defined below:

“Allocation Programme” means the Segal Operator's computer based information and accounting programme referred to inter alia in Section 2.3 of this Schedule G;

“BGTL” means British Gas Trading Limited or its successors or assigns;

“Blendback” means the introduction of an ethane rich stream produced from the St. Fergus fractionator column into the main stream to GT;

“Brent Deemed Composition” means an analysis of the Brent composition by mass;

“Brent Initial Deemed Landed Component Masses” means the Component Masses allocated to the Brent Field in accordance with Section 6.4.7;

“Brent Determined Component Masses” or “BDCM” means the Component Masses determined in accordance with Section 6.4.11;

“Brent Meters” means the meters on the Brent Field;

“By-pass” means the introduction of a flash gas stream originating from the initial high pressure separator at St. Fergus into the main stream to GT;

“By-pass Field” means any Field contributing hydrocarbons to the Specification Gas stream excluding the Northern Leg Group and the UK Staffjord Group which, subject to the terms of an agreement between Shell in its capacity as Segal Operator on behalf of the Segal Owners and any other Person supplying gas into or receiving gas from the Segal System or between the Segal Owners and any other Person supplying gas into or receiving gas from the Segal System is permitted by the Segal Operator to use By-pass and Module Throughput Booster;

“Closing Stock” means the mass of Product to which a Participant is entitled at the end of a Day as determined in accordance with Section 10.4 of this Schedule G;

“Common Delivery Point” means the flange or weld or agreed mark connecting the Segal Owners' delivery facilities at St Fergus to the NTS at St Fergus for the reception of the commingled stream of Specification Gas delivered thereat;

“Component” means any or all of methane, ethane, propane, butane, pentanes plus (i.e., a mixture of pentanes and heavier hydrocarbons), carbon dioxide, nitrogen, or other non hydrocarbon components;

“Component Mass” means the mass of a particular Component contained within a given quantity of gas measured in tonnes in vacuo;

“Coriolis Meter” shall have the meaning ascribed to such expression in Schedule F;

“Declared Total Energy” means the aggregate number of megajoules of Specification Gas delivered by all Fields to GT, as agreed between the Segal Operator and GT on a Daily basis;

“Declared Total Volume” means the aggregate number of Cubic Metres of Specification Gas delivered by all Fields to GT as agreed by the Segal Operator and GT on a Daily basis;

“Deemed Component Transient Masses” or “DCTM” means the Component Masses calculated as losses or gains in the Offshore and St Fergus System for each Component on a Day in accordance with Section 6.4.12;

“Deemed Component Transient NGL Masses” or “DCTNM” means the Component Masses calculated as losses or gains in the NGLs Pipeline for each Component on a Day in accordance with Section 6.5.3;

“Deemed Composition” means:

- (a) in the case of gas exported from or imported by a Field other than the Brent Field, an analysis of the composition by mass determined in accordance with the provisions of the Deed and/or the provisions of any other relevant agreement;
- (b) in the case of gas delivered to a Mossmorran or St. Fergus Disposal Point, an analysis of the composition by mass determined in accordance with Exhibit 1 to this Schedule G;

“Deemed Delivered NGL Component Masses” means the NGL Component Masses deemed to be delivered at the NGLs Pipeline Exit Point from a Field on a Day as calculated in accordance with Sections 6.5.5, 6.5.6 and 6.5.8 .below;

“Deemed Landed Component Masses” means the Component Masses deemed to be landed at St. Fergus from a Field on a Day as calculated in Sections 6.4.14, 6.4.15, 6.4.17 and 6.4.18 below;

“Demethaniser Column Overheads” means the gas streams produced from the top of the demethaniser columns which form part of St. Fergus;

“Disposal Point “ means the Common Delivery Point for Specification Gas deliveries to GT or the delivery point or redelivery point for Peterhead Power Station Gas or for Peterhead Power Station NGLs or for the Cruden Bay oil pipeline or for the fuel offtake at St. Fergus or for the flare system at St. Fergus or for the NGLs Pipeline Inlet or for any other points as may be determined by the Segal Operator from time to time;

“FEP Disposal Point” means the battery limit emergency shutdown valve 10 ESD 17 in the Ethane line P10009;

“Field” means any oil or gas field or offshore installation which directly or indirectly delivers gas into or receives gas from any part of the Northern Gas System;

“Fiscal Standard Measurement” means measurement carried out by a meter whose design, installation, calibration and maintenance programmes have been accepted by the Department of Trade and Industry for the purpose of reporting the quantities of Gas exported from or imported by a Field or delivered to a Disposal Point, or by a meter maintained to an equivalent standard of accuracy, or a calculation method carried out to the satisfaction of the Department of Trade and Industry;

“Fulmar Onshore Facilities” means the desulphurisation facilities at St. Fergus for gas arriving via the Fulmar Pipeline;

“Gas” means Wet Gas;

“Initial Deemed Delivered NGL Component Masses” or “IDDNCM” means the NGL Component Masses deemed to be delivered at the NGLs Pipeline Inlet Entry Point from a Field on a Day as calculated in Section 6.5.1;

“Initial Deemed Landed Component Masses” or “IDLCM” means the Component Masses deemed to be landed at St Fergus from a Field (other than the Brent Field) on a Day as calculated in Section 6.4.5;

“Module Throughput Booster Stream” means a stream of Gas which is taken after the first stage (alternatively part way) of the expansion process prior to the demethaniser column and is reintroduced to the Specification Gas stream after the third stage (alternatively part way) of the compression process, prior to the point to which the Specification Gas stream is measured before delivery to GT;

“Mossmorran Disposal Point” means the FEP Disposal Point, the point at which Product is first introduced into the Propane tankage, the Butane tankage or the Natural Gasoline tankage at Mossmorran, the fuel offtake at Mossmorran, or the flare system at Mossmorran;

“Mossmorran System” means that part of the Northern Gas System which is downstream of and includes the NGLs Pipeline Inlet;

“NGL Deemed Landed Component Masses” means the Component Masses deemed to be delivered to the NGLs Pipeline Inlet from a Field on a Day as part of the Deemed Landed Component Masses for such Field;

“NGLs Pipeline Exit Point” means the flange upstream of the ESD valve 30-ESD-1;

“NGLs Pipeline Inlet” means the flange just before the turbine meter located at the St. Fergus side of the NGLs Pipeline from St. Fergus to Mossmorran;

“NGLs Pipeline Inlet Entry Point” means the flange just after the turbine meter located at the St. Fergus side of the NGLs Pipeline from St. Fergus to Mossmorran;

“NLGP Entry Point” means the flange on the Brent A platform where the NLGP stream passes from the NLGP to the Shell Facilities;

“Non-Routine Bank Stock” has the meaning attributed to it in Section 12 of this Schedule G;

“Non-Routine Operation” means a mode of operation (excluding Planned By-pass and Unplanned By-pass) of the Segal System in which the Segal Operator is unable to deliver products in accordance with the reasonable expectations (arising from inter alia nominations made pursuant to Section 7 below and the procedures detailed in Section 8 below) of all or any of the Segal System users;

“Northern Gas System” means the Segal System and the Northern Leg Gas Pipeline, all as may from time to time be modified or extended;

“Northern Leg Gas Pipeline” or “NLGP” comprises:

- (a) a trunk pipeline twenty inches (20”) nominal diameter from the base of the gas offtake riser on the Magnus field platform extending to the NLGP Entry Point;
- (b) the lateral pipelines connected to the base of the gas offtake risers on the Murchison Field platform, the Thistle Field platform and the Statfjord Field platform and any sundry subsea connection equipment required to connect to the said trunk pipeline;
- (c) the necessary subsea valves, actuators and controls; and
- (d) the facilities to connect the said pipeline to the Shell Facilities;

all as may be adapted and added to from time to time;

“Northern Leg Group” shall mean the owners of the gas produced from the Thistle, Murchison and Magnus fields;

“Offshore and St. Fergus System” means that part of the Northern Gas System which is upstream of the NGLs Pipeline Inlet;

“Onshore Input” means any gas or NGLs stream which enters the Offshore and St. Fergus System downstream of the facilities for separating Specification Gas;

“Opening Stock” means the mass of Product to which a Participant is entitled at the start of a Day and which equates to the Closing Stock on the previous Day;

“Participant” means a Person having an entitlement to a share of the Products allocated to a Field;

“Participant Product Percentage” means the percentage entitlement of a Participant in the Rundown Quantity of a Product allocated to a Field during a month, as notified to the Segal Operator by the operator of the relevant Field in accordance with the Shipping Provisions;

“Planned Bypass” means Bypass for which a minimum of three (3) Days' notice prior to implementation has been given by the Segal Operator;

“Product” means Ethane, Propane, Butane or Natural Gasoline;

“Product Lifting” means the mass in respect of a Participant of :

- (a) Propane, Butane or Natural Gasoline lifted by tanker at Braefoot Bay on a Day; or
- (b) Ethane delivered to the FEP Disposal Point during a Day; or
- (c) Propane delivered via a pipeline to FEP during a Day;

“Rundown Quantity” means the Total Mass of Product delivered to the relevant Mossmorran Disposal Point during the relevant period;

“Self Balancing Field” means any new Field joining the Offshore and St Fergus System (other than a new Field entitled to have its gas transported in the Offshore and St Fergus System under the terms and conditions of a transportation agreement and/or transportation and processing agreement signed and effective prior to 1st July 2006) or any Field nominated by the Segal Operator with the agreement of the relevant Field owners as a Self Balancing Field, each such Field bearing its Field share of Deemed Component Transient Masses determined in accordance with Section 6.4.15 and its Field share of Deemed Component Transient NGL Masses in accordance with Section 6.5.6;

“Shell/Esso Field” means a Field that is owned jointly by Shell and Esso (and/or its Affiliates), but not by one of them only nor by one of them with any other Person nor by both of them with any other Person or Persons (and for the purposes of this definition only, “Shell” and “Esso” shall be deemed to include their respective Affiliates);

“Shell Facilities” means the connecting pipes, facilities and associated valves owned by Shell and Esso on the Brent ‘A’ platform, not included in the definition of “Segal System” in Schedule B, connecting the Western Leg Trunkline and the Northern Leg Pipeline to the upstream flange of the isolation valve on the twenty four inch (24”) platform riser connecting to the FLAGS Pipeline (and for the purposes of this definition only, “Shell” and “Esso” shall be deemed to include their respective Affiliates);

“Simulation Equations” means the formulae set out in Section 8.3.2 below for determining the proportion of available Component Mass included in the Demethaniser Column Overheads;

“Special Flaring” is any non-routine flaring the requirement for which is attributable to specific Fields and is separately allocated to those Fields;

“Specification Gas” means Sales Gas;

“St. Fergus Disposal Point” means the redelivery point for GT, Peterhead Power Station or Cruden Bay pipeline, the fuel offtake at St. Fergus, the flare system at St. Fergus, or the NGLs Pipeline Inlet;

“Stock Transfer” means the mass of Product in respect of which the ownership is transferred from one Participant to another at their joint request;

“Storage Losses” means the net losses of Product at Mossmorran storage and Braefoot Bay which are calculated with Product measurement in accordance with Exhibit 1 to this Schedule G;

“System Balancing Field” means the Brent, Curlew, Gannet and Goldeneye Fields together with any other Field nominated by the Segal Operator with the agreement of the relevant Field owners as a System Balancing Field, each such Field bearing its Field share of Deemed Component Transient Masses determined in accordance with Section 6.4.16 and its Field share of Deemed Component Transient NGL Masses in accordance with Section 6.5.8;

“Total Mass” of a quantity means a mass equal to the sum of all of the Component Masses within that quantity measured in tonnes in vacuo;

“UK Statfjord Group” shall mean the owners of the UK Statfjord field;

“Unplanned Bypass” means Bypass for which a minimum of three (3) Days' notice prior to implementation has not been given; and

“Western Leg Trunkline” shall have the meaning ascribed to such expression in the definition of “Segal System”.

2. Introduction

2.1 The Segal Operator on behalf of itself and Esso as the owners of the Segal System has entered into agreements with owners of other Fields (other than Shell/Esso Fields) and Shell and Esso have entered into other such agreements in their capacity as Segal Owners to transport Gas to other Fields or to St. Fergus or to Mossmorran to process the Gas at St. Fergus and/or Mossmorran and deliver Specification Gas and Products at specified redelivery points.

2.2 The Western Leg Trunkline and NLGP are linked to the Brent 'A' platform to gather Gas from Shell/Esso Fields and other Fields. Further Fields are linked directly to St. Fergus. The Gas produced from all or any of the Fields and delivered to the respective delivery points is commingled and transported through parts or all of the Northern Gas System.

2.3 In order to account for or take account of (as the case may be) the movements of Components in the Northern Gas System and where appropriate to calculate the disposals from the Fields, the Segal Operator will operate the Allocation Programme.

The Allocation Programme will allocate Component Masses delivered to the St. Fergus and Mossmorran Disposal Points in accordance with the procedures described in Part B of this Schedule G. The Allocation Programme will calculate Participants' entitlement to Product at Mossmorran in accordance with the procedures described in Part C of this Schedule G.

The Allocation Programme is applicable to all users of the Northern Gas System. It is also used to provide invoice support and such statutory information as may be required from time to time.

- 2.4 Parts A, B and C and the Exhibits to this Schedule G are applicable to all users of the Northern Gas System.

3. Verification and Information

- 3.1 The Allocation Programme shall provide an identifiable audit trail based on the following:
- 3.1.1 Fields shall be allocated Component Masses equivalent to their Deemed Landed Component Masses less contributions to fuel, flare, Special Flaring and fees in kind where applicable contractually.
 - 3.1.2 Using information from input and disposal streams a mass balance over the Northern Gas System shall be established and Components shall be allocated to St. Fergus and Mossmorran Disposal Points on a Field by Field basis, as detailed in Part B below.
 - 3.1.3 Entitlements to Product for each Participant shall be calculated from the allocation of Components to Fields and other information, as detailed in Part C below.
 - 3.1.4 After data input to the Allocation Programme is completed the programme does not allow for manual intervention.
 - 3.1.5 In order to ensure Participants agree that they have received quantities of Propane, Butane and Natural Gasoline to which they are entitled, the Segal Operator shall permit independent inspections in accordance with Section 3.2 below.
 - 3.1.6 Quantities delivered to GT, Peterhead Power Station, Cruden Bay and FEP are agreed with the operator of the system receiving such quantities.
 - 3.1.7 On request of the user a certificate of compliance issued by an independent auditor on the measurement of the NGLs Pipeline Inlet will be provided on a six-monthly basis.

- 3.1.8 On request of the user the actual Planned Bypass percentage on any Day derived from measurements using industrial meters with an accuracy of plus or minus five (5) percent, will be provided on a monthly basis.
- 3.2 The Segal Operator shall permit independent inspection to be carried out in line with normal industry practice of quantity and quality measurements and the taking and testing of samples carried out on any shipment of Product loaded at Braefoot Bay and shall also permit the independent inspection of all documents relating thereto. The Segal Operator shall consult with the Participant concerned in the event that the independent inspector protests in writing that such measurement, sample taking and documentation is insufficiently complete or insufficiently accurate on any occasion. The Segal Operator and the Participant shall consult on appropriate remedial measures to be taken in the event that any discrepancy is identified.
- 3.3 The Segal Operator shall provide such information on the allocation of Components and entitlement to Products as provided for in this Schedule G.
- 4. Not Used.**

PART B COMPONENT ALLOCATION

5. Objectives

The objectives of this Part B of the Allocation Programme are to:-

- achieve a Component Mass balance over the Northern Gas System;
- allocate quantities and qualities of individual Field deliveries to St. Fergus Disposal Points and Mossmorran Disposal Points;
- provide reports and an identifiable audit trail.

6. Principles

- 6.1 All Gas delivered into the Northern Gas System shall be accounted for in accordance with this Schedule G.
- 6.2 The mass of hydrocarbons and inerts contained in the Gas exported from each Field and the mass of hydrocarbons and inerts presented at each Disposal Point shall be accounted for each Day in total and by Component.
- 6.3 The period for allocation of Component Masses shall be from 0600 hours each day to 0600 hours on the following day.
- 6.4 A Component Mass balance over the Offshore and St. Fergus System shall be established as follows.
- 6.4.1 The Total Mass exported from or imported by each Field except for the Brent Field shall be determined by Fiscal Standard Measurement in accordance with the provisions of the Deed and/or the relevant other agreements from meters installed on the Field's platform or at the point where the material enters or leaves the Northern Gas System.
- 6.4.2 Component Masses exported from or imported by each Field except for the Brent Field shall be determined by applying the relevant Deemed Composition to the Total Mass exported or imported.
- 6.4.3 Component Masses imported by any Field shall be allocated between Fields which have an agreement to supply such importing Field in accordance with any relevant agreements.
- 6.4.4 Component Masses vented from the offshore portions of the Northern Gas System and any adjustment to the Component Masses comprising offshore pipeline stocks shall be allocated between the Fields in accordance with the relevant agreements.
- 6.4.5 The Initial Deemed Landed Component Masses from each Field except for the Brent Field shall be calculated as the Component Masses exported from the Field calculated in accordance with paragraph 6.4.2 above less any Component Masses allocated to the Field in accordance with 6.4.3 and 6.4.4 above.
- 6.4.6 The Total Mass delivered to each St. Fergus Disposal Point shall be determined from Fiscal Standard Measurements in accordance with Exhibit 1 to this Schedule G. The Component Masses delivered to each St. Fergus Disposal

Point shall be determined by applying the relevant Deemed Composition to the Total Mass concerned.

- 6.4.7 An initial mass balance over the Offshore and St. Fergus System shall be achieved by comparing the aggregate of the Component Masses of disposals from 6.4.6 above with the aggregate of the Initial Deemed Landed Component Masses and calculating for the Brent Field the Brent Initial Deemed Landed Component Masses by difference.
- 6.4.8 Following the calculation of the Initial Deemed Landed Component Masses and the Brent Initial Deemed Landed Component Masses, the Deemed Landed Component Masses for each Field (including the Brent Field) shall be determined in accordance with the steps set out in Sections 6.4.9 to 6.4.18 below.
- 6.4.9 The Total Mass exported from or imported by the Brent Field shall be determined by utilising the Brent Meters.
- 6.4.10 The Component Masses exported from or imported by the Brent Field shall be determined by applying the Brent Deemed Composition to the Total Mass for the Brent Field.
- 6.4.11 Brent Determined Component Masses (“**BDCM**”) shall be calculated as the Component Masses exported from the Brent Field determined in accordance with Section 6.4.10 less any Component Masses allocated to the Brent Field in accordance with Sections 6.4.3 and 6.4.4 above
- 6.4.12 The Deemed Component Transient Masses shall be calculated by deducting the Brent Determined Component Masses from the Brent Initial Deemed Landed Component Masses.
- 6.4.13 The Deemed Component Transient Masses (in respect of each Component) shall be initially allocated to each Field as follows:

(i) for each Field (except for the Brent Field)

$$\frac{IDLCM_{i,f}}{\sum_f IDLCM_{i,f} + BDCM_i} \times DCTM_i$$

(ii) for the Brent Field

$$\frac{BDCM_i}{\sum_f IDLCM_{i,f} + BDCM_i} \times DCTM_i$$

where

“i” represents each and every Component

“f” represents each and every Field except the Brent Field

- 6.4.14 Notwithstanding the provisions of Section 6.4.13, a Field which is neither a Self Balancing Field nor a System Balancing Field shall not bear any share of the Deemed Component Transient Masses allocated to it in accordance with Section 6.4.13 so that the Deemed Landed Component Masses for such Field shall be the same as its Initial Deemed Landed Component Masses.
- 6.4.15 Each Self Balancing Field shall bear its own share of the Deemed Component Transient Masses allocated to it in accordance with Section 6.4.13 so that the Deemed Landed Component Masses for such Field shall be its Initial Deemed Landed Component Masses adjusted to take account of its share of the Deemed Component Transient Masses calculated in accordance with Section 6.4.13.
- 6.4.16 The Deemed Component Transient Masses not yet allocated and remaining after any Deemed Component Transient Masses have been allocated to the Self Balancing Fields shall be allocated to the System Balancing Fields as follows:

(i) for each System Balancing Field (except for the Brent Field):

$$\frac{IDLCM_{i,f(SB)}}{\sum_{f(SB)} IDLCM_{i,f(SB)} + BDCM_i} \times \left(DCTM_i - \sum_{f(AASB)} DCTM_{i,f(AASB)} \right)$$

(ii) for the Brent Field

$$\frac{BDCM_i}{\sum_{f(SB)} IDLCM_{i,f(SB)} + BDCM_i} \times \left(DCTM_i - \sum_{f(AASB)} DCTM_{i,f(AASB)} \right)$$

where

“i” represents each and every Component

“f(SB)” means each and every System Balancing Field except the Brent Field

“f(AASB)” means that part of DCTM already borne by Self Balancing Fields under Section 6.4.15

- 6.4.17 Each System Balancing Field (except for the Brent Field) shall bear its share of the Deemed Component Transient Masses allocated to it in accordance with Section 6.4.16(i) so that the Deemed Landed Component Masses for such System Balancing Field shall be its Initial Deemed Landed Component Masses adjusted to take account of its share of the Deemed Component Transient Masses calculated in accordance with Section 6.4.16(i).
- 6.4.18 The Brent Field shall bear its share of the Deemed Component Transient Masses allocated to it in accordance with Section 6.4.16(ii) so that the Deemed Landed Component Masses for the Brent Field shall be its Brent Determined Component Masses adjusted to take account of its share of the Deemed Component Transient Masses calculated in accordance with Section 6.4.16(ii)
- 6.5 A Component Mass balance over the Mossmorran System shall be established as follows:-
- 6.5.1 The Initial Deemed Delivered NGL Component Masses from each Field at the NGLs Pipeline Inlet Entry Point shall be equal to the NGL Deemed Landed Component Masses for such Field
- 6.5.2 The Total Mass delivered to each Mossmorran Disposal Point shall be determined from Fiscal Standard Measurement in accordance with Exhibit 1 to this Schedule G. The Component Masses delivered to each Mossmorran Disposal Point shall be determined by applying the relevant Deemed Composition to the Total Mass concerned.
- 6.5.3 The aggregate of the Component Masses in respect of each Component delivered to each Mossmorran Disposal Point shall be compared with the aggregate of Component Masses at the NGLs Pipeline Inlet Entry Point and the Deemed Component Transient NGL Masses (“**DCTNM**”) shall be calculated as the difference between them.
- 6.5.4 The Deemed Component Transient NGL Masses (in respect of each Component) shall initially be allocated to each Field as follows:

$$\frac{IDDNCM_{i,f}}{\sum_f IDDNCM_{i,f}} \times DCTNM_i$$

where

“i” represents each and every Component delivered to the NGLs Pipeline Inlet Entry Point

“f” represents each and every Field

- 6.5.5 Notwithstanding the provisions of Section 6.5.4, a Field which is neither a Self Balancing Field nor a System Balancing Field shall not bear any share of the Deemed Component Transient NGL Masses allocated to it in accordance with Section 6.5.4 so that the Deemed Delivered NGL Component Masses for such Field shall be the same as its Initial Deemed Delivered NGL Component Masses.
- 6.5.6 Each Self Balancing Field shall bear its own share of the Deemed Component Transient NGL Masses allocated to it in accordance with Section 6.5.5 so that the Deemed Delivered NGL Component Masses for such Field shall be its Initial Deemed Delivered NGL Component Masses adjusted to take account of its said share of the Deemed Component Transient NGL Masses calculated in accordance with Section 6.5.5.
- 6.5.7 The Deemed Component Transient NGL Masses not yet allocated and remaining after any Deemed Component Transient NGL Masses have been allocated to the Self Balancing Fields shall be allocated to the System Balancing Fields as follows:

$$\frac{IDDNCM_{i,f(SB)}}{\sum_{f(SB)} IDDNCM_{i,f(SB)}} \times \left(DCTNM_i - \sum_{f(AASB)} DCTNM_{i,f(AASB)} \right)$$

where

“i” represents each and every Component

“f(SB)” means each and every System Balancing Field

“f(AASB)” means that part of DCTNM already borne by Self Balancing Fields under Section 6.5.6

- 6.5.8 Each System Balancing Field shall bear its share of the Deemed Component NGL Transient Masses allocated to it in accordance with Section 6.5.7 so that the Deemed Delivered NGL Component Masses for such System Balancing Field shall be its Initial Deemed Delivered NGL Component Masses adjusted to take account of its share of the Deemed Component NGL Transient Masses calculated in accordance with Section 6.5.7.
- 6.6 On each Day the Deemed Landed Component Masses from each Field shall be deemed to be available for redelivery to the particular Field at the St. Fergus Disposal Points on the same Day. Similarly on each Day the Deemed Delivered NGL Component Masses

shall be deemed to be available for redelivery to the particular Field at the Mossmorran Disposal Points on the same Day.

- 6.7 Fields shall be redelivered quantities of Components equal to their Deemed Landed Component Masses at the St. Fergus Disposal Points less contributions to fuel, flare, Special Flaring and fees in kind where applicable contractually in accordance with Section 8.2. Similarly Fields shall be redelivered quantities of Components equal to their Deemed Delivered NGL Component Masses at the Mossmorran Disposal Points less contributions to fuel, flare, Special Flaring and fees in kind where applicable contractually in accordance with Section 8.9.
- 6.8 Except in the case of Non Routine Operations and subject to Section 8 below allocation of Components will be carried out as follows.
- 6.8.1 In the Specification Gas stream, it will be assumed that the nominated percentages of ethane to be included in the Demethaniser Column Overheads and in the Blendback stream have been achieved for all Fields. Allocation of other Components in the Demethaniser Column Overheads will be calculated based on this assumption and using the Simulation Equations.
- If the Segal Operator has given notice of Planned Bypass, it will be assumed that such Planned Bypass stream has been achieved in accordance with such notification for those Fields where this is a requirement of their contractual agreements with the Segal Owners.
- Any discrepancies between quantities calculated on the basis of the nominations and actual quantities delivered to GT at St. Fergus will be reconciled between all Fields on a fair and equitable basis.
- 6.8.2 Components in the streams to Peterhead Power Station and Cruden Bay will be allocated in the ratio of Component availability after allocation of the GT stream.
- 6.8.3 Component contributions to the Product streams will be allocated in the ratio of Component availability in the NGLs stream at Mossmorran.
- 6.9 In the event of a Non Routine Operation the Segal Operator shall allocate Components in a fair and equitable manner.
- 6.10 The Segal Operator may review and amend from time to time the Simulation Equations in order to more closely predict and model the actual performance of the St. Fergus demethaniser columns.

7. Nominations

The provisions of this Section 7 shall apply to the Shipper.

- 7.1 Deliveries of Specification Gas to GT will normally be made from the Demethaniser Column Overheads. In the event that material originating from the Brent Field and processed via Blendback is to be delivered to GT then the users of other Fields may nominate their material to be delivered to GT by such route as is being used. If the Segal Operator considers it necessary for operational reasons, it may process Shipper Gas via Blendback.
- 7.2 Each Day the following nominations shall be made for each Field:
- 7.2.1 The percentage of ethane landed to be included in the Demethaniser Column Overheads.
- The range for the percentage of ethane to be contained in the Demethaniser Column Overheads shall be that which can be achieved for the total stream going through the demethaniser and shall be notified by the Segal Operator to the Shipper. The Segal Operator may review and amend this range from time to time for operational reasons including but not limited to, plant capability, Segal System throughput levels and Gas composition. No nomination outside this range as amended from time to time shall be permitted, except by agreement between the Segal Operator and the Shipper.
- 7.2.2 The percentage of ethane landed to be included in the Blendback stream.
- Operational limitations place a constraint on the maximum total quantity of ethane that may be nominated for delivery to GT by all process routes of eighty five (85) percent of the ethane landed. This figure is subject to alteration as described in Section 7.2.1 above. No nomination above this limit as amended from time to time will be permitted, except by agreement between the Segal Operator and the Shipper.
- 7.2.3 The estimated or notified quantity of Specification Gas to be delivered to GT, as the case may be.
- 7.3 Each Day the User Representatives for the relevant Fields shall give or procure notification to the Segal Operator in writing of the total quantity of Gas and composition of such Gas exported or imported on the previous Day.
- 7.4 The Segal Operator shall use reasonable endeavours to comply with the nominations with respect to each Field such that the quantity and quality of the Specification Gas and the disposition of ethane allocated to the Field corresponds as closely as is reasonable and practicable to the Field's nominations.

8. Calculation Steps

A flow diagram for illustrative purposes is attached as Exhibit 2 to this Schedule G. Except in the case of Non Routine Operations the allocation of Component Masses shall be carried out in accordance with the following procedure:-

- 8.1 A mass balance over the Offshore and St. Fergus System is achieved in accordance with Section 6.4 above.
- 8.2 Fuel and flare at St. Fergus excluding the pre-treatment unit for Fulmar gas are allocated in the ratio of the deemed landed Total Mass of the Field to the Total Mass landed. Component Masses for each Field are then determined by applying the Deemed Composition for St. Fergus fuel and flare to the Total Mass allocated. If Special Flaring has occurred it shall be separately allocated to those identified Fields. Some Fields may not contribute to fuel and flare, thus the quantities initially allocated to those Fields may be reallocated in whole or in part to other Fields in accordance with any relevant agreements.

The Component Masses Available for further Disposal (“CAD”) at this stage are calculated for each Field as follows:

CAD 'A' = Deemed Landed Component Masses - Component Mass allocated to St. Fergus fuel, flare and Special Flaring.

- 8.3 Calculate unreconciled Component Masses to Specification Gas

8.3.1 A) Planned Bypass

the Segal Operator will advise the Shipper if Planned Bypass is to be used. In such event the Segal Operator will notify the Shipper of the estimated total quantity (expressed as percentage of the total landed mass) and the estimated composition of the Planned Bypass stream.

8.3.1 B) Unplanned Bypass

Component Masses of any Unplanned Bypass stream may be allocated to any By-pass Fields provided always that the nominations made in respect of the percentage of ethane landed in the Demethaniser Column Overheads for all fields will not be less than zero (0) and can still thereby be achieved.

8.3.1 C) Module Throughput Booster (MTB)

Component Masses in the Module Throughput Booster Stream may be allocated to those fields that contribute to the Module Throughput Booster Stream.

Any Component Masses not allocated under this Section 8.3.1A), B) or C) shall form part of the unreconciled Component Masses to GT under Section 8.3.4 and shall be allocated to GT in accordance with Section 8.4.

8.3.2 Demethaniser Column Overheads

The composition of each Field stream in the Demethaniser Column Overheads is dependent on the composition of such Field's landed gas stream, the required ethane in the Demethaniser Column Overheads and the

column characteristics. For the calculation of each Field's unreconciled Component Mass of ethane in the Demethaniser Column Overheads it will be assumed that the percentage nominated in accordance with Section 7.2.1 has been achieved. By use of a simulation model of the column it has been possible to determine the composition which would result from a set ethane nomination for a series of landed gas compositions. Analysis of this data using regression analysis techniques has established that:-

- 8.3.2.1 methane overhead in the column is consistent at 99.9% of that available for the normal operating range of CVs;
- 8.3.2.2 all nitrogen is in the column overheads;
- 8.3.2.3 there are close relationships between ethane overhead and propane, butane, pentane plus and carbon dioxide overhead which are independent of the feed to the demethaniser column. These relationships are used to determine the Component proportion in the deemed Demethaniser Column Overhead stream from the nominated ethane in the column overhead. These relationships are expressed in the following Simulation Equations:-

$$\text{Mass fraction of propane component} = 0.584915 x^{(2.271534)}$$

$$\text{Mass fraction of butane component} = 0.180637 x^{(3.401300)}$$

$$\text{Mass fraction of carbon dioxide component} = 1.066021 x^{(0.325717)}$$

$$\text{Mass fraction of pentanes plus component} = 0.0005 x^{(0)}$$

x is the mass fraction of ethane component, all mass fractions being expressed as the ratio of component in the column overhead stream to that in column feed.

and the fractions calculated in the above equations shall be expressed accordingly. The component mass of ethane in the feed is equal to the Component Mass of ethane in CAD 'A' minus any component mass of ethane allocated to a Planned Bypass stream with the exception of Brent for which the Component Mass of ethane in the feed is equal to the Component Mass of ethane in CAD 'A' minus any Component Mass of ethane allocated to a Planned and/or Unplanned Bypass stream.

For each Field the fraction of each Component Mass in the overhead stream is applied to the relevant Component Mass in the demethaniser feed (CAD 'A' minus any Component Mass allocated to a Planned Bypass stream) to give the calculated Component Mass in the overhead stream with the exception of Brent for which the fraction of each Component Mass in the overhead stream is applied to the relevant Component Mass in the demethaniser feed (CAD 'A' minus any Component Masses allocated to a Planned

and/or Unplanned Bypass stream) to give the calculated Component Mass in the overhead stream.

8.3.3 Blendback

If Blendback is available, the Segal Operator will advise the Shipper of the estimated composition of the Blendback stream. This estimated composition will be the deemed composition of the Blendback stream for allocation purposes.

For the calculation of each Field's unreconciled Component Mass of ethane in the Blendback stream it will be assumed that the percentage nominated in accordance with Section 7.2.2 has been achieved. The unreconciled masses of other Components in the Blendback stream will be calculated for each Field as follows:

Unreconciled mass of Component in Blendback stream =

$$\frac{\text{Calculated Component advised mass \% of Component in Blendback stream}}{\text{advised mass \% of ethane in Blendback stream}} \times \text{Mass of ethane in the Blendback stream}$$

8.3.4 Total unreconciled Component Mass to GT

The unreconciled Component Mass deemed to have gone to GT via Planned Bypass, and Unplanned Bypass in the case of Brent, the Demethaniser Column Overheads and Blendback as calculated in 8.3.1A), 8.3.1B), 8.3.2 and 8.3.3 are then aggregated for each Field to give each Field's total unreconciled Component Mass to GT.

8.4 Reconciled Component Mass to GT

The reconciled Component Mass allocated to GT for each Field is calculated from the product of that Field's unreconciled Component Mass from 8.3.4 above and the proportion of actual total Component Mass for all the Fields delivered to GT as measured to the unreconciled total Component Mass for all Fields from 8.3.4 above.

If any Field has insufficient Component available to satisfy this requirement the deficit quantity will be met by means of a second reconciliation such that Component allocation is made from other Fields on the basis of the ratios of all such other Fields' remaining Component Mass (CAD 'A' minus first reconciled Component Mass to GT).

The revised availability of Component Masses for further disposal (CAD 'B') is calculated as follows:

$$\text{CAD 'B'} = \text{CAD 'A'} - \text{Reconciled Component Mass allocated to GT.}$$

8.5 Calculation of Field volume and energy to GT

Having determined the Component Mass allocated by Field, the volume and energy deemed to have been supplied by each Field are then calculated using conversion factors calculated from ISO 6976 - 1983 (E) and reconciled to the Declared Total Volume and Declared Total Energy delivered using factors derived by comparing the aggregate calculated volume and energy from all Fields to the Declared Total Volume and Declared Total Energy.

8.6 Allocation to Peterhead Power Station

Allocation of Components over the Fields is in the ratio of the Field's Component Mass to the total Component Mass available (CAD 'B'), i.e.,

Field Component Mass allocation =

$$\frac{\text{Field Component Mass available in CAD 'B'}}{\text{total Component Mass available in CAD 'B'}} \times \text{Component Mass delivered to PPS}$$

8.7 Allocation to BP Cruden Bay

Allocation of Components over the Fields is in the ratio of the Field's Component Mass to the total Component Mass available (CAD 'B'), i.e.,

Field Component Mass allocation =

$$\frac{\text{Field Component Mass available in CAD 'B'}}{\text{total Component Mass available in CAD 'B'}} \times \text{Component Mass delivered to Cruden Bay}$$

Component Masses available for further disposal (CAD 'C') are calculated as follows:

CAD 'C' = CAD 'B' - Component Masses allocated to Peterhead Power Station and Cruden Bay + Component Masses from Onshore Inputs.

The aggregate of CAD 'C' over all Fields will be equal to the total Component Masses at the NGLs Pipeline Inlet.

8.8 Mass Balance over the Mossmorran System

A mass balance over the Mossmorran System shall be achieved in accordance with Section 6.5 above

Amendment of the NGLs availability in CAD 'C' in accordance with Section 6.5 above gives the revised Components for further disposal (CAD 'D'). For all Fields CAD "D" equals CAD "C" plus or minus its share of Deemed Component Transient NGL Masses. The total Component Masses available in CAD 'D' will now be equal to the aggregate disposal over all Mossmorran Disposal Points for each Component.

8.9 Allocation of Mossmorran Fuel and Flare

Mossmorran fuel and flare is allocated in the ratio of the Total Mass available from each Field processed as defined in CAD 'D' to the Total Mass processed as determined by the aggregation of all CAD 'D' Component Mass is determined by applying the Deemed Composition to the Total Mass allocated to the Field.

Any Special Flaring shall be allocated to Fields in accordance with the terms of the relevant agreements.

Some Fields may not contribute to Mossmorran fuel and flare, thus the quantities initially allocated to those Fields may be reallocated in whole or in part to other Fields in accordance with any relevant agreements.

Components for further disposal (CAD 'E') are calculated as follows:

$CAD 'E' = CAD 'D' - \text{Component Masses allocated to Mossmorran fuel, flare and Special Flaring.}$

8.10 Onshore Deemed Stock

Any adjustments to the onshore deemed stock contributions shall be allocated to Fields in accordance with the terms of the relevant agreements and agreed procedures.

The Components available for further disposal (CAD 'F') are calculated as follows:

$CAD 'F' = CAD 'E' + (-) \text{Component Masses recovered from (contributed to) onshore deemed stock.}$

8.11 Allocation of Components to Product Streams

Component contribution to Product streams will be allocated in the ratio of the Field's Component Mass to the total Component Mass available for distribution in CAD 'F'.

8.12 Allocation of Product Streams

Each Field will be allocated a share in the Rundown Quantity of a Product equal to the total of the Component Masses in such Product stream allocated to such Field in Section 8.11 above.

8.13 Field Mass Balance

Component Mass allocation for each Field is compared to the Deemed Landed Component Masses to provide confirmation that all Component Masses are accounted for.

8.14 Fee in kind

Where applicable fee in kind tariffs require allocation of certain Products or Components to Shell, Esso or their respective Affiliate's entitlements this shall be done in accordance with the terms of the relevant agreements.

8.15 Capacity Reductions and Changes in Operation

When capacity is reduced in all or part of the Segal System, the disposal of Component Masses to St. Fergus and Mossmorran Disposal Points will be allocated according to contractual priority rights. In the event of a Non Routine Operation of the Segal System, the Segal Operator after taking into account the circumstances shall adjust the allocation

of Component Masses and/or Products concerned according to the principles contained in Section 6.9 above after full consultation with the relevant parties.

8.16 Reporting

During the Month allocations will be made for each Day and copies of the relevant sections will be made available to the Shipper, on a provisional basis. Volume/energy statements will be made available to the Shipper by the 5th Working Day of the following Month.

This information will generally comprise the calculation defined in Sections 6.4.1 to 6.4.5, a Field mass balance statement, calculation of Demethaniser Column Overheads allocation, fuel, flare and Special Flaring calculations at both St. Fergus and Mossmorran and the reconciled volume and energy of the allocated Specification Gas stream from the Field.

Final allocation statements for the Month will be available in accordance with the provisions of the relevant agreement and/or Part 'C' of this Schedule G.

PART C PRODUCT ENTITLEMENT

9. Objectives

9.1 The objectives of this part of the allocation procedure are to:-

- attribute ownership of Product by Participant on a Daily basis;
- identify Participants' entitlements to lift Propane, Butane and Natural Gasoline at Braefoot Bay;
- reconcile Product Liftings against entitlements;
- balance stocks at the end of each Month.

9.2 Allocation and accounting in this part of the allocation procedure shall be on the basis of the Total Mass for each Product.

10. Quantities

10.1 Rundown Quantities

Rundown Quantities will be allocated between Fields in accordance with Part B above.

Participants' shares in the Rundown Quantities for each Field will be determined by applying the Participant Product Percentage.

10.2 Product Liftings

Product Liftings to FEP will be allocated in accordance with nominations made by the Participant and the relevant Participant Product Percentages.

Product Liftings by tanker will be allocated in accordance with the Shipping Provisions. Product Liftings by tanker will only be accounted for on the final Day of the lifting on the basis that the complete lifting took place on that Day. However when a lifting spans a Month end, the Product Lifting will be split to enable Monthly lifting totals and Closing Stock positions at the Month end to be calculated and recorded more accurately.

Where a Participant has entitlement to Product originating from more than one Field its Product Lifting will be allocated over such entitlements in the ratio of each entitlement to the aggregate of all such entitlements, whereby the Participant's entitlement in respect of each Field is calculated as its Opening Stock plus its Rundown Quantity plus or minus (as the case may be) any relevant Stock Transfer.

In the event that a Product Lifting exceeds the aggregate entitlement of the Participant the following procedure shall apply:

- (a) the Product Lifting shall be allocated over all positive, entitlements to the extent that it is possible;
- (b) the remaining quantity of the Product Lifting shall be allocated over all Fields in which the Participant has an interest in the ratio of the Participant's share in the Rundown Quantity of each relevant Field over the previous three Months to the Participant's total share of the Rundown Quantity over the same period.

For the avoidance of doubt the equations used to allocate deliveries to Fields and Participants will be:

(A) if the Product lifted is less than or equal to the entitlement then

$$\text{Allocation} = \frac{\text{Field entitlement} \times \text{total product lifted}}{\text{total entitlement of all Fields contributing}}$$

(B) if the Product lifted is greater than the entitlement then

Field Allocation =

$$\text{Field entitlement} + \frac{\text{Field average rundown per Participant} \times (\text{product lifted} - \text{entitlement})}{\text{Total average rundown of all Fields for the Participant}}$$

10.3 Storage Losses

Storage Losses shall be calculated for each Product on the basis of a Daily reconciliation over the Mossmorran Product storage tanks and the loading facilities at Braefoot Bay .

Each Day any Storage Losses will be allocated between all Participants in the ratio of each entitlement to the aggregate of all entitlements, whereby a Participant's entitlement in respect of a Field is calculated as its Opening Stock plus its Rundown Quantity plus or minus (as the case may be) any relevant Stock Transfer.

Where a Participant owns an interest in more than one Field, allocation of Storage Losses to each interest shall be calculated separately.

The Storage Losses allocated on a Field basis will be the sum of the Storage Losses allocated in respect of each Participant's interest in that Field.

10.4 Opening Stock and Closing Stock

Stocks shall be calculated for each Participant in respect of each Field in which the Participant has an interest, using the formula:

$$\begin{aligned} \text{Closing Stock} &= \text{Opening Stock} \\ &+ \text{Rundown Quantity} \\ &+/- \text{ Stock Transfers} \\ &- \text{ Product Lifting} \\ &- \text{ Storage Losses} \end{aligned}$$

11. Reports

Each Participant will receive a statement in respect of each Product and each Field in which it has an interest showing for each Day of the Month the Opening Stock, the Rundown Quantity, Stock Transfers, Product Liftings, Storage Losses and the Closing Stock.

Each Participant will also receive a statement showing in respect of each Product Lifting by tanker on its behalf during the Month, the name of the tanker, the destination, the type of Product, the Field of origin and the mass of the lifting in tonnes.

Each Participant will receive a summary statement showing for each Product the Opening Stock, Rundown Quantity, Product Liftings, Storage Losses and Closing Stock for the Field as compiled by aggregation of the data in respect of individual Participants. If required this statement will also be available in aggregate for the six (6) Month PRT periods.

12. Additional Principles

The following principles apply to the allocation of Component Masses for Gas. Any Gas already accepted into the Northern Gas System that cannot be processed and delivered as a result of a capacity reduction shall temporarily form and be added to a non-routine bank stock (**Non-Routine Bank stock**). For the avoidance of doubt, the quantity of Gas that can be processed and delivered as a result of a capacity reduction, shall be determined in accordance with Schedule C.

Provided that there is no capacity reduction and taking into account the ability of the Northern Gas System, its own requirements and any other obligations to third parties, the Segal Operator shall, in accordance with the User's instructions process and deliver quantities of Gas supplemented by additional quantities of Gas from the Non-routine Bank stock (if any) up to a total quantity agreed with the Segal Operator.

Exhibit 1

FISCAL STANDARD MEASUREMENTS AT ST. FERGUS AND MOSSMORRAN DISPOSAL POINTS

1. Measurements

All measurements at Disposal Points will be carried out using the following methods:

Redelivery Point for Specification Gas	Orifice Plate Measurement
Redelivery Point for Peterhead Power Station	Turbine Meter Measurement
Redelivery Point for Cruden Bay	Ultrasonic Meter Measurement
NGLs Pipeline Inlet	Turbine Meter Measurement
Redelivery Point for Ethane (FEP Disposal Point)	Orifice Plate Measurement
Disposal Point for Propane to tank	Calculation/Tank Dip Measurement
Disposal Point for Propane to FEP	Coriolis Meter Measurement
Disposal Point for Butane	Calculation/Tank Dip Measurement
Disposal Point for Natural Gasoline	Calculation/Tank Dip Measurement
Opening Stock	Tank Dip
Closing Stock	Tank Dip
Product Liftings	Independent Inspection
Storage Losses	Calculation

Measurement of fuel at St. Fergus and Mossmorran shall be carried out using industrial meters with an accuracy of plus/minus five (5) percent.

Measurement of flare at St. Fergus and Mossmorran is part calculated, and part measured by industrial meters.

For the avoidance of doubt, any Components classified as Storage Losses which are physically flared are not included in the calculation of flare.

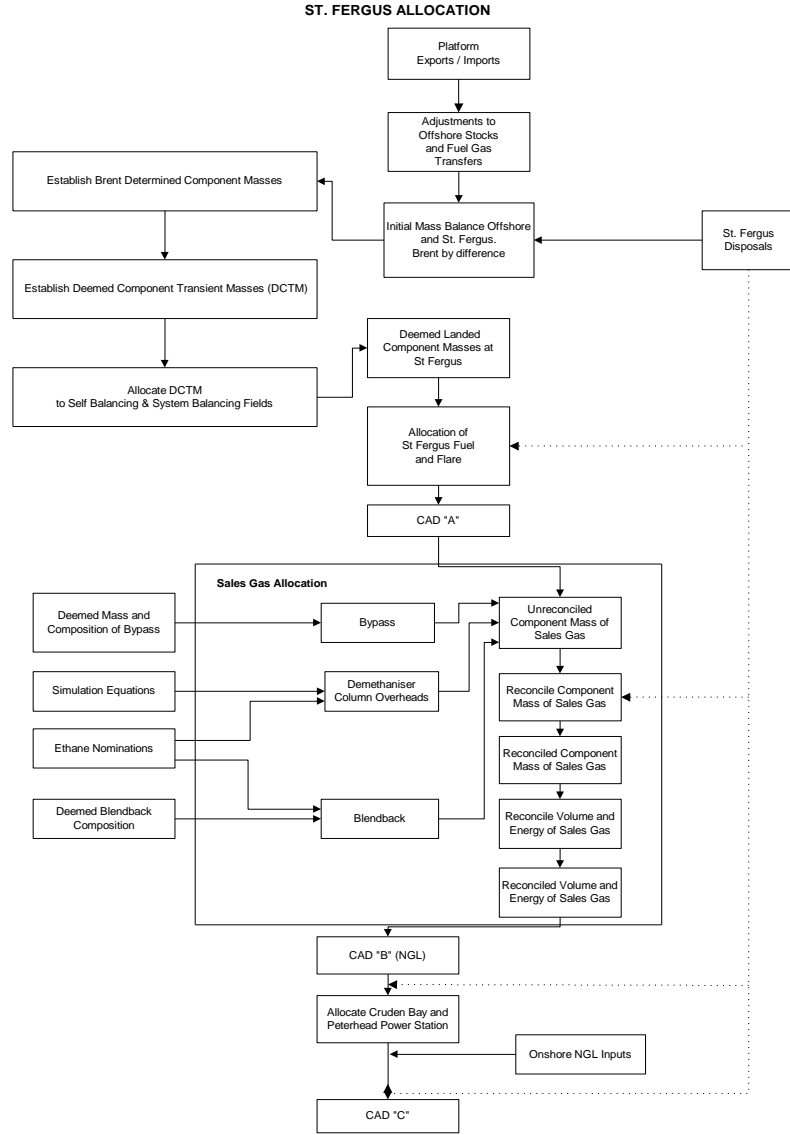
2. NOT USED

3. Measurement of Composition

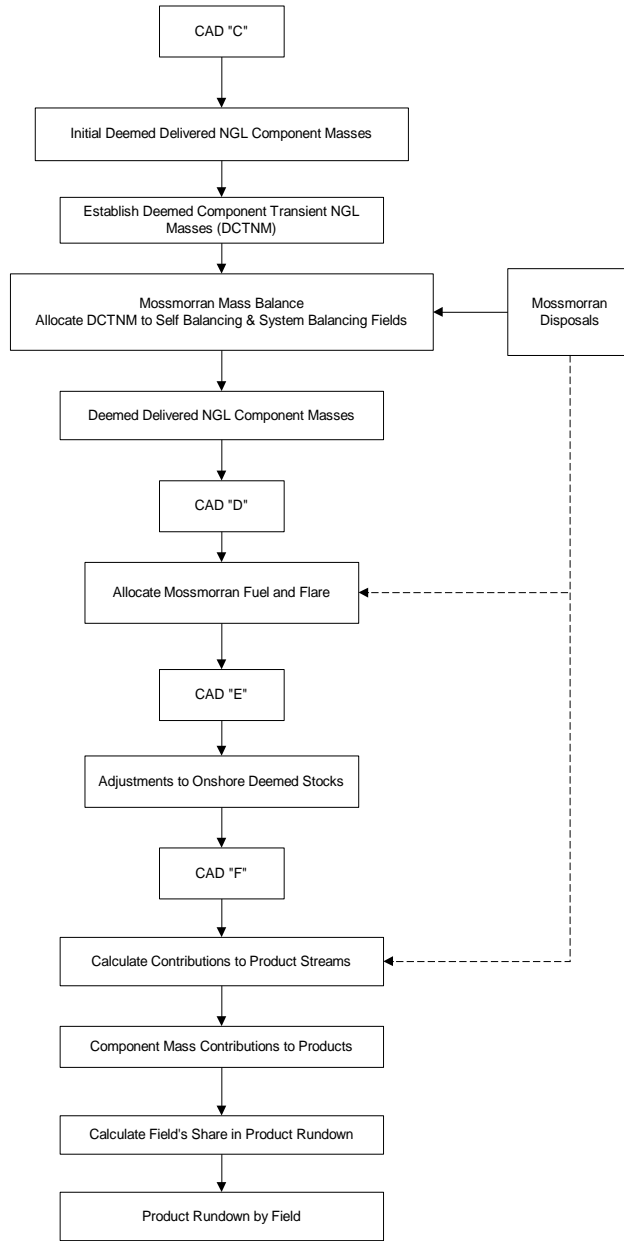
The composition of all main disposal streams is measured by gas chromatography to IP.345. The composition of fuel gas at St. Fergus is equal to the composition of the Specification Gas stream before addition of the Bypass stream.

The composition of the normal operational flare is equal to the composition of fuel gas. The composition of other flared material is based on the Segal Operator's reasonable assessment of the origin of the flared material.

Exhibit 2



Mossmorran Allocation



SCHEDULE H**UNDERTAKING IN RELATION TO GAS NOT OWNED BY SHIPPER**

[Insert names, registered numbers and addresses of the Segal Operator and the Segal Owners]

[insert date]

Dear Sirs

Undertaking in relation to wet gas not owned by [x] as Shipper

We refer to the Deed between the Segal Operator, the Segal Owners and [x] as the Shipper dated [x] relating to the transportation, processing and fractionation of gas and natural gas liquids in the Segal System and the purchase of ethane (the "Transportation Deed").

We have requested the Shipper to tender wet gas owned by us for delivery under the Transportation Deed. We confirm that any rights or remedies we may acquire in respect thereof shall be enforceable against the Shipper only and that we shall acquire no rights or remedies which are enforceable against the Segal Operator, a Segal Owner and/or any other member of the Segal Group.

Accordingly we undertake that we will not make or raise any claim, demand or proceedings against the Segal Operator, a Segal Owner and/or any other member of the Segal Group arising out of or in connection with the performance, mis-performance or non-performance of the service to be provided under the Transportation Deed in respect of wet gas owned by us and we hereby undertake to defend, indemnify and hold harmless the Segal Operator, the Segal Owners and the other members of the Segal Group against any and all any claims, actions, demands, losses (including, without limitation, consequential or indirect losses), liabilities, damages, costs and/or expenses (including legal fees and sums by way of settlement of compromise), howsoever arising and by whomsoever caused, which we may suffer or incur arising out of or in connection with the performance, mis-performance or non-performance of the service to be provided under the Transportation Deed in respect of wet gas owned by us and regardless of any negligence, breach of duty (statutory or otherwise) or Wilful Misconduct by the Segal Group or any of them

In this Deed:

"**Affiliate**" means, in relation to a legal or natural person, a company which directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such person. For this purpose control means the direct or indirect ownership of in aggregate more than fifty per cent (50%) of voting capital;

“**Segal Group**” means the Segal Operator, the Segal Owners, their respective Affiliates, any of the aforesaid’s contractors or sub-contractors when engaged by the Segal Operator (in its capacity as such) to perform work or provide goods in connection with Segal System, together with any of the aforesaid’s agents, directors, officers, employees and servants;

“**Segal Operator**” means [] and its successors as the operator of the Segal System;

“**Segal Owners**” means [] and their successors and assignees as owners of the Segal System.

The Segal Operator and/or the Segal Owners may assign the benefit of this Deed to its successors and assignees as operator or owner of the Segal System.

The rights and benefits created in favour of the Segal Group by virtue of this Deed is intended by us to be enforceable, in accordance with their terms, by the members of the Segal Group by virtue of the Contracts (Rights of Third Parties) Act 1999. Notwithstanding the foregoing, this Deed may be terminated, rescinded, amended or varied by us, the Segal Operator and the Segal Owners without notice to or the consent of any other person even if, as a result, that other person’s right to enforce a term of this Deed will be varied or extinguished.

We agree that the confirmation, undertakings, exclusions and indemnities given by us in this Deed are irrevocable and may not be amended or varied save with the written consent of the Segal Owners and the Segal Operator.

This Deed shall be governed by and construed according to the laws of England and the English Courts shall have exclusive jurisdiction in respect of any dispute regarding the validity, enforceability or interpretation of this Deed and any dispute or claim arising out of it or in connection with it or its subject matter or formation (including non-contractual disputes or claims).

Executed as a Deed the day first above written as follows.

Director

Director/Secretary

SCHEDULE I

EXPERT

1. Appointment of the Expert

- (a) The Party wishing the appointment to be made shall give notice in writing to that effect to all the Parties and with such notice shall give details of the matter which it is proposed shall be resolved by the Expert.
- (b) The Interested Parties shall meet in an endeavour to agree upon a single Expert to whom the matter in dispute shall be referred for determination.
- (c) If, within twenty one (21) days from the service of the said notice, the Interested Parties have failed to agree upon an Expert then the matter may forthwith be referred by the Party wishing the appointment to be made to the Chief Executive (for the time being) of the Energy Institute or its successor in function (herein referred to as the “**Chief Executive**”) who shall be requested to select an Expert within twenty-one (21) days and in so doing may take such independent advice as he thinks fit.
- (d) Upon an Expert being agreed or determined under the foregoing provisions of this Paragraph, the Interested Parties (or any of them) shall forthwith notify such Expert of his selection and the proposed terms of his appointment (such terms to have been agreed with the other Interested Parties and to include, inter alia, a covenant from the Expert that he will not during the term of his appointment accept any duty or acquire or agree to acquire any interest which materially conflicts with or may materially conflict with his function under such appointment) and shall request him to confirm within fourteen (14) days whether or not he is willing and able to (and does in fact) accept the appointment on the terms proposed.
- (e) If such Expert shall be either unwilling or unable to accept such appointment on the terms proposed or shall not have confirmed his acceptance of such appointment within the said period of fourteen (14) days, then (unless the Interested Parties are able to agree upon different terms with the Expert from those previously proposed or are able to agree upon the appointment of another Expert within a further period of fourteen (14) days) the matter may again be referred (by any Interested Party) in the manner aforesaid to the Chief Executive who shall be requested to make a further selection and the process shall be repeated until an Expert is found who accepts appointment upon terms acceptable to the Interested Parties.

2. Conflicts of Interest

- (a) No Person shall be appointed to act as the Expert unless he shall be qualified by education, experience and training to determine the matter in dispute.
- (b) Any Person appointed as the Expert may be entitled to act as such notwithstanding that at the time of the appointment he has some interest or duty which materially conflicts or may materially conflict with his function under such appointment; provided that he shall be required by the Interested Parties, before accepting such appointment, to disclose any such interest or duty of which he is aware and the Interested Parties shall after such disclosure have confirmed his appointment and provided further that if any Interested Party fails to give such confirmation because it considers that there is a material risk of an interest or duty as aforesaid (whether disclosed pursuant hereto or otherwise) prejudicing his decision then the provisions of Paragraph 1 shall apply to the selection of another Expert.
- (c) Notwithstanding Paragraph 2(b), no Person shall be appointed an Expert who at the time of proposed appointment is or at any time during the previous three (3) years has been a director, office holder or an employee of or directly or indirectly retained as consultant of any Interested Party (or any Affiliate thereof) or who is the holder of shares in an Interested Party (or any Affiliate thereof) (unless it is a company quoted on a recognised stock exchange and his share holding is less than one percent of the issued share capital of any class).
- (d) The appointment of the Expert shall only take effect after agreement has been reached between the Interested Parties and the Expert as to the Expert's remuneration. The arrangement agreed on shall be clearly set out in writing and shall be part of the agreement between the Interested Parties and the Expert.

3. Terms of Reference for Expert

- (a) Within fourteen (14) days of his appointment, the Expert shall (after consultation with the Interested Parties) specify the procedure to be adopted from his appointment up to and including the hearing of the dispute (including the time limits for the Interested Parties' submissions).
- (b) The Expert may request data, information or submissions as the Expert thinks fit and the Interested Parties shall use reasonable endeavours to comply promptly with such requests. All information supplied to the Expert in writing by an Interested Party shall be served by notice simultaneously to the other Interested Parties. Copies of all documentation relevant to the issues in the dispute shall be supplied by Interested Parties to the other Interested Parties fourteen (14) days prior to the date set by the Expert for exchange of written submissions and if no written submissions are to be made, then such documentation shall be provided fourteen (14) days prior to oral submissions at the hearing.

- (c) All oral submissions to the Expert shall be made in the United Kingdom in the presence of all Interested Parties who shall have the right to respond thereto and make their own submissions in response.
- (d) The said Expert shall give full written reasons for his decision and shall furnish the Interested Parties with his decision within thirty (30) days of the hearing.
- (e) The Expert shall be entitled to obtain such independent professional and/or technical advice as he may reasonably require.
- (f) If within a reasonable period (which shall not without the prior consent of the Interested Parties exceed ninety (90) days) after the Expert has entered into his contract of appointment such Expert shall not have rendered a decision then (at the request of any Interested Party) a new Expert shall be appointed under the provisions of this Schedule I and upon such new Expert entering into his contract of appointment the appointment of the previous Expert shall cease provided that if the previous Expert shall have rendered a decision prior to the new Expert entering into his contract of appointment then such decision of such previous Expert shall (subject always to Paragraph 3(h)) be binding upon the Interested Parties and the instructions (if any) to the new Expert shall be withdrawn.
- (g) The Expert shall be deemed not to be an arbitrator but shall render his decision as an expert and the provisions of the Arbitration Act 1996 and any replacements or re enactment thereof and the law relating to arbitration shall not apply to such Expert or his determination or the procedure by which he reaches his decision.
- (h) The determination of the Expert shall be final and binding upon all the Parties save in the event of fraud, manifest error, failure by the Expert to disclose any relevant interest under Paragraph 2 or breach by the Expert of his covenant referred to in Paragraph 1(d).
- (i) Each Interested Party shall bear the costs and expenses of all lawyers, advisers, witnesses and employees retained by it but the cost and expenses of the Expert and where applicable the Chief Executive and any independent advisers to either of them retained in connection with a determination hereunder shall be borne among the Interested Parties equally unless the Expert determines that due to the conduct of one or more Interested Parties such costs and expenses of the Expert and the Chief Executive if applicable and any independent advisers to either of them should more appropriately be borne in some other proportion in which case they shall be so borne. For these purposes, there shall be deemed to be two Interested Parties, namely (a) the Shipper and, if appropriate, the Other Shippers and (b) the Segal Operator and the Segal Owners.
- (j) All disputes arising hereunder from a single matter or set of circumstances that are referred to an Expert for determination shall be referred to the same Expert in a single proceeding.

- (k) Where any matter has been referred to an Expert no Party shall simultaneously or subsequently remit the same issue for determination to the Courts of England. The foregoing shall not apply in circumstances where there has been a determination and such determination is not final or binding pursuant to Paragraph 3 (h).

4. Confidentiality of Expert

Where any matter is referred for determination by an Expert under the Deed, the Interested Parties shall procure that the Expert shall, save as required by law, treat as confidential all information disclosed to him in connection with the matter for a period of five (5) years following his determination.

SCHEDULE J**PRODUCER PRICE INDEX****1. Change in Base/Weightings/Classification of Producer Price Index**

- (a) If at the Review Month relevant figures are not available because the Producer Price Index has been rebased to a different year and/or a change has occurred in the weightings and/or classification of the Producer Price Index, then a revised value of the denominator PPIo shall be calculated in accordance with this Schedule J and shall be used in the calculations to be made in accordance with Clauses 12.3 and 14.6(c) respectively until further revised pursuant to this Schedule J.
- (b) A revised value of the denominator PPIo as required under Paragraph (a) above shall be calculated as follows:
- (i) a conversion factor shall be calculated by dividing the arithmetic total of the monthly values of the Producer Price Index on the previous base period and weightings and classification by the arithmetic total of the monthly values of the Producer Price Index on the new base period and weightings and classification for all those months for which values are published up to and including the Review Month (or if not published made available by the same authority) on both the previous base period and weightings and classification and the new base period and weightings and classification but if the number of months for which values are published or made available by the same authority is greater than sixty (60) then the number of months used in the calculation of the conversion factor shall be limited to the latest sixty (60) months;
- (ii) the denominator PPIo which was immediately previously used shall then be divided by the conversion factor obtained above to obtain a revised denominator PPIo for use with the monthly values of the Producer Price Index on the new base period and weightings and classification.
- (c) Notwithstanding the provisions of Paragraph 1(a) above, if the Producer Price Index is not published by the Office for National Statistics (or its successor) on the basis of the Standard Industrial Classification in use by the Parties prior to the change, the Producer Price Index on the basis of the Standard Industrial Classification next following shall be used for the purposes of calculating the denominator PPIo until further revised pursuant to this Schedule J.

2. Unavailability or Change in Bases or Error

- (a) “**Index**” means the Producer Price Index as defined in Clause 12.3. “**Indicator**” means “PPIy” as defined in Clause 12.3. If on the first day of the Review Month a figure or

figures required to calculate the Indicator is not available from the relevant publication or source (but is likely to be available at a later date) or has been computed or published in an erroneous form, then the Parties will jointly endeavour (in good faith):

- (i) in the case where the Parties agree that such figure is temporarily unavailable from the relevant publication or source, to obtain and agree upon the relevant figure from some other source; or
- (ii) in the case where the Parties agree that such figure was computed or published in erroneous form, to agree upon a corrected figure to be used in the said review.

To the extent that the Parties have been able to agree upon or correct (as the case may be) such figure it shall be used in the calculation under Clause 12.3 and Clause 14.6(c), and such figure shall not subsequently be amended.

If the Parties have been unable to obtain or agree upon any alternative or corrected figure then the last available figure not needing correction shall be used as a provisional figure in the said Review Month. In such event, when the proper figure is available from the relevant publication or source, the formulae in Clauses 12.3 and 14.6(c) respectively shall be recalculated using the proper figure and the Parties shall make such payments as required to correct any previous overpayment or underpayment made in accordance with Clause 12.1 or Clause 14.6 since the problem arose.

- (b) In this Schedule J, a “**Relevant Event**” means the Index (or a figure or figures required to calculate the Indicator):
 - (i) being permanently unavailable; or
 - (ii) containing an error; or
 - (iii) (subject to Paragraph 1(c)) being so changed in the basis of calculation or quality or type of commodity included therein or otherwise as to affect materially the validity of price or index comparison over time, other than any change arising from changes in the consumption patterns upon which the Index is based.

If in the opinion of any Party a Relevant Event has occurred at the Review Month, it shall give notice to the other Party, and the Parties will jointly endeavour (in good faith) to agree whether a Relevant Event has occurred, and if so, to agree upon an appropriate amendment to, or replacement of, such Index (or such figure or figures).

- (c) If within ninety (90) days from the date of the said notice:
 - (i) no agreement has been reached as to whether a Relevant Event has occurred then (at the request of either Party) the matter shall forthwith be referred for

determination to an Expert and if he determines that a Relevant Event has occurred and, within thirty (30) days of such determination, the Parties cannot agree an appropriate amendment to or replacement of such Index (or such figure or figures) the matter shall (at the request of either Party) be referred as aforesaid for determination to the same Expert; or

- (ii) the Parties have agreed that a Relevant Event has occurred but have not agreed an appropriate amendment to or replacement of such Index (or such figure or figures) then (at the request of either Party) the matter shall be forthwith referred for determination to an Expert.
- (d) For the avoidance of doubt a change of name of an Index shall not in itself be taken to be a reason for a reference under this Paragraph 2.

3. Expert Determination

- (a) If it is agreed or determined that the Relevant Event specified in Paragraph 2(b)(i) has occurred, the Expert will be instructed to provide an amendment to or replacement of the Index (or figure or figures required to calculate the Indicator) having regard to an index price or series of prices, or combination of indices, for a commodity or commodities as close as possible in type and use to the commodity or commodities included in the Index required to be amended or replaced with only such adjustments thereto as may be necessary to reflect more closely the movements of such Index (or such figure or figures) and shall in the same manner (if required) provide an appropriate value to be used as a substitute denominator PPIo;
- (b) If it is agreed or determined that the Relevant Event specified in Paragraph 2(b) (ii) has occurred and the Expert is requested to make an appropriate amendment or replacement, the Expert will confine himself to correcting the error;
- (c) If it is agreed or determined that the Relevant Event specified in Paragraph 2(b) (iii) has occurred and the Expert is requested to make an appropriate amendment or replacement, he or she may make such adjustments to the existing Index (or such figure or figures) (and, if appropriate, its denominator PPIo) as may be required to restore the validity of price or index comparison over time or, if this is not possible, he or she may substitute an alternative Index (or such figure or figures) together with an appropriate value to be used as denominator PPIo in the manner described in Paragraph 3(a) above;
- (d) If the Expert is of the opinion that a Relevant Event has not occurred, then Indicator for the Contract Year in respect of which the reference to the Expert has been made shall be calculated as if no reference to the Expert had been made, whereupon no subsequent reference to the Expert under Paragraph 2(b) may be made in respect of such Contract Year by the Party who served a notice under Paragraph 2(b) in respect of which such Expert determination has been made.

SCHEDULE K**LINEPACK****1. Definitions**

1.1

In this Schedule K, the following defined terms shall have the meanings ascribed to them below:

“**Linepack Event**” means any event for which the Segal Operator builds Linepack Inventory in excess of the Minimum Linepack Inventory.

“**Linepack Inventory**” means Wet Gas which is delivered at an Entry Point and which is not landed instantaneously at St Fergus.

“**Linepack**” has the meaning given in Section 2.1.

“**Minimum Linepack Inventory**” means zero (0).

1.2

In this Schedule K, references to Sections are to sections in this Schedule K and references to Clauses are to clauses in the main body of the Terms and Conditions of which this Schedule forms part.

2 Linepack

2.1 The use of Linepack is entirely at the discretion of the Segal Operator. Should the Segal Operator use Linepack, it shall do so in accordance with this Schedule K.

2.2 The Segal Operator may build, maintain and draw-down the Linepack Inventory (the “**Linepack**”) in order to:

2.2.1 minimise the volume of Shipper Gas which would otherwise be deferred during production ramp-down and ramp-up around a Linepack Event,

2.2.2 modulate deliveries at St Fergus to ensure a consistent flow of Shipper Gas into the Segal System.

2.3 Linepack is for operational purposes only.

3 Linepack build-up

- 3.1 Subject to operational constraints in the Segal System, the Segal Operator shall allocate Shipper Gas to Linepack Inventory over a period determined by the Segal Operator.
- 3.2 The Segal Operator shall allocate Shipper Gas to Linepack Inventory on a 'per Shipper per Field' basis based upon the daily Shipper export ratio.

4 Linepack draw-down

- 4.1 Subject to operational constraints in the Segal System, during each Linepack Event, the Segal Operator shall redeliver Shipper Gas from Linepack Inventory in excess of the Minimum Linepack Inventory to the Shipper over a period to be determined by the Segal Operator.
- 4.2 Shipper Gas redelivered from Linepack Inventory shall be deemed to have immediately landed at St Fergus.
- 4.3 Linepack Inventory cannot be negative.

5 Forecasting, Dispatching and Allocation

- 5.1 The procedures for forecasting, dispatching and allocation of Shipper Gas to and from the Linepack Inventory shall be as provided in the main body of these Terms and Conditions, save that:
 - 5.1.1 not later than one (1) week prior to each Linepack Event, the Segal Operator shall determine the period over which the Linepack Inventory will be built-up in preparation for such Linepack Event;
 - 5.1.2 in fulfilment of the Segal Operator's obligations pursuant to Clause 8.6, the estimate of the quantity of Sales Gas that will be re-delivered to the Shipper shall be based on the information provided by or on behalf of the Shipper for such following Day in accordance with Clause 8.5 plus any build up or draw down of Linepack Inventory.
 - 5.1.3 for transparency, the Segal Operator shall provide the Shipper with actual Linepack Inventory quantities in the Daily Allocation Statements.

6 Metering, Allocation and Entitlement

The quality of Shipper Gas allocated to Linepack Inventory on a Day will equal the Shipper Gas export quality on such Day.