



**BRAE-FORTIES PIPELINE SYSTEM PIPELINE LIQUIDS
TRANSPORTATION AGREEMENT**

**SECTION 2
CONDITIONS OF CONTRACT**

BRAE-FORTIES PIPELINE SYSTEM

PIPELINE LIQUIDS TRANSPORTATION AGREEMENT

SECTION 2 - CONDITIONS OF CONTRACT

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CLAUSE 1 - DEFINITIONS

1.01 Definitions

Whenever used in this Agreement (including the recitals and Attachment hereto and in Section 1 and all Exhibits thereto) the following terms shall have the following meanings, unless the context otherwise requires:

Additional Quantities has the meaning given to it in Clause 6.05(a).

Affiliate in relation to a Party means:

- (a) either a company or corporation in which a Party holds directly or indirectly shares carrying more than 50% of the votes at a general meeting; or
- (b) a company or corporation holding directly or indirectly shares carrying more than 50% of the votes at a general meeting of a Party; or
- (c) a company or corporation of which shares carrying more than 50% of the votes at a general meeting are held directly or indirectly by a company or corporation which also holds directly or indirectly shares carrying more than 50% of the votes at a general meeting of a Party.

Agreement means this Brae–Forties Pipeline System Pipeline Liquids Transportation and Processing Agreement comprising of Section 1 – Form of Agreement and Section 2 – Conditions of Contract together with Exhibits and Attachment thereto all as more particularly described in clause 2.1 of Section 1.

Barrel means a volume of 42 U.S. gallons (at 60 deg F and 14.7 psia). The following standard, ASTM D 1250-80, Volume XI, Table 3 and Table 4, shall be used to convert between Barrel at 60 degrees Fahrenheit and cubic metres at 15 degrees Celsius.

Brae A Platform means the drilling and production facilities situated at approximately UTM co-ordinates 400408E:6507251N in Block 16/7a of the United Kingdom Continental Shelf.

Brae-Forties Riser means the thirty (30) inch diameter riser installed on the Forties Platform FC and shall include the subsea spool-piece connected thereto together with the flanged connection to the Brae-Forties Pipeline.

Brae-Forties Pipeline means the thirty (30) inch diameter pipeline connecting the Brae A Platform to the Transfer Point at the Brae-Forties Riser.

Brae-Forties Pipeline System means the facilities owned and/or leased by the Brae Group which exist from time to time to transport Pipeline Liquids from various entry points, including the Entry Point defined in Section 1, to the Transfer Point.

Brae Group means all companies or corporations from time to time having a beneficial interest in the Brae-Forties Pipeline System or where the context so admits shall mean any one or more of such Persons and their respective permitted assigns and/or successors in title. The Brae Group comprises at the date hereof:

Marathon Oil U.K., Ltd. (also the Brae Operator)
BP Exploration Operating Company Limited
Centrica Resources Limited
Eni UKCS Limited
Nippon Oil Exploration and Production U.K. Limited
Talisman Energy (UK) Limited
Talisman LNS Limited

Brae Operator means the operator of the Brae-Forties Pipeline System acting on behalf of the Brae Group from time to time who as at the date hereof is Marathon Oil U.K., Ltd. The Brae Operator shall at all times be considered to be a party to the Brae Group.

Claims means any and all claims, demands, actions and proceedings, damages, losses, costs and expenses (including legal fees on a full indemnity basis and sums by way of settlement or compromise) of every kind or nature.

Commencement Date has the meaning given to it in clause 3.3 of Section 1.

Composition means the information as set out in Exhibit III to Section 1.

Consequential Loss means all indirect Claims howsoever arising and which may be claimed or is recoverable at common law or in equity, whether pursuant to a contract, by virtue of any trust or fiduciary duty, in tort (including negligence), as a consequence of a breach of any duty (statutory or otherwise) or under any other legal doctrine or principle whatsoever. “Consequential Loss” shall be deemed to include, without prejudice to the foregoing generality, the following to the extent to which they might not otherwise constitute indirect loss or damage:

- (a) loss of or anticipated loss of or deferment of or anticipated deferment of use, revenue, production or profit;
- (b) losses associated with business interruption or increased cost of working including overheads thrown away;
- (c) loss of bargain, contract, expectation or opportunity;
- (d) any Claim which arises out of or is connected with the sale, disposal, exchange or use of, or the transportation or processing of any production from the Shippers Field (including natural gas to be transported separately from Shippers Pipeline Liquids); and
- (e) all other Claims which are not immediately and directly caused by the relevant act or omission.

Contract Year means a period of twelve (12) consecutive months beginning at 18:00 hours on 30 September in any Year and ending at 18:00 hours on 30 September in the next succeeding Year.

Day means any period of twenty four (24) consecutive hours starting at 18:00 hours on any day and ending at 18:00 hours on the following day, while “day” shall be construed as a calendar day consisting of twenty four (24) consecutive hours starting at 00:00 hours and

ending at midnight on the following day. The term “Daily” and “daily” will be construed accordingly.

Expert means an expert appointed in accordance with Clause 22.02.

Field Operator means the operator of a User.

Firm Maximum Quantity or FMQ has the meaning given in clause 4 of Section 1.

Force Majeure has the meaning given to it in Clause 21.

Forties Platform FC means the steel jacket centered on UTM zone 31 co-ordinates: 371802.68E; 6400493.04N together with those facilities thereon necessary for the transportation of Shippers Pipeline Liquids within the FPS System.

FPS System means the facilities existing from time to time necessary to transport and process Pipeline Liquids from the Transfer Point.

Free Barrel has the meaning given in Clause 8.03(a).

Intervening System means the systems as defined in Exhibit I of Section 1.

LIBOR means, in relation to any period in respect of which an interest rate is to be determined: (a) the London interbank offered rates for deposits in pounds Sterling which is quoted on the "LIBOR01" page on the Reuter Monitor Money Rates Service (or such other page as may replace such page on such service for the purpose of displaying London interbank offered rates for deposits in pounds Sterling) at or about 11.00 a.m. on the first Working Day of such period; or (b) if no such rate is quoted at the relevant time, the arithmetic mean (rounded upwards to four (4) decimal places) of the rates quoted by the principal London offices of Lloyds TSB Bank plc, Barclays Bank plc and HSBC Bank plc to prime banks in the London interbank market at or about 11.00 a.m. on the first Working Day of such period for deposits in pounds Sterling, or if the rates referred to in (a) and (b) above are not available in respect of the relevant period for any reason, such comparable rate as the Parties may agree, such agreement not to be unreasonably withheld or delayed.

Month means any one of the twelve (12) calendar months of the Year.

Operating Costs means all costs and expenditures incurred in relation to the Brae-Forties Pipeline System and being reasonably necessary for the acceptance, transportation and delivery of Pipeline Liquids to the Transfer Point.

Other User means any User other than the Shippers Field or the Shippers Group, as the context may require.

Parties means the parties to this Agreement and Party means any of them.

Peak Entitlement means the maximum quantity of Shippers Pipeline Liquids which the Shippers Group will be entitled to specify for the FMQ.

Person includes any company, firm, partnership, association, body corporate or individual.

Pipeline Liquids means the liquid substances (including sediment and water) which are suitable for transportation and handling within the Brae-Forties Pipeline System and the FPS System.

Producer Price Index means the “Index numbers of producer prices – price index numbers of Output: Home sales: Output of manufactured products” as published in Table 18.7 Series PLLU SIC (92) 2000 = 100 of the Office for National Statistics “Monthly Digest of Statistics”.

Quarter means a period of three (3) consecutive calendar months commencing on 1 January, 1 April, 1 July or 1 October.

Reasonable and Prudent Operator means a Person seeking in good faith to perform 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 operator engaged in the same

type of undertaking under the same or similar circumstances or conditions, and the expression "standard of a Reasonable and Prudent Operator" shall be construed accordingly.

Section 1 means the Form of Agreement, together with all Exhibits thereto, entered into between the Brae Group and the Shippers Group with respect to the transportation of Pipeline Liquids from the Shippers Field.

Section 2 means these Conditions of Contract together with the Attachment hereto.

Senior Managerial Personnel means in relation to any company, any person employed by it, or any of its Affiliates, as a director or other corporate officer or senior manager. For the purposes of this definition "other corporate officer" or "senior manager" shall mean:-

- (a) in relation to the Brae Operator and the Shippers Operator:
 - (i) the individuals appointed by each of the Brae Operator and the Shippers Operator to be the people who have responsibility for the commercial management and the operational management of the Brae-Forties Pipeline System and the Shippers Field respectively;
 - (ii) (aa) any individual of a more senior level than the individuals referred to in (i) above; or
 - (bb) any committee or board comprised of individuals of a more senior level than the individuals referred to in (i) above, to whom or to which the individuals referred to in (i) above report either directly or indirectly; and
- (b) in relation to any other Person, any individual employed by it who occupies a senior managerial position with direct responsibility in respect of all such Person's rights and obligations under this Agreement.

Services has the meaning given to it in Clause 5.01.

Shippers Field Operating Procedures means the procedures referred to in Clause 10.02.

Shippers Group means all Persons from time to time having a beneficial interest in the Shippers Field and, where the context so admits, shall mean any one or more of such Persons and their respective permitted assigns and/or successors in title.

Shippers Pipeline Liquids means Pipeline Liquids derived from the Shippers Field (save only for those fluids, that would otherwise have been Shippers Pipeline Liquids, which are consumed, flared, or otherwise used or lost in the course of production or the delivery of Shippers Pipeline Liquids from the Shippers Field to the Transfer Point or exported as gas from the Shippers Field).

Spot Quantities has the meaning given to it in Clause 6.05(b).

Stabilised Crude Oil means crude oil which is suitable for loading into crude oil tankships.

Sterling or pounds Sterling means the lawful currency of the United Kingdom from time to time.

Tonne means a mass of one thousand kilogrammes (1000kg).

Total User Requirements means the flow rate of Pipeline Liquids tendered for delivery into the Brae-Forties Pipeline System by all Users.

Transfer Point means the end flange of the Brae-Forties Pipeline where it connects with the Brae-Forties Riser and constitutes the point at which the Brae-Forties Pipeline System connects to the FPS System and constitutes the point where custody of Shippers Pipeline Liquids is transferred to the FPS System.

Uncommitted Capacity means such capacity (if any) in any part of the Brae-Forties Pipeline System which is not required for the transportation and handling of the total of:

- (a) Pipeline Liquids to be delivered pursuant to contractual commitments entered into from time to time by the Brae Group (including, without limitation, this Agreement);
and

- (b) Pipeline Liquids which a member of the Brae Group wishes to deliver from any field or source in which a member of the Brae Group or any Affiliate thereof has a beneficial interest.

User(s) means any field or source(s) from which Pipeline Liquids are delivered into the Brae-Forties Pipeline System, or the owners of the beneficial interests in such fields or sources or the Field Operators of such fields or sources as the context so admits.

Wilful Misconduct means, in relation to any Person, an intentional, conscious or reckless disregard of any provision of this Agreement or of good and prudent oil field practice by its or its Affiliates' Senior Managerial Personnel but shall not include any negligent act or omission, error of judgement or mistake made in good faith and which in the exercise of such good faith is:

- (a) done or made in the exercise of any function, authority or discretion conferred upon such Person in terms of or arising out of this Agreement; and/or
- (b) justifiable by special circumstances including but not limited to safeguarding of life, property or the environment and other emergency situations.

Working Day means a Day other than a Saturday or a Sunday on which banks are or, as the context may require, were generally open for business in London, England.

Year means a calendar year ending on 31 December.

1.02 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) all references to this Agreement and the words "herein", "hereof", "hereto" and "hereunder" and other words of similar import refer to this Agreement (including the Attachment) as a whole and not to any particular Clause or other subdivision;

- (b) any reference to the singular shall include reference to the plural and vice-versa, and any reference to any gender shall include a reference to all other genders;
- (c) reference herein to time shall be to time statutorily in force in the United Kingdom;
- (d) except where the contrary is stated, reference to this Agreement (or any provision hereof) or any other agreement, instrument or document shall include references to it as novated, amended, supplemental or replaced from time to time; and
- (e) in this Agreement, the word “including” shall not be construed as a limitation.

1.03 For all purposes of this Section 2, except as otherwise expressly provided or as the context otherwise requires any reference to a "Clause" or an "Attachment" refers to a clause of or an attachment to this Section 2, as the case may be.

1.04 Headings

The headings of Clauses are included for ease of reference only and do not form part of the Clauses for the purposes of construction thereof.

1.05 Relationship of the Parties

- (a) The rights of the members of the Shippers Group as against the members of the Brae Group under this Agreement shall be joint and several rights and the obligations of the members of the Brae Group to the members of the Shippers Group under this Agreement shall be joint and several obligations, so that each of the members of the Shippers Group shall be jointly and severally entitled to enforce such rights against each of the members of the Brae Group and each of the members of the Brae Group shall be jointly and severally liable to each of the members of the Shippers Group for the performance of such obligations accordingly.
- (b) The rights of the members of the Brae Group as against the members of the Shippers Group under this Agreement shall be joint and several rights and the obligations of the members of the Shippers Group to the members of the Brae Group under this Agreement shall be joint and several obligations, so that each of the members of the

Brae Group shall be jointly and severally entitled to enforce such rights against each of the members of the Shippers Group and each of the members of the Shippers Group shall be jointly and severally liable to each of the members of the Brae Group for the performance of such obligations accordingly.

1.06 Responsibility of the Operators

Each member of the Shippers Group hereby authorises the Shippers Operator as operator for and on behalf of the Shippers Group, to exercise all rights and meet all obligations of the Shippers Group under this Agreement, and agrees that the Brae Group may rely on this authorization. Each member of the Brae Group hereby warrants that the Brae Operator has been duly authorized, as the operator of the Brae Group, to exercise all rights and meet all obligations of the Brae Group under this Agreement, and agrees that the Shippers Group may rely on this authorization.

1.07 Rates of Interest

The Parties agree that the rates of interest in this Agreement on late payments or repayments of overpayments represent a substantial commercial remedy for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998.

CLAUSE 2 – SCOPE

2.01 Subject to the terms and conditions herein contained:-

- (a) The Shippers Group undertakes to tender for delivery at the Entry Point all Shippers Pipeline Liquids produced until permanent cessation of production of the Shippers Field and the Shippers Group undertakes to accept redelivery of, or procure the acceptance of redelivery of, the Shippers Pipeline Liquids at the Transfer Point.
- (b) The Brae Group undertakes to provide the Services by accepting all Shippers Pipeline Liquids properly tendered for delivery hereunder by the Shippers Group at the Entry Point, to transport such Shippers Pipeline Liquids in conjunction with

other Users' Pipeline Liquids through the relevant part of the Brae-Forties Pipeline System and redeliver such Shippers Pipeline Liquids at the Transfer Point.

- (c) Without prejudice to the other provisions of this Agreement, the Brae Operator, each member of the Brae Group, the Shippers Operator and each member of the Shippers Group shall exercise their respective rights and discharge their respective obligations hereunder to the standard of a Reasonable and Prudent Operator.

CLAUSE 3 - DURATION

3.01 Commencement Date

The date of commencement of delivery of Shippers Pipeline Liquids at the Entry Point shall be as stated in clause 3.3 of Section 1, or such other date as the Parties may agree. Such date of commencement of delivery shall hereinafter be referred to as the "Commencement Date". The Brae Group shall be ready to provide the Services from the Commencement Date but will use reasonable endeavours to provide the Services earlier if requested by notice from the Shippers Operator to do so.

3.02 Termination

- (a) This Agreement shall continue in full force and effect until termination following reasonable notice upon the earlier of the following occurrences:
 - (i) run-down and permanent cessation of production of hydrocarbons from the Shippers Field; or
 - (ii) expiry or termination of any transportation agreement for Shippers Pipeline Liquids in respect of the Intervening System (unless terminated by mutual consent of the parties thereto).
- (b) Notwithstanding the provisions of Clause 3.02 (a), the Brae Group shall have the right to terminate this Agreement:
 - (i) by giving ninety (90) days' notice to the Shippers Operator if, whether following a Force Majeure event declared by the Brae Operator in accordance with Clause 21 or otherwise as a consequence of damage to or

destruction or breakdown of the Brae-Forties Pipeline System or any other facilities or infrastructure, it is reasonably anticipated that the Brae Group will be unable to accept, transport and process Shippers Pipeline Liquids properly tendered for delivery for a continuous period of more than three (3) Years; or

- (ii) by giving ninety (90) days' notice to the Shippers Operator if following a Force Majeure event declared by the Shippers Group in accordance with Clause 21 it is reasonably anticipated that as a result of such event, the Shippers Group will be unable to tender Shippers Pipeline Liquids in accordance with the terms of this Agreement for a continuous period of three (3) Years; or
- (iii) in accordance with the provisions of Clause 9.03(c) or Clause 19.01.

(c) The Shippers Group shall have the right to terminate this Agreement:

- (i) by giving ninety (90) days notice to the Brae Operator if, following a Force Majeure event declared by the Brae Operator in accordance with Clause 21, it is reasonably anticipated that as a result of such event the Brae Group will be unable to accept, transport and process Shippers Pipeline Liquids properly tendered for delivery for a continuous period of more than three (3) Years; or
- (ii) following service of a notice by the Brae Operator under Clause 8.04, by giving not less than twelve (12) Months' notice to the Brae Operator;
- (iii) in accordance with the provisions of Clause 19.03.

3.03 Consents and approvals

The Brae Group and the Shippers Group shall use all reasonable endeavours to obtain and maintain in effect all governmental and official permits, consents, licences and approvals necessary for the implementation of this Agreement. If any such permits, consents, licences or approvals are not so obtained prior to the earlier of: (i) any form of mechanical intervention between the Shippers System and the Brae-Forties Pipeline System (where

there is no Intervening System); or (ii) the introduction of Shippers Pipeline Liquids into the Brae-Forties Pipeline System, and if the Parties are unable to agree in good faith on suitable alternative arrangements, then either of the Brae Group or the Shippers Group shall be entitled to terminate this Agreement by notice.

3.04 Accrued rights and obligations

Any termination of this Agreement shall be without prejudice to the rights and obligations, if any, accrued prior to the effective date of such termination.

CLAUSE 4 – LINK-UP

4.01 The Shippers System

- (a) The design, material procurement, fabrication, installation, maintenance, operation and inspection of the Shippers System (including any necessary sub-sea isolation valve) shall be carried out by the Shippers Operator and all costs associated therewith shall be borne by the Shippers Group.
- (b) The Brae Operator and the Shippers Operator shall consult together and co-operate closely to ensure that the design, material procurement, fabrication, installation, maintenance, operation and inspection of the Shippers System shall, to the extent necessary for the Brae Operator and the Shippers Operator to fulfil their respective obligations hereunder, be compatible with the design, material procurement, fabrication, installation, maintenance and operation of the Brae-Forties Pipeline System and the Brae Operator and the Shippers Operator shall consult together and co-operate closely to ensure that the continuous compatibility thereof is maintained.
- (c) In the event that it becomes necessary to install a sub-sea isolation valve along the route of the Shippers Pipeline then the Brae Operator and the Shippers Operator shall meet in good faith to agree arrangements and procedures to cover inter alia the design, material procurement, fabrication, installation, pre-commissioning, commissioning, maintenance, operation and inspection of such a sub-sea isolation valve. All costs associated with the design, material procurement, fabrication,

installation, pre-commissioning, commissioning, maintenance, operation and inspection of such a sub-sea isolation valve shall be borne by the Shippers Group.

CLAUSE 5 - SERVICES

5.01 Transport and redelivery

Subject to the terms of this Agreement, the Brae Group undertakes to accept Shippers Pipeline Liquids tendered by the Shippers Operator on behalf of the Shippers Group at the Entry Point and to transport such Shippers Pipeline Liquids (which may be transported in conjunction with the Pipeline Liquids of Other Users) through the Brae-Forties Pipeline System to the Transfer Point. Such acceptance, transportation and redelivery shall be referred to as “the Services”.

5.02 Provision of the Brae-Forties Pipeline System

For the purposes of this Agreement, the Brae Group shall provide, maintain, repair and operate throughout the duration of this Agreement those parts of the Brae-Forties Pipeline System necessary to fulfil its obligations as set out in this Agreement. However, if at any time and for any reason (including any change in law) the Brae Group is unable to fulfil any of those obligations and in order to resume its performance thereof it would have to rebuild, repair, re-configure, rectify or reinstate any part of the Brae-Forties Pipeline System, it shall be under no obligation to rebuild, repair, re-configure, rectify or reinstate such part or to resume such performance if to do so would, in the reasonable opinion of the Brae Group, be uneconomic to the Brae Group.

5.03 Other Pipeline Liquids

The Brae Group shall retain absolute discretion in respect of the acceptance or otherwise, and the conditions of any such acceptance, into the Brae-Forties Pipeline System of Pipeline Liquids other than Shippers Pipeline Liquids. Acceptance of Pipeline Liquids other than Shippers Pipeline Liquids shall be without prejudice to the Shippers Group's rights under this Agreement.

5.04 Line fill, stock changes and losses

The Shippers Group shall contribute to line fill, stock changes, and operational losses/differences in accordance with the provisions of Attachment A.

CLAUSE 6 - QUANTITIES

6.01 The FMQ applicable during each Quarter shall be notified by the Shippers Operator and determined in accordance with the provisions of clause 4.2 of Section 1 and the following provisions of this Clause 6.

6.02 Expert referral

- (a) If requested by the Brae Operator, the Shippers Operator shall provide to the Brae Operator the technical and other supporting data on which each FMQ notified under clause 4.2 of Section 1 have been based. If the Brae Operator believes that an FMQ does not reasonably reflect the likely maximum daily production of Shippers Pipeline Liquids during the relevant period, it may notify the Shippers Operator accordingly and the Brae Operator and the Shippers Operator shall meet to attempt to mutually determine an appropriate FMQ. In the event that the Brae Operator and the Shippers Operator are unable to agree an appropriate FMQ within thirty (30) days of the Brae Operator's notification to the Shippers Operator, the Brae Operator or the Shippers Operator may submit the question for determination by an Expert, and (subject to the limitations in clauses 4.1, 4.2 and 4.3 of Section 1) the Expert will determine the FMQ for the relevant period.
- (b) If pursuant to the Shippers Group's contractual arrangements with the operator of the FPS System an expert has determined the FMQ which will apply as between the FPS System and the Shippers Group, the Shippers Operator shall notify the Brae Operator of such amended FMQ and the FMQ hereunder shall be amended accordingly.

6.03 Long term throughput planning information

Not later than 30 September in each Year, the Shippers Operator shall provide to the Brae Operator the following:

- (a) its best estimate of average daily production of Shippers Pipeline Liquids and composition of Shippers Pipeline Liquids (on a dry basis) for each Month of the following two (2) Contract Years that it expects to deliver at the Entry Point. Thereafter, the Shippers Operator shall inform the Brae Operator of any anticipated change to any quantity or quality of the Shippers Pipeline Liquids prior to the first Day of each Quarter during which such Shippers Pipeline Liquids will be delivered to the Entry Point;
- (b) if, during any Contract Year, the Shippers Operator foresees a deviation from the profile given in respect of such Contract Year in accordance with Clause 6.03(a) of more than twenty percent (20%) or ten thousand barrels per day (10mbd) (whichever is the lesser) the Shippers Operator shall immediately notify the Brae Operator of such an expected deviation.

6.04 Monthly nominations information

Not later than the twentieth (20th) Day of each Month, the Shippers Operator shall provide to the Brae Operator its best estimate of the daily quantities (expressed in Barrels per Day) (including any Additional Quantities) of Shippers Pipeline Liquids which the Shippers Group wishes to deliver at the Entry Point and the composition thereof for the following four (4) Months.

6.05 Additional and Spot Quantities

- (a) If at any time the Shippers Group wishes to deliver at the Entry Point quantities of Shippers Pipeline Liquids in excess of the FMQ determined pursuant to clause 4.2 of Section 1 for the period in question then, subject to Clause 12 (Throughput Restrictions), the Brae Operator shall not unreasonably withhold consent to a request by the Shippers Operator on behalf of the Shippers Group for the delivery of such additional quantities ("Additional Quantities"). Requests for Additional Quantities

shall be made in accordance with the procedure set out in Clause 6.04 and shall be subject to all the relevant terms and conditions of this Agreement.

- (b) If at any time the Shippers Group wishes to deliver on a Day at the Entry Point quantities of Shippers Pipeline Liquids in excess of the FMQ and any Additional Quantity, the Brae Operator may at its absolute discretion, consent to a request by the Shippers Operator on behalf of the Shippers Group for the delivery of such incremental quantities on such Day ("Spot Quantities") provided always that the Brae Operator shall be entitled at its absolute discretion to withdraw its consent at any time prior to the delivery of the Spot Quantities in question. In the event that Spot Quantities are delivered pursuant to the terms of this Clause 6.05(b) the same shall be accepted subject to all relevant terms and conditions contained in this Agreement.

6.06 Information

The Shippers Group shall procure that the Shippers Operator provides all relevant data and information as required from time to time hereunder forthwith upon the request of the Brae Operator, including but not limited to such data and information reasonably required to enable the Brae Group to provide the Services hereunder.

6.07 Errors

- (a) Should any Party believe that any error has been made in relation to the measurement of deliveries of Pipeline Liquids into or from the Brae System under this Agreement or in the application of the provisions of Attachment A they shall notify the other accordingly within the two Years immediately following the expiry of the Year in which the alleged error occurred. The Parties will discuss the technical basis used to justify the allegation of error and use reasonable endeavours to agree whether and if so what correction to the hydrocarbon accounts is required.
- (b) Should a dispute under Clause 6.07(a) persists for ninety (90) Days or longer, any Party may refer the matter for resolution in accordance with the dispute resolution provisions in Clause 22. Where a dispute arises between the Brae Group and one or more Other Users which relates to the same or similar facts as require determination

with this Agreement, the Shippers Group agrees that the Brae Group may consolidate the resolution of the dispute under this Agreement with that in the other agreement, including the use of the same dispute resolution procedure in each case (including the use of arbitration where this is provided in the other agreement), such that the process will be conducted efficiently, and that each related dispute will be heard together.

CLAUSE 7 - QUALITY

7.01 The quality of the Shippers Pipeline Liquids delivered at the Entry Point shall comply with the quality criteria in the Specification for Shippers Pipeline Liquids set out in Exhibit II of Section 1 and the Composition of Shippers Pipeline Liquids set out in Exhibit III of Section 1. In addition, the Shippers Pipeline Liquids shall be free from any other undesirable substance or matter (including, without limitation, radioactive materials), which, in the reasonable opinion of the Brae Operator, is likely to cause damage to any part of the Brae-Forties Pipeline System, contaminate or reduce the value of any product deliverable therefrom (or from the FPS System), or prejudice health, safety or the environment.

7.02 Off-specification Pipeline Liquids - breach by Shippers Group

- (a) The Shippers Operator shall notify the Brae Operator immediately on becoming aware that the quality of Shippers Pipeline Liquids tendered or delivered at the Entry Point by the Shippers Group is failing, or is likely to fail, to meet the specification set out in Exhibit II of Section I. On receipt of such notice, or if the Brae Operator becomes aware that the quality of Shippers Pipeline Liquids is failing, or is likely to fail, to meet such specification, the Brae Operator and the Shippers Operator shall without undue delay consult together (where practicable prior to or immediately after such event) and use all reasonable endeavours to overcome the problems caused and the Brae Operator shall have the right to suspend or reduce acceptance of Shippers Pipeline Liquids at the Entry Point by notice to the Shippers Operator, until such time as the problems caused thereby or likely to be caused thereby have been overcome and/or no longer have a material adverse effect and the Brae Operator is satisfied that there will not be any material adverse effect to the commercial value of other Pipeline Liquids transported in the Brae-Forties Pipeline System.

- (b) The Brae Operator shall, at the request of the Shippers Operator use all reasonable endeavours to accept any Shippers Pipeline Liquids delivered at the Entry Point that do not comply with the specification set out in Exhibit II of Section 1 and/or the composition of which is materially different from that set out in Exhibit III of Section 1 (“Off-Specification Shippers Pipeline Liquids”).
- (c) In the event that the Brae Operator has accepted Off-Specification Shippers Pipeline Liquids then the Brae Operator shall have the right to charge the Shippers Group all reasonable documented costs and expenses incurred by the Brae Operator in respect of the cleaning or clearing of the Brae-Forties Pipeline System and the rectification of any damage thereto resulting from the acceptance of such Pipeline Liquids.

If the Off-Specification Shippers Pipeline Liquids so accepted are part of a commingled stream with other Pipeline Liquids, then the Shippers Group shall only be charged for a proportionate share of the total cost and expenses arising from the acceptance of the commingled stream.

7.03 Co-operation on studies

If the FPS System Operator and the Shippers Operator perform certain studies on the effects on the FPS System of transporting and processing Shippers Pipeline Liquids, the Shippers Operator agrees to seek permission from the FPS System Operator to disclose the results of such studies, subject to appropriate confidentiality obligations, to the Brae Operator.

CLAUSE 8 - TARIFF AND CHARGES

8.01 Transportation Tariff and Escalation

In compensation for performing the Services, the Shippers Group shall pay to the Brae Group a tariff at the rate set out in clause 6.1 of Section 1.

The tariff under clause 6.1 of Section 1 shall be adjusted effective from the commencement of each Year for application during each Month of the Year in question by application of the formula set out in clause 6.2 of Section 1.

8.02 Determining the Average and Indices

The index utilised in the escalation formula referred to in Clause 8.01 shall be determined in accordance with the following provisions of this Clause 8.02, unless otherwise agreed between the Parties.

- (a) Each average referred to in the definitions of P_2 shall be calculated by dividing the sum of quotations published during the period in question by the number of such daily quotations published during such period.
- (b) If the index specified in clause 6.2 of Section 1 ceases to be published, the Brae Operator and the Shippers Operator shall consult to agree upon the substitution of a new index or indices matching as closely as possible the characteristics of the index in question which has ceased to be published.
- (c) If the Brae Operator and the Shippers Operator fail to agree on a substitute index or indices within four (4) Months of the cessation of publication of the index in question the Parties may refer the matter for resolution in accordance with the dispute resolution provision in Clause 22.
- (d) In the event that the base or weightings of the Producer Price Index are changed then:
 - (i) For as long as the index on the immediately preceding base and weightings is published such index or such immediately preceding base and weightings shall be used to escalate the tariff.
 - (ii) From the time that the index on the immediately preceding base and weightings ceases to be published the index on the new base and weightings shall be used to escalate the tariff except that the value of P_1 in the formula described in Clause 8.01 shall be revised at the same time by multiplying it by a conversion factor calculated by dividing the arithmetic total of the indices on the new base and weightings by the arithmetic total of the indices

on the immediately preceding base and weighting for all those Months for which indices are published on both the immediately preceding base and weightings and the new base and weightings.

8.03 Free Barrels

- (a) Save as provided for in Clause 21.05, a Free Barrel accrues to the Shippers Group in respect of any Barrel which:
 - (i) has been nominated under Clause 6.04, up to a maximum of the FMQ for the relevant Month; and
 - (ii) the Shippers Group were ready willing and able to deliver, in accordance with this Agreement; and
 - (iii) was not accepted by the Brae Operator as a consequence of its failure to act as a Reasonable and Prudent Operator; and
 - (iv) has not previously been deducted under this Clause 8.03.
- (b) When calculating the tariff payable in respect of any Month, the Brae Operator shall deduct from the number of Barrels actually delivered any Free Barrels available to the Shippers Group.
- (c) The maximum number of Free Barrels which may be deducted in any Month may not exceed twenty five per cent (25%) of the FMQ for each Day in that Month and any balance of Free Barrels shall be carried forward to succeeding Months.
- (d) For the purposes of Clause 8.03(a), Barrels deliverable during the first eighty eight (88) hours in any Contract Year during which no Pipeline Liquids were accepted into the Brae-Forties Pipeline System will be ignored, as will all Barrels otherwise deliverable during periods of planned maintenance. Should the Shippers Group believe any Barrel was not accepted by the Brae Operator as a consequence of its failure to act as a Reasonable and Prudent Operator, they will notify the Brae Operator accordingly, and the Parties will meet in good faith to review the circumstances. Should a dispute persist, the Brae Operator shall prepare provisional accounts and invoice the Shippers Operator on the assumption that the Brae

Operator is correct, but these will be without prejudice to eventual agreement or determination of the dispute. When the dispute is resolved, any necessary adjustment to the accounts will be made in accordance with the principles of Clause 9.04.

- (e) The deductions available under this Clause 8.03 are the only remedy of the Shippers Group in relation to any failure by the Brae Operator to accept Shippers Pipeline Liquids whether caused by a failure to act as a Reasonable and Prudent Operator, negligence, breach of duty (whether statutory or otherwise), the Wilful Misconduct of the Brae Group, or any other cause whatsoever, and the Brae Group shall not be liable for and the Shippers Group releases the Brae Group from all Claims arising out of or in any way connected with any such failure.

8.04 The Brae Group's operating cost option

- (a) With effect from 1 October 2015, or such later date as may be advised in writing by the Brae Operator to the Shippers Operator, the Brae Group shall have the right, upon giving not less than twelve (12) months prior notice in writing to the Shippers Operator, and subject to Clause 3.02 (b) (ii), to require the Shippers Group to pay to the Brae Group, in lieu of the tariff referred to in clause 6.1 of Section 1 that would otherwise have applied, a share of the Operating Costs as determined in Clause 8.04(b) together with an uplift of ten percent (10%) of such costs; until such time as this Agreement expires or is terminated in accordance with Clause 3. The exercise of this option does not imply any obligation on the part of the Brae Group to incur capital expenditure in relation to the Brae-Forties Pipeline System.
- (b) The Shippers Group's share of the Operating Costs shall be calculated in an equitable manner taking into account, inter alia, the period for which recovery of Operating Costs will apply and the planned and actual extent of the Shippers Group's usage (either alone or with others) of the Brae-Forties Pipeline System (or relevant part thereof) recognising that not all costs will vary with actual throughput. The Brae Operator shall issue a more detailed accounting procedure setting out the calculation of Operating Costs after the Brae Group exercises the option set out in Clause 8.04(a). Payments of the Shippers Group's share of Operating Costs shall be made in accordance with the provisions of Clause 9 hereof except that any amounts

due shall be paid Quarterly in advance based upon the Brae Operator's best estimate of the Operating Costs for the forthcoming Quarter. Within thirty (30) days following the end of each Quarter the Brae Operator shall issue an adjustment invoice (or credit note if applicable) based upon the actual Operating Costs for the Quarter in question.

- (c) The Shippers Operator shall have the right at its cost annually to participate in an audit of those items forming part of the Operating Costs which are deemed by the Brae Operator's external auditor to be direct Operating Costs, which audit shall be conducted jointly on behalf of the Shippers Operator together with the operators of all Other Users who wish to audit the direct Operating Costs for such Year, and will be undertaken so as to minimise the inconvenience to the Brae Operator. Such audit of direct Operating Costs shall be conducted under terms of reference issued by the Brae Operator after consultation with the Shippers Operator and the operators of Other Users. The Brae Operator shall provide to the Shippers Operator annually an external auditor's certificate in respect of those items forming part of the Operating Costs which are deemed by the Brae Operator's external auditor to be indirect Operating Costs. The Brae Operator shall keep the Shippers Operator informed on budgetary details of Operating Costs.

CLAUSE 9 - PAYMENT

9.01 Invoicing and payment of tariffs

- (a) Promptly following the last Day of each Month, the Brae Operator shall invoice the Shippers Operator on behalf of the Shippers Group in respect of the tariff payable pursuant to clause 6.1 of Section 1 (including any adjustments pursuant to Clause 8.01 and 9.02) in respect of the quantity of Shippers Pipeline Liquids delivered at the Entry Point in the Month in question. Invoices may be issued by electronic mail, facsimile or first class post.

- (b) Promptly following the last day in each Quarter in which the Shippers Group is required to pay a charge pursuant to Clause 8.04, the Brae Operator shall invoice the Shippers Operator for such charge calculated in accordance with said Clause 8.04 (including any adjustments pursuant to Clause 9.02). Invoices may be issued by electronic mail, facsimile or first class post.
- (c) Within ten (10) Working Days following the issuance of each invoice, Shippers Operator, on behalf of the Shippers Group, shall pay to the Brae Operator the amounts of the invoices (net of credit notes). Such payment shall be made in pounds Sterling by telegraphic transfer by Shippers Operator to the account advised by the Brae Operator prior to issuing the first invoice hereunder, or such other account as may be notified by the Brae Operator to the Shippers Operator from time to time, quoting the invoice number against which payment is made.

9.02 Estimated invoices

The Parties recognise that the indices specified in Clause 8.01 and/or the actual quantity of Shippers Pipeline Liquids delivered in any Month may not be available in time to facilitate invoicing as aforesaid and in such event the invoice and the payment will be based on the Brae Operator's best estimate of the indices and quantity concerned and will be subject to adjustment in the invoice issued in the following Month or as soon as practicable thereafter following upon the publication of the actual indices and/or the availability of the actual quantities for the Month in question.

9.03 Failure to pay

- (a) Should the Shippers Operator fail or refuse to make any payments due, the amount due shall bear interest (both before and after judgement) at LIBOR on the respective due date plus two percent (2%) per annum, compounded monthly, calculated from the due date to the date of payment (both inclusive).
- (b) If any amount due to the Brae Operator remains unpaid for seven (7) days after it falls due, the Brae Operator may give the Shippers Operator two (2) Working Days notice of its intention to suspend acceptance of Shippers Pipeline Liquids. Unless all amounts due, including interest accrued thereon together with the cost of recovery of

those amounts are paid within the aforesaid two (2) Working Day period, the Brae Operator has the right to suspend in whole or part acceptance of Shippers Pipeline Liquids for such period or periods as the Brae Operator at its sole discretion may determine until full payment is made.

- (c) If any amount due to the Brae Operator remains unpaid for thirty (30) days after it falls due, the Brae Operator may give the Shippers Operator thirty (30) days' notice of its intention to terminate this Agreement. Unless all amounts due, including interest accrued thereon together with the cost of recovery of those amounts are paid within that thirty (30) day period, this Agreement will be terminated, but without prejudice to obligations accruing prior to the date of such termination.

9.04 Disputed invoices

Whether or not any sum contained in any invoice is disputed by the Shippers Operator the whole amount shall be paid by the Shippers Operator except in the case of fraud or manifest error. Where any sum is disputed by the Shippers Operator, the Shippers Operator shall notify the Brae Operator of the amount in dispute at the time of making payment of the invoice. Within thirty (30) days from the date of the notification, the Brae Operator and the Shippers Operator shall endeavour to resolve the dispute. If the dispute is ultimately determined in favour of the Shippers Operator, the Brae Operator shall repay the Shippers Operator the difference between the original invoice amount and the finally agreed amount together with interest at LIBOR, calculated from the date of payment of the disputed invoice by the Shippers Operator. Any repayment by the Brae Operator to the Shippers Operator under this Clause 9.04 shall be made by the Brae Operator within ten (10) Working Days following resolution of the dispute.

CLAUSE 10 - OPERATING PRINCIPLES

10.01 Operating Practices

The operating practices specified in this Agreement constitute the major operating principles governing the transportation of Shippers Pipeline Liquids.

10.02 Operating Procedures

In addition to the operating practices referred to in Clause 10.01, the Brae Operator shall after due consultation with the Shippers Operator and, if applicable, the operator of the Intervening System, prepare and amend, as may be appropriate from time to time, the Shippers Field Operating Procedures to provide guidelines for operating and reporting practices and the Brae Operator and the Shippers Operator shall implement (and procure implementation of) the procedures and practices therein. Any amendments made by the Brae Operator to the Shippers Field Operating Procedures shall ensure safe operations and be fair and equitable to Shippers Group and shall be made after due consultation between the Brae Operator and the Shippers Operator and, if applicable the operator of the Intervening System.

10.03 Instantaneous flow rates

- (a) Subject to sufficient capacity being available in the Brae-Forties Pipeline System, the Shippers Group may deliver Shippers Pipeline Liquids at the Entry Point at an instantaneous flow rate not exceeding one hundred and five percent (105%) of the latest nomination (including any Additional Quantities and/or Spot Quantities) pursuant to Clause 6.04 or 6.05 as applicable accepted by the Brae Operator pursuant to this Agreement for the time in question.
- (b) If the Shippers Operator anticipates that:
 - (i) the instantaneous flow rate of Shippers Pipeline Liquids at the Entry Point is expected at any time to exceed one hundred and five per cent (105%) or one thousand Barrels per Day (1mbd), whichever is the greater, of the latest flow rate specified to the Brae Operator; or
 - (ii) the instantaneous flow rate of Shippers Pipeline Liquids at the Entry Point is expected to vary by more ten per cent (10%) or five thousand Barrels per Day (5mbd), whichever is the greater, for a continuous period of more than twenty four (24) hours, from the latest flow rates specified to the Brae Operator,

then the Shippers Operator shall immediately advise the Brae Operator of the anticipated variation and the time period related thereto. If the Shippers Operator advises the Brae Operator of an anticipated increase in the flow rate pursuant to this Clause 10.03(b) then the acceptance or otherwise by the Brae Operator of such flow rate at the Entry Point shall be at the sole discretion of the Brae Operator.

10.04 Intervening Systems

The Shippers Operator and the Brae Operator shall consult together and co-operate closely to ensure that the maintenance and operation of any Intervening Systems necessary to connect the Shippers System with the Brae-Forties Pipeline System shall, to the extent necessary for the Brae Operator and the Shippers Group to fulfil their respective obligations hereunder, be compatible with the maintenance and operation of the Shippers System and the Brae-Forties Pipeline System respectively and the Shippers Operator and the Brae Operator shall co-operate closely to ensure that the continuous compatibility thereof is maintained.

CLAUSE 11 – COORDINATION OF MAINTENANCE AND SHUTDOWNS

11.01 The Brae Operator and the Shippers Operator shall meet at least annually to discuss and endeavour to co-ordinate maintenance programmes and planned shutdown of the Brae-Forties Pipeline System or any part thereof, the Shippers Field and the Shippers System.

11.02 The Brae Operator shall use reasonable endeavours taking into account the maintenance requirements and activities of other systems to co-ordinate planned shutdowns of the Brae-Forties Pipeline System or any part thereof such that:

- (a) the capacity of the Brae-Forties Pipeline System will be reduced on no more than twenty one (21) Days in any one Contract Year for maintenance and/or planned shutdowns;
- (b) reductions in capacity of the Brae-Forties Pipeline System for maintenance and/or planned shutdowns will fall within the Months of May to September, or at such other times when there is significantly reduced demand for capacity by Users;

- (c) reduction in the capacity of the Brae-Forties Pipeline System for maintenance and/or planned shutdowns will occur on no more than two (2) periods in any Contract Year, except shutdowns for the required testing of emergency shutdown valves; and
- (d) the Brae Operator shall give the Shippers Operator as much notice of such planned shutdowns and reduction in capacity for maintenance as practicable.

11.03 The Shippers Operator shall use all reasonable endeavours to procure that the operators of the relevant parts of the Intervening System (if any) co-ordinate the maintenance programmes and planned shutdowns of their respective systems with the Shippers System and the FPS System.

CLAUSE 12 - THROUGHPUT RESTRICTIONS

12.01 Reduction of throughput entitlement

- (a) Without prejudice to the provisions of Clauses 12.02 and 12.03(a) if at any time the capacity of the Brae-Forties Pipeline System is below the Total User Requirements at the time in question, the Brae Operator shall, to the extent necessitated by such reduced capacity, reduce for the period of such reduced capacity the entitlement of the Shippers Group to deliver Shippers Pipeline Liquids into the Brae-Forties Pipeline System according to the following principles:

Reduction of Spot Quantities

- (i) Firstly, where the reduction in capacity exceeds the total entitlement to deliver Spot Quantities of all Users (including the Shippers Group's Spot Quantities), then the entitlement of all Users (including the Shippers Group) to deliver Spot Quantities shall be suspended. Where the reduction in capacity does not exceed the total entitlement as aforesaid the entitlement of the Shippers Group to deliver Spot Quantities shall be reduced on a percentage basis by the amount necessary to achieve the required reduction in capacity (the same percentage reduction being applied to all Users).

Reduction of Additional Quantities

- (ii) Secondly, where the reduction in capacity exceeds the total entitlement to deliver both Spot Quantities and Additional Quantities of all Users (including the Shippers Group's Spot Quantities and Additional Quantities), then the entitlement of all Users (including the Shippers Group) to deliver Additional Quantities shall be suspended. Where the reduction in capacity does not exceed the total entitlement as aforesaid the entitlement of the Shippers Group to deliver Additional Quantities shall be reduced on a percentage basis by the amount necessary to achieve the required reduction in capacity (the same percentage reduction being applied to all Users).

Reduction below FMQ

- (iii) Thirdly, to the extent that after the reductions, if any, effected under Clauses 12.01(a)(i) and (ii) the capacity of the Brae-Forties Pipeline System is still below the remaining Total User Requirements as reduced, the entitlement of the Shippers Group to deliver Shippers Pipeline Liquids shall be reduced on a percentage basis by the amount necessary to achieve the required reduction in capacity (the same percentage reduction being applied to all Users).
- (b) For the purposes of Clause 12.01(a) hereof the terms "Spot Quantities" and "Additional Quantities" shall be deemed to apply also to equivalent incremental quantities of Pipeline Liquids of Other Users provided that if a reduction in the capacity of the Brae-Forties Pipeline System is such that it affects one or more but not all Users, the entitlement to delivery of Pipeline Liquids of any User not so affected shall remain unaltered and the principles set out in Clause 12.01(a) hereof shall be applied only to the User(s) so affected.
- (c) Notwithstanding the provisions of Clause 12.01(a):
 - (i) if the capacity of the Brae-Forties Pipeline System or of any part thereof is reduced as a result of the act or default of any member of the Shippers Group acting in such capacity the Brae Operator may suspend to the extent of such reduced capacity the acceptance of Shippers Pipeline Liquids during such period of reduced capacity;

- (ii) if a reduction in the capacity of the Brae-Forties Pipeline System is such that it affects one or more but not all Users, the entitlement to delivery of Pipeline Liquids of any User not so affected shall remain unaltered and the principles set out in Clause 12.01(a) shall be applied only to the User or Users so affected.

12.02 Off-specification Shippers Pipeline Liquids

If the quality of Shippers Pipeline Liquids tendered or delivered at the Entry Point by the Shippers Group fails, or it is reasonably anticipated by the Brae Operator or the Shippers Operator that it will fail, to meet the quality and/or compositional requirements set out or referred to in Clause 7.01, Clause 7.02 shall apply.

12.03 Operational, environmental and safety constraints

- (a) In the event of any operational, environmental or safety concerns relating to the Brae-Forties Pipeline System (or any part thereof), the Brae Operator shall have the right to reduce or suspend acceptance of Shippers Pipeline Liquids which the Shippers Group otherwise have the right to deliver at the Entry Point.
- (b) If the total quantity of Pipeline Liquids tendered for delivery by all Users into the Brae-Forties Pipeline System is below the minimum that the Brae Operator for operational reasons is able to transport within the Brae-Forties Pipeline System, the Brae Operator shall have the right to suspend the quantities of Shippers Pipeline Liquids which the Shippers Group otherwise has the right to deliver at the Entry Point.
- (c) If the circumstances described in Clause 12.03(a) or (b) occur the Brae Operator and the Shippers Operator shall promptly consult together (where practicable prior to or immediately after the arising of such circumstances) and use all reasonable endeavours to overcome the problems which have arisen.
- (d) If the FPS System is unable to accept Shippers Pipeline Liquids at the Transfer Point for operational, environmental or safety reasons, or if the Shippers Group is unable to procure acceptance of Shippers Pipeline Liquids at the Transfer Point for any

other reason, the Brae Operator shall have the right to reduce or suspend acceptance of Shippers Pipeline Liquids.

CLAUSE 13 - ACCESS

13.01 Rights of access

The authorised representatives of the Brae Operator shall have the right from time to time of reasonable access to any part or all of the Shippers System and the Brae Operator agrees that the Shippers Operator shall have the right from time to time of reasonable access to any part or all of the Brae-Forties Pipeline System subject to making prior arrangements with the other in accordance with Clause 13.02 for the purpose of this Agreement or operations hereunder and in particular to:

- (a) witness meter proving, calibration, measurement, sampling and analysis; and/or
- (b) inspect records, procedures and facilities related to (a); and/or
- (c) carry out a technical audit to assess whether the results of the foregoing procedures have been correctly applied.

In the case of on site inspections at relevant facilities such rights of access shall, unless otherwise agreed between the Brae Operator and the Shippers Operator, be limited to not more than two (2) authorised representatives on any one (1) occasion.

13.02 Notice

With respect to Clause 13.01, for the purposes of routine monitoring, the Brae Operator and the Shippers Operator shall respectively give each other at least forty-eight (48) hours' notice and for the purpose of full technical audits pursuant to Clause 13.01(c), or for non-routine inspections pursuant to Clause 13.01(b), at least seven (7) days' notice shall be given.

13.03 Authorised representatives

For the purposes of Clause 13.01, the term "authorised representatives" shall mean either employees of the Brae Operator or the Shippers Operator, or independent experts appointed by the Brae Operator or the Shippers Operator as the case may be or any members of a technical audit team acting on behalf of the Brae Group and/or the Shippers Group and/or Other Users: provided that, where access is sought by a technical audit team acting on behalf of Other Users, such technical audit team must be acting with the written approval of the Brae Operator and shall be obliged to give such notice as is referred to in Clause 13.02 and must comply with the terms of this Agreement, including Clause 23.

13.04 Access to any Intervening System

Notwithstanding the above, the Shippers Group shall take all reasonable steps necessary to procure a right of reasonable access for the Brae Operator representative to all or any part of any Intervening System (if any) from time to time *mutatis mutandis* with the provisions of Clause 13.01.

CLAUSE 14 - MEASUREMENT AND SAMPLING

14.01 Measurement

Measurement of quantities for the purposes of determining the quantity and quality of Shippers Pipeline Liquids hereunder shall be carried out in accordance with Attachment A.

14.02 Notification of quantities

By the tenth Day of each Month, the Shippers Operator shall advise the Brae Operator, or procure that the Brae Operator is advised, in writing of the provisional quantity, and as soon as practicable thereafter the final quantity, of Shippers Pipeline Liquids that the Shippers Group contributed to the total quantity of Pipeline Liquids delivered at the Entry Point during the previous Month.

CLAUSE 15 - RISK, PROPERTY AND INSURANCE

15.01 Risk and property in Pipeline Liquids

Notwithstanding the provisions of Clause 17, the risk and property in the Shippers Pipeline Liquids shall at all times remain with the Shippers Group, which will bear any loss or damage sustained by such Shippers Pipeline Liquids, howsoever such loss or damage may be caused, even where due to the negligence or breach of duty (whether statutory or otherwise) of the Brae Operator, except where due to the Willful Misconduct of the Brae Operator.

15.02 Commingled streams

The Shippers Group's property in, and risk of loss of, Shippers Pipeline Liquids, in the commingled streams in the Brae-Forties Pipeline System, until redelivery at the Transfer Point in accordance with this Agreement, shall be in the proportion which the quantity of the Shippers Group's share of Pipeline Liquids in the commingled stream in question bears to the total quantity of Pipeline Liquids in the commingled stream as may be determined in accordance with the provisions of Attachment A.

15.03 Insurance of Shippers Pipeline Liquids

The Shippers Group shall be responsible for and shall bear the cost of any insurance in respect of Shippers Pipeline Liquids and shall arrange for any such insurances to include a waiver of subrogation rights against each member of the Brae Group (such waiver to be limited strictly to the extent that the Brae Group's interests appear in this Agreement).

15.04 Insurance of the Brae -Forties Pipeline System

Any insurances in respect of the Brae -Forties Pipeline System including third party risks shall be the responsibility of the Brae Group and the Brae Group shall arrange for all such insurances (if any) to include a waiver of subrogation rights against the Shippers Operator and each member of the Shippers Group, (such waiver to be limited strictly to the respective interests of the Shippers Group as they appear in this Agreement).

15.05 Insurance of the Shippers System

Any insurances in respect of the Shippers System including third party risks shall be the responsibility of the Shippers Group and the Shippers Group shall arrange for all insurances to include a waiver of subrogation rights against the Brae Operator and each member of the Brae Group, (such waiver to be limited strictly to the extent that the Brae Operator's and the Brae Group's interests appear in this Agreement).

CLAUSE 16 - TAXES AND DUTIES

16.01 Responsibilities for taxes and duties

Except where levied on the Brae Group in respect of the tariff or charges payable to the Brae Group under this Agreement, the Brae Group shall not be responsible for the payment of any taxes, port and terminal payments, duties or levies imposed upon the production, transportation, processing, sale, delivery, appropriation or other disposition of or revenue from Shippers Pipeline Liquids which are the property of any member of the Shippers Group or any related "carbon tax" or other levy or impost so imposed for environmental protection or energy conservation reasons, and the Shippers Group shall indemnify the Brae Group accordingly.

16.02 Value Added Tax

Notwithstanding Clause 16.01 all payments due from the Shippers Group to the Brae Group under this Agreement shall be increased by the amount of any Value Added Tax (or any similar tax substituted therefor) which is chargeable.

CLAUSE 17 - LIABILITIES AND INDEMNITIES

17.01 The Shippers System and the Brae-Forties Pipeline System

- (a) With respect to the Shippers System and the Intervening System, the Brae Operator and the Brae Group shall have no liability for loss thereof or damage thereto arising

out of or in connection with this Agreement, howsoever caused, even where caused by the negligence or breach of duty (statutory or otherwise) of the Brae Operator or a member or members of the Brae Group or their directors, personnel, agents or contractors and the Shippers Group will indemnify, defend and hold the Brae Operator and the Brae Group harmless against all such liability, except to the extent such liability arises out of or results from the Wilful Misconduct of the Brae Operator or a member or members of the Brae Group.

- (b) With respect to the Brae-Forties Pipeline System, the Shippers Operator and the Shippers Group shall have no liability for loss thereof or damage thereto arising out of or in connection with this Agreement, howsoever caused, even where caused by the negligence or breach of duty (statutory or otherwise) of the Shippers Operator or a member or members of the Shippers Group or their directors, personnel, agents or contractors and the Brae Group will indemnify defend and hold the Shippers Operator and the Shippers Group harmless against all such liability, except to the extent such liability arises out of or results from the Wilful Misconduct of the Shippers Operator or a member or members of the Shippers Group.

17.02 Consequential Loss

Notwithstanding any other provision of this Agreement, no Party shall have any liability to any other Party or to any other Party's directors, personnel, agents or contractors for Consequential Loss arising out of or in connection with the performance or non-performance of this Agreement. The Brae Group shall indemnify, defend and hold the Shippers Operator and the Shippers Group harmless from and against any and all Consequential Loss suffered by any of the Brae Operator or any member or member of the Brae Group or their directors, personnel, agents or contractors arising out of or in connection with the performance or non-performance of this Agreement and irrespective of the negligence and/or breach of duty (whether statutory or otherwise) of any person, except where such Consequential Loss arises as a result of the Wilful Misconduct of the Shippers Operator or any member or members of the Shippers Group. The Shippers Operator and the Shippers Group shall indemnify, defend and hold the Brae Operator and the Brae Group harmless from and against any and all Consequential Loss suffered by any of the Shippers Operator and the Shippers Group or their directors, personnel, agents or

contractors arising out of or in connection with the performance or non-performance of this Agreement and irrespective of the negligence and/or breach of duty (whether statutory or otherwise) of any person, except where such Consequential Loss arises as a result of the Wilful Misconduct of the Brae Operator or any member or members of the Brae Group.

17.03 Personal injury to employees

- (a) The Brae Operator and the Brae Group shall indemnify, defend and hold the Shippers Operator and the Shippers Group harmless against any claim, demand, action or proceeding brought or instituted against them by any director or employee of the Brae Operator or any member of members of the Brae Group or their dependents, for personal injuries, industrial illness, disease, death or damage to personal property sustained in connection with, relating to, or arising out of the performance of this Agreement, even where caused by the negligence or breach of duty (statutory or otherwise) of the Shippers Operator or any member of the Shippers Group or their respective directors, personnel, agents or contractors, but not where caused by the Wilful Misconduct of the Shippers Operator or a member or members of Shippers Group.

- (b) The Shippers Operator and the Shippers Group shall indemnify the Brae Operator and the Brae Group against any claim, demand, action or proceeding brought or instituted against the Brae Operator or any member or members of the Brae Group by any director or employee of any of the Shippers Operator or the Shippers Group their dependents, for personal injuries, industrial illness, disease, death or damage to personal property sustained in connection with, related to or arising out of the performance of this Agreement, even where caused by the negligence or breach of duty (statutory or otherwise) of the Brae Operator or any member or members of the Brae Group, their directors, personnel, agents or contractors but not where caused by the Wilful Misconduct of the Brae Operator or a member or members of the Brae Group.

17.04 Pollution - OPOL

- (a) The Brae Operator and the Brae Group shall indemnify, defend and hold the Shippers Operator and the Shippers Group harmless from and against any and all Claims (including where caused by negligence or breach of duty (statutory or otherwise) but not Wilful Misconduct of the Shippers Operator or a member or members of the Shippers Group), arising out of or in connection with the operation, maintenance or existence of any part of the Brae-Forties Pipeline System and for which the Brae Operator (as operator of the Brae-Forties Pipeline System) is responsible in terms of the Offshore Pollution Liability Agreement dated 4 September 1974, as amended from time to time, or any replacement scheme.

- (b) The Shippers Operator and the Shippers Group shall indemnify, defend and hold the Brae Operator and the Brae Group harmless from and against any and all Claims (including where caused by negligence and breach of duty (statutory or otherwise) but not Wilful Misconduct of the Brae Operator or a member or members of the Brae Group), arising out of or in connection with the operation, maintenance or existence of any part of the Shippers System and for which the Shippers Operator (as operator of the Shippers System) is responsible in terms of the Offshore Pollution Liability Agreement dated 4 September 1974, as amended from time to time, or any replacement scheme.

17.05 Additional Indemnified Parties

Any relief from liability, release, indemnity or benefit in favour of the Shippers Group or the Brae Group under this Agreement shall extend to each member thereof. Any such relief in favour of the Brae Operator or a member or members of the Brae Group or the Shippers Operator or a member or members of the Shippers Group shall extend to (a) the respective Affiliates of the companies or corporations concerned; (b) their and their Affiliates' respective directors and personnel, and (in relation to Clause 17.01 and 17.02 only) to their and their Affiliates' respective contractors and sub-contractors; and (c) to each of their respective successors and permitted assigns.

17.06 Advice and handling of claims

- (a) The Brae Group and the Shippers Group shall advise each other as soon as reasonably practicable upon the making of any demand or claim or the bringing of any action or proceeding which the adviser considers is covered by the undertakings to hold harmless and the indemnities granted from the other in this Clause 17.
- (b) The Brae Group and the Shippers Group shall use all reasonable endeavours to ensure that the handling and defence of any demand, claim, suit or proceeding, which is covered by the undertakings to hold harmless and the indemnities granted from the other in this Clause 17 is carried out in all material respects in accordance with the written instructions of those Parties who have given the relevant undertakings and indemnities to the Brae Group or the Shippers Group as the case may be.

CLAUSE 18 – WARRANTY IN RESPECT OF SHIPPERS PIPELINE LIQUIDS

The Shippers Group shall maintain Shippers Pipeline Liquids free from any claims, liens and encumbrances of third parties and the Shippers Group shall indemnify, defend and hold the Brae Operator and the Brae Group and their Affiliates harmless from and against all Claims awarded against or incurred by the Brae Operator or the Brae Group as a result of all such claims, liens and encumbrances.

CLAUSE 19 –DECOMMISSIONING OF BRAE-FORTIES PIPELINE SYSTEM

19.01 Notice by the Brae Operator

The Brae Group shall, upon giving at least twenty four (24) Months' prior written notice to the Shippers Operator, have the right on or after 1 October 2017 to abandon or remove all or part of the Brae-Forties Pipeline System necessary for the Brae Group to fulfil its obligations under this Agreement, and to terminate this Agreement accordingly.

19.02 Good faith discussions

If the Brae Group gives notice pursuant to Clause 19.01 the Parties shall meet to discuss in good faith alternative means of enabling the Shippers Group to safeguard its interests, including the possibility of the Shippers Group, either alone or with others, assuming ownership and/or operatorship of all or part of the Brae-Forties Pipeline System on reasonable terms and conditions.

19.03 Shippers Group's right to terminate

If the Brae Group gives notice pursuant to Clause 19.01 then not earlier than six (6) months after that notice the Shippers Group may, by giving the Brae Operator not less than twelve (12) Months' prior notice in writing, terminate this Agreement.

CLAUSE 20 - ASSIGNMENT

20.01 Assignment by Brae Group Members

- (a) Any member of the Brae Group shall have the right to assign all of its rights and obligations hereunder to an Affiliate or to arrange for any of its rights and obligations hereunder to be performed by an Affiliate always provided that any such member of the Brae Group shall remain liable for the performance of its obligations hereunder including those so assigned transferred or which it has arranged for an Affiliate to perform and shall notify the Shippers Operator in writing of such assignment as soon as practicable thereafter.
- (b) Any member of the Brae Group shall have the right to assign all of its rights and obligations hereunder to a third party, subject to the prior written approval of the Shippers Operator, such approval not to be unreasonably withheld and provided that the relevant member of the Brae Group arranges for execution by all parties of a novation of this Agreement.

20.02 Assignment by Shippers Group members

- (a) Any member of the Shippers Group shall have the right to assign all of its rights and obligations hereunder to an Affiliate or to arrange for any of its rights and obligations hereunder to be performed by an Affiliate always provided that any such member of the Shippers Group shall remain liable for the performance of its obligations hereunder including those so assigned transferred or which it has arranged for an Affiliate to perform and shall notify the Brae Operator in writing of such assignment as soon as practicable thereafter.
- (b) Any member of the Shippers Group shall have the right to assign all of its rights and obligations hereunder to a third party, subject to the prior written approval of the Brae Operator, such approval not to be unreasonably withheld and provided that the relevant member of the Shippers Group arranges for execution by all parties of a novation of this Agreement.

20.03 Replacement of Operator

If the Brae Group or the Shippers Group wishes to replace the current Brae Operator or Shippers Operator as operator of the Brae Group or Shippers Group, as applicable, then such Group where practicable shall give the other Group not less than three (3) Months' prior written notice and the Operator shall then assign all of its rights and obligations hereunder (other than as a member of the relevant Group) to its successor operator effective from the date of change of operatorship. The notifying Group shall procure that such successor operator shall enter into direct covenants with the other Parties to observe and perform the obligations on the part of the relevant Operator contained herein.

20.04 Assignment of Shippers Field or Brae-Forties Pipeline System interest

Any assignment or transfer by any member of the Shippers Group of any interest in the Shippers Field or any assignment or transfer by any member of the Brae Group of any interest in the Brae-Forties Pipeline System shall constitute an assignment or transfer (as the case may be) of its rights and obligations hereunder which are attributable to such interest so assigned or transferred, and shall be conditional upon the relevant member of the

Shippers Group or the Brae Group arranging execution by all Parties of the novation of this Agreement required to document the assignment.

20.05 Encumbrance

Nothing contained in this Clause 20 shall prevent a Party from mortgaging, pledging or otherwise encumbering all or part of its interest in and under this Agreement for the purpose of security relating to finance provided that such Party shall:

- (a) remain liable for all obligations relating to such interest; and
- (b) ensure that any Person to which such interest is mortgaged, pledged or otherwise encumbered shall agree that in the event of it exercising such mortgage, pledge or encumbrance it will continue to fulfil all the obligations of such Party under this Agreement.

CLAUSE 21 - FORCE MAJEURE

21.01 Definition and Effect

No failure or omission by any Party to carry out or observe any of the stipulations or conditions of this Agreement shall, except in relation to obligations to make payments hereunder and except as herein expressly provided to the contrary, give rise to any claim against the Party in question or be deemed a breach of this Agreement if such failure or omission arises from any cause reasonably beyond the control of that Party, acting and having acted as Reasonable and Prudent Operator, including (without prejudice to the generality of the foregoing) strikes, lockouts and labour disputes but excluding any failure of the Shippers Field reservoir to perform as anticipated (such cause herein referred to as "Force Majeure"). In the event that a Party is unable to fulfil its obligations in the above circumstances, the obligations hereunder of such Party shall except as provided above be suspended. The Party whose obligations have been suspended as aforesaid shall give notice in writing of such suspension, as soon as reasonably possible, to the other Parties stating the date and extent of such suspension, cause thereof and such other details as may be reasonable in all the circumstances. Any Party whose obligations have been suspended as

aforesaid shall resume the performance of such obligations as soon as reasonably possible after the removal of the cause and shall so notify in writing the other Parties.

21.02 Procedure

A Party claiming relief for Force Majeure shall:

- (a) forthwith, or as soon as reasonably practicable, give notice to the other Parties of the events claimed by it to constitute such Force Majeure and likewise give notice to the other Parties of the cessation of such events;
- (b) in such notice, or as soon thereafter as is reasonably practicable, give such information about the events claimed to constitute such Force Majeure as may reasonably be required by the other Parties, together with an estimate of the duration of such event of Force Majeure and a statement of the steps and time believed necessary to remedy and/or overcome or mitigate the consequences of such Force Majeure;
- (c) where relevant and as soon as reasonably practicable, afford the other Parties, to the extent reasonably practicable, access to the site of the Force Majeure event; and
- (d) from time to time thereafter, at reasonable intervals and in any event within ninety (90) days after the occurrence of the Force Majeure event, give to the other Parties further information of the kind described in (b) above.

21.03 Remedy and Resumption

Any Party whose obligations have been suspended under the foregoing provisions of this Clause 21 shall use its reasonable endeavours to remedy or remove the cause(s) of such suspension, and shall resume the performance of such obligations as soon as reasonably practicable after the removal of the cause(s) of such suspension, and shall so notify the other Parties of such resumption; provided always that such Party shall not be obliged to settle any industrial dispute, except in such manner as it shall, in its own judgement, think fit.

21.04 Temporary Alternative Arrangements

To the extent the Brae Operator fails for reasons of Force Majeure to accept Shippers Pipeline Liquids into the Brae-Forties Pipeline System for any reason not caused by any member of the Shippers Group acting in that capacity then, notwithstanding Clause 2, the Shippers Group may, after giving written notice to the Brae Operator, make temporary alternative arrangements for the disposal of those Shippers Pipeline Liquids. As soon as the Brae Operator is able to reasonably predict the date on which it expects to be able to resume acceptance of Shippers Pipeline Liquids it will notify the Shippers Operator of that date. The Shippers Operator will recommence delivery of Shippers Pipeline Liquids under this Agreement as soon as reasonably practicable, but in no event later than the later of the date notified or thirty (30) days after service of the notice by the Brae Operator.

21.05 Suspension of Free Barrels

Clause 8.03 shall not apply to any Shippers Pipeline Liquids transported under alternative arrangements set out in Clause 21.04.

CLAUSE 22 – DISPUTE RESOLUTION AND APPLICABLE LAW

22.01 Except as provided in Clause 22.02, in the event that any question, dispute or difference arises between the Parties, out of or in connection with or relating to this Agreement (a “Dispute”), then every effort shall be made to resolve and agree such Dispute by mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation Procedure (“Model Procedure”). Any Dispute may be referred by any Party to mediation by giving not less than ten (10) days notice (“Mediation Notice”) to the other Party requesting that a mediation take place in accordance with the Model Procedure. Such mediation shall be held, in the absence of agreement to the contrary, at the registered office for the time being of the Party convening the mediation. In the event that a Party or Parties do not attend or cooperate with the mediation or comply with the Model Procedure for whatever reason then any Party may (unless otherwise mutually agreed) commence court proceedings not earlier than thirty (30) days following service of the Mediation Notice. A Party which receives a

Mediation Notice shall use all reasonable endeavours to ensure that a representative of the appropriate level of seniority required to settle any such Dispute attends the mediation session pursuant to the Model Procedure.

If the Parties fail to settle the Dispute within ten (10) days of the mediation taking place as set out in the Model Procedure then any Party may commence court proceedings.

After a maximum period of forty five (45) days after service of a Mediation Notice (whether or not mediation has taken place) and in the event of failure to reach agreement by mediation in relation to the Dispute, any Party may, unless otherwise mutually agreed, commence court proceedings.

Failing the amicable settlement of disputes, and except where this Agreement provides for Expert determination, all claims, disputes or differences arising out of or in any way connected with this Agreement or regarding its formation or validity shall referred to the exclusive jurisdiction of the High Court of Justice in London.

22.02 Expert

Unless otherwise expressly provided the following provisions shall apply in relation to any referral to an Expert in terms of this Agreement.

- (a) The procedure for the appointment of an Expert shall be as follows:
 - (i) any Party may notify the others (in writing) that a disagreement exists, and shall in the same notice require the other Parties to join with the Party giving the notice in appointing a single Expert who shall resolve the point of difference;
 - (ii) if, within thirty (30) Days of the giving of such notice, the Parties have not jointly appointed an Expert who is willing to act, then any Party may apply to the President (for the time being) of the Energy Institute of the United Kingdom (or any successor body fulfilling the same or materially the same functions) who shall, as soon as practicable, appoint an Expert for the determination of the matter in question, such an Expert being a person who

(in the opinion of the said President) is competent to make such a determination.

- (b) The Expert shall, after giving the Parties the opportunity of making representations to him in writing, which representations shall be copied to the other Parties at the same time as being submitted to the Expert, determine the matter in question within thirty (30) days of his appointment or such later date as may be mutually agreed by the Parties and such Expert's determination shall be conclusive and binding on the Parties, save in the event of mistake of fact, fraud or manifest error.
- (c) If an Expert becomes unwilling or unable to act or does not determine the matter for which he is appointed within thirty (30) days of his appointment or such later date as may be mutually agreed by the Parties, then another Expert shall be appointed by the Parties or the said President as the case may require, in accordance with the procedure in this Clause 22.02.
- (d) The costs and expenses of an Expert shall be borne by the Parties in such proportions as the Expert shall consider to be equitable in all the circumstances.
- (e) An Expert shall act as an expert, not as an arbitrator, and the provisions of the Arbitration Act 1996 (and any statutory modification or re-enactment thereof) shall not apply to his determination.

22.03 Applicable law

The construction, validity and performance of this Agreement shall be governed by English Law and, subject only to the foregoing provisions of this Clause 22, the Parties hereby submit to the exclusive jurisdiction of the High Court of Justice in London.

CLAUSE 23 - CONFIDENTIALITY

23.01 Restriction on disclosure

The terms and conditions of this Agreement and all information obtained from any Party in relation to this Agreement which is not in the public domain (including, without prejudice to the generality of the foregoing, the content of any dispute resolution proceedings or the

results of such proceedings) shall be held confidential and shall not be disclosed to any Person which is not a Party to this Agreement without the prior written agreement of the other Parties except that each Party may each make available without such prior agreement, any or all of such information to:

- (a) its Affiliates; or
- (b) its outside professional consultants; or
- (c) any court of law or governmental authority having statutory right to require the same or to the extent required by law or as required to comply with guidelines issued by any governmental authority; or
- (d) any of its outside professional auditors, tax or legal advisers; or
- (e) any bona fide intending assignee of its interest; or
- (f) a bank or financial institution from whom it or its Affiliates is seeking or obtaining finance or financial advice; or
- (g) any recognised Stock Exchange or the Securities Exchange Commission of the United States of America in compliance with their rules and regulations; or
- (h) any actual or prospective purchaser of products derived from Shippers Pipeline Liquids but only to the extent reasonably necessary to effect a sale to such purchaser; or
- (i) any Person appointed hereunder as an Expert, arbitrator or umpire.

23.02 Each Party shall procure that any data or information disclosed to its Affiliate shall be held confidential by such Affiliate on the same terms as set out above.

23.03 Prior to the disclosure of any data or information to any Person referred to in sub-clauses (b), (e), (f) or (h) of Clause 23.01, such Person must undertake in writing to maintain such data or information confidential. Any such undertaking shall be expressed to be in favour of the Brae Group and the Shippers Group.

23.04 The provisions of this Clause shall remain in force for a period of five (5) Years subsequent to the termination of this Agreement.

CLAUSE 24 - GENERAL PROVISIONS

24.01 Contracts (Rights of Third Parties) Act 1999

- (i) Except as provided in Clauses 24.01(ii) below, nothing in this Agreement is intended to confer on any Person any right to enforce any term of this Agreement which that Person would not have had but for the Contracts (Rights of Third Parties) Act 1999.
- (ii) Those Persons identified in Clause 17.05 shall be entitled in their own right to enforce the benefit of the indemnities given to them in Clause 17.
- (iii) Notwithstanding the provisions of Clause 24.01(ii), no right of the Parties to agree any amendment, variation, waiver or settlement under or arising from or in respect of this Agreement, or to terminate this Agreement, shall be subject to the consent of any Person who has rights under this Agreement pursuant to Clause 24.04(ii).
- (iv) In making a claim under this Agreement, the remedies of a third party shall be limited to claiming for damages.
- (v) No third party shall be entitled to assign any benefit conferred on it pursuant to this Agreement.

ATTACHMENT A - MEASUREMENT AND ALLOCATION

For use with an Intervening System

The definitions set out in Sections 1 and 2 of the Agreement shall apply to this Attachment A.

1.0 Principles

The allocation procedure set out in this Attachment A is for the purpose of apportioning the total flow of Pipeline Liquids leaving the Brae-Forties Pipeline System and the stocks and losses (if any) within the Brae-Forties Pipeline System. This allocation procedure is based upon the mass and composition of each User's Pipeline Liquids flow into the Brae-Forties Pipeline System.

For allocation purposes only the composition of each User's Pipeline Liquids is deemed to be unaffected by commingling within the Brae-Forties Pipeline System.

2.0 Product Allocation Procedure

The proportion of Shippers Pipeline Liquids leaving the Intervening System and the proportion of Shippers Pipeline Liquids contributed to stock in the *[Intervening System pipeline]* is determined by the Intervening System product allocation procedure as agreed between the owners of the Intervening System and the Shippers Group.

3.0 Data

The following data shall be provided by the Shippers Operator to the Brae Operator.

3.1 Total quantity of Pipeline Liquids as measured by approved meters including:

- (i) Mass in Tonnes
- (ii) Volume under standard conditions:
 - (a) Cubic metres at 15°C and 1.01325 bara
 - (b) Barrels at 60°F and 14.7 psia

- (iii) Sediment and water; weight % and volume %
- (iv) Mercaptan sulphur content by weight ppm, determined by on-line measurement on the *[Intervening System facilities]*.

3.2 The above data shall be provided by the Shippers Operator to the Brae Operator for 24 hours ending 1800 hours.

3.3 Stock changes in the *[Intervening System pipeline]* (from meters on the *[Intervening System facilities]* to the Entry Point) as calculated by the Intervening System Operator shall be reported to the Brae Operator within one (1) working day of the end of each FPS System allocation period.

4.0 Brae-Forties Pipeline System Stocks

4.1 Stock and stock changes (mass dry and wet in Tonnes for oil and gas) of Shippers Pipeline Liquids within the Brae-Forties Pipeline System shall be calculated by the Brae Operator in accordance with the Brae Pipeline stocks procedure and advised to the Shippers Operator for period required by the FPS System as follows:

- (i) The total volume of Brae-Forties Pipeline System stocks at the end of a FPS System allocation period is calculated.
- (ii) The period required to fill the stocks in the Brae-Forties Pipeline System is calculated taking into account each section of the Brae-Forties Pipeline System and the volume of each User's production in each of the days prior to the end of a FPS System allocation period.
- (iii) Each User's contribution to the stocks is the volume of Shippers Pipeline Liquids during the period referred to in 4.1(ii) above.
- (iv) Each User's contribution determined under 4.1(iii) above is converted into mass (dry) after taking into account temperature and pressure of Pipeline Liquids in the

Brae-Forties Pipeline System, the water and sediment and the density of each User's Pipeline Liquids to give Shippers Pipeline Liquids' share of stock mass (dry).

- (v) Each User's oil's stock change mass (dry) is determined by subtracting its share of stock mass (dry) at the end of the preceding FPS System allocation period from its share at the end of the FPS System allocation period in question.
- (vi) An adjustment for a proportion of the Brae-Forties Pipeline System losses (if any), occurring during the FPS System allocation period in question, on the basis of the Shippers Group's share of the stock mass (dry) at the end of the FPS System allocation period.

4.2 The Shippers Group's share of the Intervening System Pipeline Liquids contribution to stock in the Brae-Forties Pipeline System shall be determined by the Intervening System product allocation procedure.

5.0 Metering

Metering and allocation systems in the Intervening System and the Shippers System shall be such as may be acceptable from time to time to the Brae Operator (in consultation with the Shippers Operator).