



Commercial Information

Note: The information provided here is a summary only. The terms which have been summarised are not proposed to be an offer capable of acceptance or to create any legally binding obligation on any party.

How we set our tariffs

The standard tariff offered in the Brae Area Infrastructure covers transporting pipeline liquids from the access point to the exit of the pipeline system. They are guaranteed until 2015, providing stability and simplicity and protecting the field owner from rising infrastructure costs. If required, there is also the flexibility to move to an operating cost share at an earlier date.

There are three key components of the tariff:

- Historic Capital Investment
- Future Operating Costs
- Future Decommissioning Costs

Terms

Brae-Forties Pipeline System New Field Terms

Aimed at new fields, regardless of field size.

Standard Contract

In order to streamline the process of contracting with Brae-Forties Pipeline System, we utilise a simplified method of contracting.

New Field Terms

Marathon offers faster and simpler commercial processes in response to a trend towards smaller field developments in the North Sea. Our New Field Terms, for fields that meet the standard specification, facilitate a timely negotiation process and provide greater transparency.

It should be noted that in some cases these terms may not apply to additional liquids, as existing Transportation and Processing Agreements may cover incremental production from existing fields and their satellite field developments.

Brae Group and Shipper Obligations

The basis for the parties' obligations to each other will generally be as follows:

Brae Group undertakes to:

- Transport the Shipper's pipeline liquids through Brae-Forties Pipeline System

The Shipper undertakes to:

- Tender for delivery at the Transfer Point agreed quantity of Shipper's pipeline liquids
- Act in accordance with the operational requirements of the Brae-Forties Pipeline System (including the System Operating Procedures)
- Give notification and information to the Brae Group as it may require to carry out its obligations
- Pay the tariff

The Shipper is accountable for the work and cost required to access Brae-Forties Pipeline System at the Transfer Point, and for guaranteeing that any access meets with Brae-Forties Pipeline System requirements.

Liquid Specification and Composition

There are limitations which apply to the composition and specifications of pipeline liquids. This is in order to maintain the availability and integrity of our pipeline system.

Go to the liquids Entry Specifications for more information.

Marathon is open to discussion on pipeline liquids that may fall out with the limits of the standard entry specification.

New Field Commercial Terms

For a field you can now submit a request for Brae-Forties Pipeline System Capacity at a transportation tariff rate of £0.27/bbl* in accordance with our New Field Terms.

This tariff of £0.27/bbl is indexed to the arithmetic average of the monthly values of Producer Price Index (PPI) for the period 1st October 2004 to 30th September 2005 and escalated to 100% PPI on annual basis.

Fields receiving development consent on or after 9 April 2003 or fields that have never previously made use of infrastructure that has qualified for PRT relief can apply for the New Field offer. Future tariff changes may be required subject to changes in base cost/fiscal regime. For other fields please contact us at: ukcommercial@marathonoil.com for details of applicable tariffs.

Send or Pay Provisions

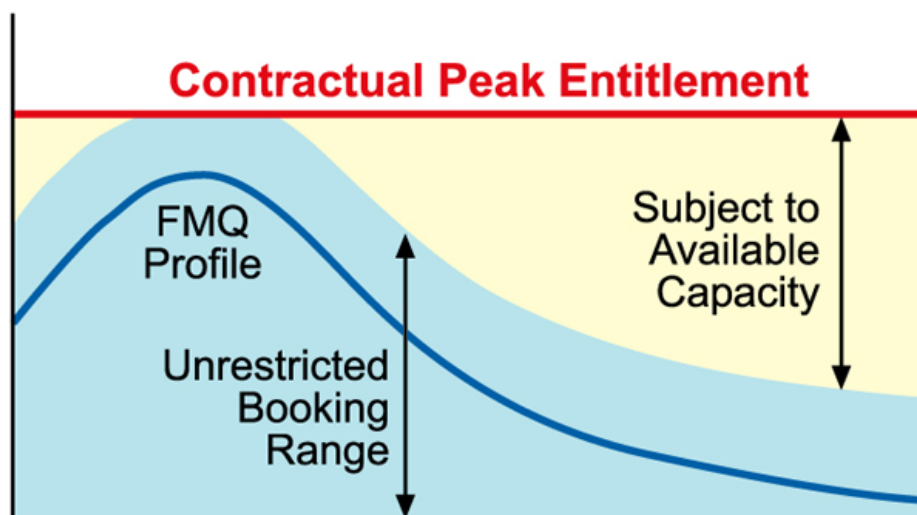
Where no capital investment is being made, or future capital investments are not required, to accommodate a new field generally there will be no Send or Pay provision. In the event that a capital investment has been made, or future capital investment is necessary, to accommodate a new field, or other special circumstances apply, such as extending the term of the agreement in return for a continuing tariff based service, then appropriate Send or Pay provisions will be agreed to mirror a reasonable balance between risk and reward.

The acceptance of liquids depends on meeting the specification and composition criteria, and agreement by Brae Group.

If your field does not meet the specifications, you can contact us at: ukcommercial@marathonoil.com to discuss other specialised services that may meet your requirements.

Capacity Booking Process

Brae-Forties Pipeline System manages capacity using a booking mechanism as shown in the diagram below:



Each contract shall have a peak entitlement that will govern the maximum permissible booked capacity in the system.

The peak entitlement is set at the time of contract execution to outline the level of capacity and service to which the agreed tariff and terms are applicable.

Each contract will contain a Firm Maximum Quantity (FMQ) profile, representing the field owners' bona-fide life of field view of production at the time of contract execution.

The frequency of changes to the FMQ profile and the mechanism for establishing the unrestricted booking range can be modified to meet the specific needs of the field.

Each field shall be permitted to make unrestricted revisions to their Brae-Forties Pipeline booking within the FMQ.

In addition, each field shall be permitted to enhance their FMQ profile above the Unrestricted Booking Range but less than the Peak Entitlement subject to there being sufficient uncontracted capacity available within the Brae-Forties Pipeline System.

The FMQ profile may not be increased above the maximum entitlement.

All FMQ profiles should represent the field owners' bona-fide view of production for the life of field.

Brae-Forties Pipeline System and the Shippers shall equally agree a process to resolve any disputes over the bona-fide nature of FMQ bookings.

Additional & Spot Quantities

Marathon, as operator, aims to accept the request by the Shipper's Operator on behalf of the Shipper's Group for the delivery of nominated additional quantities. Additional quantities are those quantities in excess of FMQ, which are notified in advance in accordance with nomination procedures.

If at any time the Shippers Group wishes to deliver on a day, quantities in excess of the contractual entitlements, and there is accessible capacity, then Brae-Forties Pipeline System may allow such incremental quantities to be delivered. These quantities are known as spot oil. Spot oil is accepted and controlled on a daily basis.

Standard Contract

A simplified method of contracting has been employed to make the process of contracting with Brae-Forties Pipeline System easier. Each contract has two parts, a 'Form of Agreement ' that provides the specific terms that can be customised to meet the needs of each specific customer, and a 'Conditions of Contract' - our general terms and conditions.

Our Conditions of Contract are intended to be 'fair and reasonable' without the requirement for additional negotiation.

The Form of Agreement usually deals with the following issues:

- Link up to Brae-Forties Pipeline System
- Capacity Booking Process and FMQ profile
- Quality and entry specification
- Tariff and Charges

The Form of Agreement is intended to be a small document to facilitate the timely completion of contractual arrangements with Brae-Forties Pipeline System.

Our outline Form of Agreement, our Conditions of Contract and Confidentiality Agreement can be downloaded from our website:

- Commercial Form of Agreement
- Commercial Conditions of Contract
- Commercial Confidentiality Agreement

Access Agreement Summary

In accordance with DTI regulations we will summarise the deals completed for the Brae Area Infrastructure. The published terms for deals executed under ICOP are available on our website:

- Commercial Brenda/Nicol Published Access Agreement