

The Royal Ministry of Petroleum and Energy

See attached list of addressees

Your ref

Our ref 00/00715

2 3 AUG. 2005

# Regulations relating to the use of facilities by others – consultation

For the purpose of promoting good resource management, the Ministry of Petroleum and Energy has decided to lie down new regulations with the objective of achieving efficient use of facilities by others in order to ensure good incentives for licensees to conduct exploration and production activities. This is to be achieved by laying down a framework for the process of negotiating agreements for such use, and for formulating tariffs and other terms for inclusion in such agreements.

The Regulations will apply to all agreements regulating the use of facilities by others for the purposes of production, transportation or exploitation of petroleum, that are not encompassed by the Regulations of 20 December 2002 No. 1724 relating to the determination of tariffs etc. for certain facilities (the Tariff Regulations). The Ministry will also consider whether third party access to oil pipelines should be regulated by a more direct means than what is provided for in the draft Regulations.

The Ministry hereby invites the industry and relevant parties to comment on the draft Regulations, attached hereto. The closing date for comments is 30 September 2005.

### Background and discussion of objectives

The oil and gas activities on the Norwegian continental shelf have now to a large extent moved into a more mature phase. From a resource management perspective, strict requirements to ensure an efficient use of the infrastructure are required. Stricter obligations with regard to the time frame for implementation of work commitments in

mature areas also underline the necessity for more efficient negotiating processes.

Licensees exploring for hydrocarbons on the Norwegian continental shelf take a considerable risk. The drilling of wells is very costly, and at the point in time at which negotiations concerning third party access are conducted, these costs will be irreversible. Licensees discovering deposits of which an independent development is not an economically viable option, will in many cases have few choices of service providers in the areas of, for example, processing, storage and transport. The market for services of this nature is often characterised by incomplete competition, and providers of such services may have scope for taking out higher profits than would be the case if a competitive solution were possible.

The Ministry wishes to stimulate efficient exploration on the Norwegian continental shelf, and to this end it is essential that licensees who undertake an exploration risk should have predictable conditions for the services they will require to get their petroleum to the market. At the same time, the Ministry is responsible for the long-term attractiveness of participating in Norwegian oil and gas activities. Further, it is a prerequisite that owners of facilities should not subsidise the development of other fields.

Moreover, the Ministry is of the view that the negotiating process could be made more efficient by Regulations providing the parties with a generally applicable framework for negotiations. In addition, the Regulations provide clarifications of certain issues of principle that have been the subject of discussion in a range of negotiations.

### The current system governing the use of facilities by others

Under the current system for the use of facilities by others, all such agreements are submitted to the Ministry of Petroleum and Energy for approval pursuant to Section 4-8 of the Petroleum Act. In addition, The Norwegian Oil Industry Association (OLF) has drawn up guidelines for third party use of facilities. These guidelines are not legally binding.

The attached draft Regulations will not entail any change in the practice of submitting agreements to the Ministry for approval, cf. Section 4-8 of the Petroleum Act.

#### **Previous consultation**

At the start of 2004, the Ministry conducted a consultative process on the subject of the efficient use of facilities for processing etc. offshore. The comments received in this consultative process provided the Ministry with important information for its work on the attached Regulations. These comments are available on request to the Ministry.

### Regulation by legislation

The circumstances surrounding the use of facilities by others are complex. Most cases of third party use are unique because the services offered, the well streams, pressures, etc. vary from situation to situation. In addition, there is a high degree of asymmetric information between user and owner. In view of these factors, the Ministry does not wish to directly regulate the use of facilities by others, as has been done in the case of gas transportation, cf. the Tariff Regulations. This would entail that the prices of the various third party services would be laid down ex ante.

The proposed Regulations will provide the parties with a generally applicable framework for conducting negotiations, and a set of principles governing the way in which tariffs and other terms are to be set. The Ministry has based itself on the assumption that each individual agreement, including the applicable tariffs and other terms, will be negotiated by the commercial players involved. The Ministry wishes to stress that these Regulations should not constitute an obstacle to agreeing good commercial solutions to the benefit of both parties.

The Ministry also assumes that the principles embodied in the draft Regulations will not intervene with existing agreements, although the provisions included in the Regulations will apply in the event of the renegotiation of agreements, including the renewal of existing agreements.

# The contents of the Regulations

This section describes some of the key elements of the attached draft Regulations. These comments are not intended to be exhaustive with regard to the contents of the Regulations; rather they describe the Ministry's assessment of key issues.

The negotiating process (ref. Sections 5-6-7)

The Ministry is concerned that negotiations should make satisfactory progress and that the negotiating process should not represent an obstacle to the realisation of solutions that provide the best possible resource management. Moreover, it is essential that all parties should have the best possible basis for reaching a decision.

The following negotiating procedure has been taken as our point of departure in drafting the Regulations:

- 1. Request for overview of capacity
- 2. Request concerning use
- 3. Agreement on a progress plan
- 4. Negotiations
- 5. Conclusion of an agreement

## Re. request for overview of capacity

With a view to securing a smooth flow of information, the Ministry wishes to state in the Regulations that an owner of a facility has an obligation to present an overview of capacity to a potential user within a relatively short time limit. This time limit will, in general, imply that an owner will have to have the said information available in case a request for an overview of capacity is received. The Ministry assumes that in most cases it will be in the best interest of both the owner and the user to exchange such information quickly and efficiently. Mandatory annual reporting of capacity information has been considered, but in the view of the Ministry the disadvantages of such a system would outweigh the benefits.

### Re. inquiry concerning use

The owner is required to respond to an inquiry concerning use within a reasonable time limit. The Ministry is requesting specific comments from addressees as to whether or not it would be expedient to include requirements in the Regulations with regard to the contents of the reply to be given by the owner, for example on the subject of economic conditions.

### Re. the progress plan

The Ministry shall be notified when the progress plan has been agreed. In the view of the Ministry, this will help ensuring that the parties meet the time limits provided for in the progress plan.

# Re. negotiations and the conclusion of an agreement

It is important to emphasise that the Ministry is concerned that these Regulations should form the basis for the parties themselves to agree on a contract, and that this contract should be concluded without further involvement of the authorities. Given the aforementioned complexity relating to the use of facilities by others, it is the view of the Ministry that such approach will provide better solutions than would be the case if the Regulations had been formulated with a view to forcing through third party use.

### Existing agreements (ref. Section 8)

The Ministry is of the view that the efficiency of the negotiating process will be enhanced if the owner is required to provide a user with whom a progress plan has been agreed, with previously concluded agreements regulating the use of his facility by others. This will apply to agreements that are entered into after these Regulations have entered into force.

### The terms of the agreement (ref. Section 9)

The draft Regulations provide guidelines on what principles are to be applied as regards the stipulation of tariffs and other terms. The object of the Regulations can best be achieved by ensuring that incentives for third party use exist for both the owner and the user. A distorted distribution of the profits relating to the use of a facility by others may have unfortunate consequences, either for the incentives of licensees to explore and

produce, or for the owner's incentives to offer such services, including maintenance of the facility and reasonable additional investments in capacity.

One of the main principles underlying the stipulation of tariffs and other terms is that the owner should be indemnified as regards the use of a facility by others. This entails that the owner's costs of such use should be covered, including loss of income. To ensure the owner the incentives outlined above, the owner must be secured a reasonable profit on the use of the facility by others, and this includes taking into account the risk associated with the use of the facility by others. A key principle governing the determination of the profit element is that it should not be linked to the profitability of the user field, and that it should be calculated on the basis of the services offered. Accordingly, unreasonable profits deriving from monopoly powers are not to be calculated into tariffs or other terms.

To be more concrete as regards the Ministry's view on what should be considered to be relevant costs and loss of earnings, these are specified in the draft. A key factor here is that repayment of an investment, including capital costs, will depend on the original purpose of the investment. This is described in the text of the Regulations.

The Ministry understands that postponed and/or lost production will often be a decisive subject of negotiations. The Regulations provide some general guidelines as to how postponed and/or lost production could be calculated, but it is has not been considered appropriate to stipulate this any further, since this matter can best be solved by the negotiating parties themselves.

The Regulations are not intended to put obstacles in the way of good commercial solutions for both parties.

### Standardised contract clauses (ref. Section 10)

It is the view of the Ministry that the efficiency of the negotiating process could be improved by drawing up standardised contract clauses. This will in particular involve contract clauses that are often similar in many agreements, such as for example force majeure, insurance, confidentiality, etc. Such standardised contract clauses may, as appropriate, be used by licensees when negotiating an agreement.

Standardised contract clauses should be based on the "General Terms and Conditions" in existing third party agreements. The Ministry intends to initiate this work in the early autumn of 2005.

#### Voting rules (ref. Section 11)

It is the understanding of the Ministry that considerable time is spent in some negotiating processes on determining the voting rules that shall apply to negotiations concerning the use of facilities by others, and particularly when it comes to the owner's acceptance of a negotiated agreement. The Ministry bases itself on the assumption that the issues regulated by these Regulations fall under the scope of the joint operating

agreements. Voting on the said issues shall therefore be carried out in accordance with the voting rule stipulated in the joint operating agreement.

### Leased facilities (ref. Section 12)

This provision is intended to apply in situations where the licensees do not themselves own the facility in question, but where they have the right to use the facility by virtue of a lease. The provision is intended to cover all forms of hire, leasing, sale with leaseback, etc. where the licensee under the Petroleum Act is not the owner of the facility.

Section 4-8, second paragraph of the Petroleum Act applies to production vessels and other floating and mobile facilities encompassed by Sections 4-2 and 4-3 of the Petroleum Act, irrespective of whether the facilities are owned or leased by the licensees of the licence in question. The provisions concerning third party access in Section 4-8 accordingly applies to such facilities, and it is therefore neither necessary nor desirable to except facilities which are leased from the Regulations.

#### Disputes (ref. Section 13)

Disputes may occur between the parties in various phases of a negotiation. In such case, either party may bring the matter before the Ministry for a final decision. The Ministry expects this to occur only in exceptional cases. The objective of the Regulations will best be achieved by the parties' reaching agreement themselves. The Ministry is considering two different procedures for disputes:

- 1) An external, independent expert panel that will give a final decision. The Ministry will, if needed, assist in preparing the dispute etc. It should, as appropriate, be considered if such a panel should be permanent or established on an ad hoc basis.
- 2) The Ministry will solve the dispute itself. Expert personnel might be consulted in disputes, as appropriate.

Addressees are invited to comments on these two alternatives.

### Reporting of approved agreements (ref. Section 14)

When an agreement regulating the use of facilities by others has been approved by the Ministry, it is intended that the parties should report the key terms of the agreement and the main features of the negotiating process. This reporting will be done on two standard forms. The two forms are attached to this letter and addressees are invited to comment on the structure and content of the forms. The intention is for the completed forms to be made available to all licensees and pre-qualified undertakings on the Norwegian shelf. The Ministry will consider whether publication of these forms to a broader audience would be appropriate, and where this information should, in case, be published.

With regard to reporting economic conditions, the Ministry has considered three options:

- 1) Publication of the entire agreement.
- 2) Publication of the economic conditions within a specified interval (this is the point of departure chosen in the attached draft Regulations and forms).
- 3) No publication of economic conditions.

The purpose of reporting approved agreements is to enhance the efficiency of the negotiating process by providing the parties with information on previous negotiations concerning third party use on the Norwegian continental shelf. Information from the forms will provide an indication of how the negotiating process itself was conducted and (if decided) contract terms previously agreed for various services. In addition, the Ministry assumes that the companies' awareness that this information will be made available to the industry may have a disciplining effect on individual negotiations.

Addressees are invited to comment on the various alternatives, particularly in light of the Ministry's objective in introducing this provision in the draft.

# Summary

The Ministry of Petroleum and Energy looks forward to receiving comments on the attached draft Regulations and forms for reporting contract terms.

Any questions relating to the consultative process or the contents of the draft Regulations may be directed to Johan Gjærum at the Section for Gas and Infrastructure (tel. + 47 22 24 62 26 / + 47 97 67 31 51).

Yours sincerely,

Gunnar Gjerde (by authority) Director General

> Erik Johnsen Deputy Director General

#### **Attachments:**

Draft - Regulations relating to the use of facilities by others Two forms for reporting of approved agreements

#### Address list:

Altinex Oil AS, Postboks 61 Kokstad, 5863 Bergen

Amerada Hess Norge A/S, C. J. Hambros plass 2 C, 0164 Oslo

A/S Norske Shell, Postboks 40, 4098 Tananger

BG Norge AS, Postboks 780 Sentrum, 4004 Stavanger

BP Norge AS, Postboks 197 Forus, 4065 Stavanger

Centrica plc., Ian Wood, Millstream East, Maidenhead Rd., Windsor, Berkshire SLA 5GD, UK

ChevronTexaco Norge AS, Postboks 97 Skøyen, 0212 Oslo

CNR International (Norway) AS, c/o Wikborg, Rein & Co, Postboks 1315 Vika, 0117 Oslo

ConocoPhillips Skandinavia AS, Postboks 220, 4098 Tananger

Det Norske Oljeselskap AS, Postboks 1345 Vika, 0113 Oslo

DONG Norge AS, Postboks 450 Sentrum, 4002 Stavanger

E.ON Ruhrgas Norge AS, Postboks 640 Sentrum, 4003 Stavanger

Endeavour Energy Norge AS, Postboks 44, 3671 Notodden

Eni Norge AS, Postboks 101 Forus, 4064 Stavanger

Enterprise Oil Norge AS, c/o A/S Norske Shell, Postboks 40, 4098 Tananger

ExxonMobil Exploration and Production Norway A/S, Postboks 60 Forus, 4064 Stavanger

Gaz de France Norge AS, Postboks 242 Forus, 4066 Stavanger

Idemitsu Petroleum Norge a.s., Postboks 1844 Vika, 0123 Oslo

Kerr-McGee Norway AS, Postboks 1233 Sentrum, 5811 Bergen

Lundin Norway AS, Strandveien 50 D, 1366 Lysaker

Maersk Oil Norway AS, Postboks 244, 1326 Lysaker

Marathon Petroleum Norge AS, Postboks 480 Sentrum, 4002 Stavanger

Marubeni Europe Plc Oslo Office, Prof. Dahlsgt. 26, 0260 Oslo

Mobil Development Norway A/S, c/o Esso Norge AS, Postboks 60 Forus, 4064 Stavanger

Noble Energy Inc., David Wotton, Suffolk House, 154 High Street, Sevenoaks, Kent TN13 1XE, UK

Norsk Hydro Produksjon a.s, 0246 Oslo

Norske AEDC A/S, Postboks 207 Sentrum, 4001 Stavanger

Oranje-Nassau Groep B.V., Postbus 22885, 1100 DJ Amsterdam-zuidoost, The Netherlands

Paladin Resources Norge AS, Postboks 530 Sentrum, 4003 Stavanger

Pertra AS, Postboks 482, 7405 Trondheim

Petoro AS, Postboks 300 Sentrum, 4002 Stavanger

Premier Oil Norge AS, c/o Simonsen Føyen Advokatfirma DA, v/ Per Seime, Postboks 6641 St.

Olavs plass, 0129 Oslo

Revus Energy AS, Postboks 230 Sentrum, 4001 Stavanger

RWE Dea Norge AS, Postboks 243 Skøyen, 0213 Oslo

Statoil ASA, 4035 Stavanger

Sumitomo Corporation Europe Ltd., Postboks 1625 Vika, 0119 Oslo

Svenska Petroleum Exploration A/S, Postboks 27823, SE-115 93 Stockholm, Sweden

Talisman Energy Norge AS, Postboks 649 Sentrum, 4003 Stavanger

TOTAL E&P Norge AS, Postboks 168 Sentrum, 4001 Stavanger

Wintershall AG, Heiko Meyer, Postfach 104 020, 34112 Kassel, Germany

Arbeids- og sosialdepartementet, Postboks 8019 Dep, 0030 Oslo

Finansdepartementet, Postboks 8008 Dep. 0030 Oslo

Moderniseringsdepartementet, Postboks 8004 Dep. 0030 Oslo

Miljøverndepartementet, Postboks 8013 Dep, 0030 Oslo

Nærings- og handelsdepartementet, Postboks 8014 Dep, 0030 Oslo

Oljedirektoratet, Postboks 600 Sentrum, 4003 Stavanger

Gassco AS, Postboks 93, 5501 Haugesund Oljeindustriens landsforening (OLF), Postboks 8065 Postterminalen, 4068 Stavanger Norsk olje- og petrokjemisk forbund (NOPEF), Kongsgt. 52, 4005 Stavanger Oljearbeidernes fellessammenslutning (OFS), Postboks 145 Sentrum, 4001 Stavanger Norges rederiforbund, Postboks 1452 Vika, 0116 Oslo

# Copy:

Department of Trade and Industry, Oil & Gas Directorate, 1 Victoria Street, London SW1H 0ET, UK

00/715-32

Unofficial translation from Norwegian

19.08.05

#### **DRAFT**

### Regulations relating to the use of facilities by others

Laid down by the Ministry of Petroleum and Energy on xx.xx xxxx pursuant to Section 10-18, first paragraph, and Section 4-8 of the Act of 29 November 1996 No. 72 relating to petroleum activities and Section 86 of the Regulations of 27 June 1997 No. 653 to the Act relating to petroleum activities.

### § 1 Scope

These Regulations apply to the conclusion of agreements for the use of facilities by others for the production, transportation or exploitation of petroleum pursuant to Sections 1-4 and 4-8 of the Petroleum Act, including the facilities stated in Section 12.

The Regulations do not apply to the extent that the rules contained in the Regulations of 20 December 2002 No. 1724 relating to the determination of tariffs etc. for certain facilities provide otherwise.

#### § 2 Objective

The objective of these Regulations is to achieve efficient use of facilities in order to ensure good incentives for licensees to conduct exploration and production activities with a view to promoting efficient resource management.

### § 3 Definitions

- a) In these Regulations the Ministry means the Royal Ministry of Petroleum and Energy.
- b) In these Regulations *the Petroleum Act* means the Act of 29 November 1996 No. 72 relating to petroleum activities.
- c) In these Regulations *owner* means a party (a group of licensees or an individual licensee) that owns a facility used by others or that others wish to use.
- d) In these Regulations *user* means a party (a group of licensees or an individual licensee) that uses or wishes to use a facility owned by others.
- e) In these Regulations *use* means any service that may be encompassed by an agreement on the use of facilities by others pursuant to Section 4-8 of the Petroleum Act. Such use may inter alia encompass the drilling of wells, connection, controlling sub-sea production systems, water and gas for injection, gas for gas lift, mixing/removal of CO<sub>2</sub>/H<sub>2</sub>S, processing well

streams, transportation by pipeline from a connecting field to a host facility, oil storage and offshore loading, transportation of produced petroleum by pipeline, access to power, inspection and maintenance, as well as any option for production of additional resources from the connecting field.

### § 4 General principles

Licensees with a need to use the facility of another party shall on objective and non-discriminatory conditions have a right to such use in accordance with the rules provided for in Section 4-8 of the Petroleum Act and in these Regulations.

Agreements on the use of the facilities of other parties shall be formulated on the basis of the principle that profits from production should primarily be earned by the producing field. Owners shall have incentives to maintain facilities and to make sensible investments in additional capacity.

Negotiations between owner and user concerning the use of a facility shall be organised and conducted in a spirit of integrity and good faith, in accordance with good corporate governance and in such way that the negotiations do not provide one party with an unreasonable advantage at the expense of other parties. A licensee shall normally participate in negotiations on the side on which the greatest economic interests of the party in question lie.

While negotiations are ongoing, the parties shall exchange updated information on the user's needs and capacities available, with a view to determining at the earliest stage possible the conditions that are to govern the required use.

### § 5 Request for overview of capacity

Upon receiving a request for an overview of capacity concerning the use of a facility from licensees and undertakings pre-qualified as licensees on the Norwegian shelf, including the possibility for extending the capacity of the facility, the owner has a duty to provide such information within 14 days.

# § 6 Request concerning use

Any request concerning the use of a facility shall contain relevant technical information, for example about reservoir properties and anticipated production from the deposit in question, and the services to which the request applies.

The owner shall respond to a request concerning the use of a facility within reasonable time of receiving the request. In his reply the owner shall as a minimum provide information on the services that can be provided, reservations, priority, liabilities and compensation, as well as other relevant information.

The owner's reply to a request concerning the use of a facility may emphasise that such use shall not unreasonably be to the detriment to the owner's own use of the facility, or that of any

other user granted the right of use of the facility. Moreover, the owner may emphasise that the petroleum that is to be produced, transported or exploited via the facility shall have specifications that are reasonably consistent with technical requirements and the need to operate the facility efficiently.

If there is no capacity available on the facility, the owner shall as far as possible make arrangements whereby additional capacity can be made available to the user. In such event, the owner's reply shall explain the estimated costs involved in establishing such additional capacity, including whether expenditure on studies will be required in order to determine how capacity might be extended, and what risks this would be expected to entail for the owner.

## § 7 Progress plan

If the owner and user conclude that grounds exist for initiating negotiations concerning use of the facility, the parties shall seek to agree on a progress plan with specific milestones and a time limit for completing the negotiations on an agreement. The negotiation period shall not exceed six months from the date on which the owner received the request concerning use from the user, unless the parties agree otherwise or the Ministry specifies otherwise, cf. Section 13, second paragraph.

When the progress plan has been agreed, the parties to the negotiations shall notify the Ministry that negotiations concerning use of the facility have been initiated, and of the progress plan.

The finalising of the negotiations may be postponed only if both parties so agree. The Ministry shall be notified of such postponement.

### § 8 Prior agreements

When two parties have agreed upon a progress plan, cf. Section 7, first paragraph, the owner shall grant the user access to agreements previously entered into by the owner concerning the use of the facility by other parties.

### § 9 The terms of the agreement

The parties shall seek to agree on tariffs and other terms governing use of the facility that are acceptable to both parties and in accordance with the objective of the Regulations, cf. Section 2 and the general principles provided for in Section 4.

If requested by the user, the owner shall offer tariffs and other terms for each of the services offered separately, unless there are genuine economic gains associated with offering tariffs and other terms for all the applicable services jointly and both parties so agree. In the case of pipelines for transportation of oil, a separate offer shall be formulated.

Where a facility is used by others, the owner shall:

- Receive coverage of the costs involved, including loss of earnings;

- Be able to calculate a reasonable profit. The profit element shall be calculated on the basis of the services offered, irrespective of the profitability of the field connected to the facility. Account may be taken of the risk associated with the use of the facility by others.

The following principles shall as a general rule be applied in formulating tariffs and other terms:

- Operating costs incurred by the owner as a result of the use of the facility by others shall be covered by the user;
- If the use of the facility entails new investments, these shall be covered by the user. If it has been agreed that the owner shall bear the cost of new investments required as a consequence of the use in question, the tariff shall also comprise repayment, including capital costs, of the investment. Where additional investments have been made with a view to future third party use, the tariff may comprise repayment, including capital costs, of the invested capital. In cases in which the investments have already been made and the owner has recovered the investment, repayment, including capital costs, of this investment shall not be comprised by the tariff;
- The owner shall be compensated for any loss of earnings, including loss and/or postponement of production as a consequence of use of the facility by others. Compensation for loss and/or postponement of production shall be determined on the basis of the corresponding profit that could have been achieved on the production that is lost and/or postponed. The owner shall as far as possible facilitate the connection to the facility so as to minimise any loss or postponement of production as a consequence of the connection.

The owner shall be able to provide an account of the principles applied in formulating the tariffs and other terms.

### § 10 Standardised contract clauses

The contents and wording of agreements concerning the use of facilities by others are to be decided by the parties, unless otherwise provided for in Section 4-8 of the Petroleum Act or these Regulations.

The Ministry may decide that standardised contract clauses shall be drawn up for both the general and the specific parts of an agreement concerning the use of the facilities by others, to be used by the parties during negotiations, and that such standardised contract clauses shall be submitted to the Ministry for approval.

### §11 Voting rules

Decisions by the individual joint venture about requests, replies, mandates to negotiate and the conclusion of agreements encompassed by these Regulations are adopted by the management committee in accordance with the ordinary voting rules provided for in the joint operating agreement applying to each individual joint venture.

The final agreement concerning the use of a facility shall be entered into by the operator on behalf of the members of the joint ventures in question in accordance with the resolution of the management committee. If a licensee disagrees with the outcome of the negotiations, then the licensee in question may bring the matter before the Ministry.

### § 12 Leased facilities

The user's right pursuant to these Regulations also applies to the use of facilities that a licensee or a group of licensees has leased for use in petroleum activities pursuant to the Petroleum Act.

Unless the holder of the title to the facility agrees otherwise, the user's right to use the facility is limited by

- the term of the lease agreed between the holder of the title and the lessee;
- the right of the lessee to make modifications to the facility;
- any specific restrictions on use.

The user's right pursuant to these Regulations cannot be further restricted by agreement between the holder of the title of the facility and the lessee.

### § 13 Disputes

If a request to use a facility is not granted, cf. Section 6, the user may bring the decision of the owner before the Ministry for a final decision.

If the parties fail to agree on a progress plan, cf. Section 7, they may each request the Ministry to establish a progress plan.

If as a result of disagreement the parties fail to finalise negotiations within the end of the specified progress plan, cf. Section 7, they may each bring the matter before the Ministry for a final decision.

Before a decision is adopted, the parties shall each be given the opportunity to present their views. The Ministry may require the parties to submit the information necessary for a decision to be adopted.

### § 14 Reporting of approved agreements

Within 30 days of the Ministry having approved an agreement concerning the use of a facility by others pursuant to Section 4-8 of the Petroleum Act, the parties shall report the main terms of the agreement for publication. Forms drawn up by the Ministry shall be used for such reporting.

# Information on the development of fields in connection with the use of facilities owned by others

This report is to be filed pursuant to Section 14 of the Regulations relating to the use of facilities by others. The user of facilities shall ensure that the form is completed and submitted to the Norwegian Petroleum Directorate.

Contents: Description of the development solution, master agreements for field development, information on the field, and description of production.

Field					
Ref. No. NPD:					
Planned development	solution <sup>1</sup> :				
Master agreements	concerning de	velopment <sup>2</sup>			
Ref. No. NPD:	Name of agreement:				
Production of the second of th					
Field details:	<del></del>				
Field name					
Production license					
Block number					
Operator					
Licensees					
Description of produ	etion:			<del></del>	
Service	Crude oil	Gas	Condensate	NGL	Water produced
Relevant (Y/N)					
Unique characteristics <sup>3</sup>					
Resources that are expected to be produced					
Production rate at start-up					
Plateau (time after start-up)					
Plateau/max. production					

<sup>&</sup>lt;sup>1</sup> General description, if applicable, illustration of development. Includes gas lift, injection (gas and/or water), export solutions if relevant, the well slots/risers used and, if applicable, other important parameters.

<sup>&</sup>lt;sup>2</sup> Agreements with a significant influence on the allocation of responsibilities and profits relating to field development. <sup>3</sup> For example: Low API, high H<sub>2</sub>S, high CO<sub>2</sub>, significant sand production and the like.

# Summary of finalised negotiations on the use of facilities by others

This report is filed pursuant to Section 14 of the Regulations relating to the use of facilities by others. The owner of the facility shall ensure that the form is completed and submitted to the Norwegian Petroleum Directorate.

#### Contents:

- 1. Information on negotiations: participants, introduction, course of negotiations, structure and roles.
- 2. Summary of the main elements of the agreement concerning the development, operation, connection, transport and/or processing and injection, with the aid of facilities owned by another group of licensees.

Name and date of agreement <sup>1</sup>	
Reference number NPD <sup>2</sup>	
1 Information about the pagetistions	
1. Information about the negotiations	
Parties to the negotiations <sup>3</sup>	
Date of receipt of request concerning use 4	
Date of reply to request concerning use <sup>5</sup>	
Progress of contract negotiations <sup>6</sup>	
Structure of negotiations <sup>7</sup>	
Roles in negotiations <sup>8</sup>	
Other central elements relating to the structure and course of the negotiations <sup>9</sup>	

4 First receipt of request concerning use, ref. Section 6 of the Regulations.

<sup>1</sup> To be updated in the event of additions or amendments to the agreement.

<sup>2</sup> To be inserted by the Norwegian Petroleum Directorate (NPD). For ease of reference, the same number is used on the owner's form (this form) and the user's form.

<sup>3</sup> Names of owner and users, ref. Section 3 of the Regulations, and their stakes in the facility and user field.

<sup>5</sup> First reply to the above mentioned request concerning use, ref. Section 6 of the Regulations.

<sup>6</sup> Starting date, milestones (Fulfilled: Y/N: Reason) and end date (Fulfilled: Y/N: Reason) in the first negotiating plan submitted to the Ministry, ref. Section 7 of the Regulations.

<sup>7</sup> Round table, polarised, or other.

<sup>8</sup> Chair of negotiations, facilitator, technical assistant.

<sup>9</sup> E.g. the involvement of the Ministry of Petroleum and Energy for the purpose of clarifying questions, or resolving disputes.

2. Key elements of the agreement
This table covers the main provisions regulating the allocation of responsibilities and economic terms. In the following, the product that is to be transported, processed, injected, etc. is termed <i>streams</i> .
Scope of the agreement. Roles and allocation of responsibilities. 10
Starting date and duration <sup>11</sup>
Entry point <sup>12</sup>
Return point <sup>13</sup>
Capacity rights (over time) <sup>14</sup>
Volume flexibility <sup>15</sup>
Priority <sup>16</sup>
Technical requirements <sup>17</sup>
Compensation level <sup>18</sup>
Other important information <sup>19</sup>

<sup>&</sup>lt;sup>10</sup> Services/work to be performed. What, when and by whom.

<sup>&</sup>lt;sup>11</sup> When the services/work are to commence, and end.

<sup>&</sup>lt;sup>12</sup> Where the owner of the facility/facilities takes over the stream(s).

<sup>&</sup>lt;sup>13</sup> Where the user of the facility/facilities takes over the stream(s).

To be specified for various capacities in accordance with the agreement. Changes over time and contingent changes should be stated. 

Whether payment is due irrespective of actual use of infrastructure ("send or pay"), and whether unused rights can be transferred to

subsequent periods.

16 Priority given to the user's streams if the availability of services is limited.

<sup>17</sup> Technical requirements that deviate from information published elsewhere about the infrastructure in question, particularly facts relating to

the user's streams.

18 Compensation level payable to the owner. Index-linking and/or changes in rates over time must also be stated, where applicable. If tariffs are split in the agreement, this must be reflected in the form. If preferred, an interval or a level may be stated which should not deviate by more than +/- 15% from the compensation actually agreed in the agreement.

19 Key information on factors influencing risk-reward in addition to the information provided above (for example hydrocarbon accounting, risk,

<sup>&</sup>lt;sup>19</sup> Key information on factors influencing risk-reward in addition to the information provided above (for example hydrocarbon accounting, risk title, extension of terms, security provisions, metering, termination, and decommissioning). Details must also be provided of any compensation payable by the owner to the user if the services cannot be supplied as intended.