



**FPS SYSTEM TRANSPORTATION AND PROCESSING AGREEMENT  
FOR FIELD X PIPELINE LIQUIDS**

**SECTION 1  
FORM OF AGREEMENT**

**SECTION 1**  
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**FPS SYSTEM TRANSPORTATION AND PROCESSING AGREEMENT  
FOR FIELD X PIPELINE LIQUIDS**

THIS AGREEMENT is made this [ ] day of [ ] 20[ ].

BETWEEN

1. INEOS FPS LIMITED, a company incorporated in England and Wales (company number 10660338) whose registered office is at Hawkslease, Chapel Lane, Lyndhurst, United Kingdom, SO43 7FG ("**INEOS**"), of the first part;

AND

2. [SHIPPER]; and

3. [SHIPPER]; and

4. [SHIPPER];

of the second part, Parties [2], [3] and [4] (together with their permitted successors and assigns) being hereinafter referred to together as the "**Shippers Group**" and individually as a "**Shipper**".

WHEREAS:

- A. INEOS is the operator and owner of the FPS System and enters into this Agreement in that capacity.
- B. Shippers Operator is the operator of the Shippers Field.
- C. The Shippers Group has interests in the Shippers Field.
- D. The Shippers Group desire to have Shippers Pipeline Liquids transported through and processed within the FPS System and to have the resultant Forties Blend and Raw Gas handled within and delivered from the FPS System, and INEOS is prepared to so transport and process such Pipeline Liquids and to handle and deliver such Forties Blend and Raw Gas.

- E. INEOS and each member of the Shippers Group have entered into separate agreements contemporaneously herewith for the sale and purchase of Raw Gas which INEOS is obliged to deliver pursuant to Clause 5.01(e) of Section 2.
- F. The Parties now wish to record herein the terms and conditions for the transportation and processing of such Shippers Pipeline Liquids and the handling and delivery of the resultant Forties Blend and Raw Gas.

NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:-

## **CLAUSE 1 – DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this Agreement, words and expressions shall have the same meaning as are respectively assigned to them in this Section 1 (Form of Agreement) and Section 2 (Conditions of Contract) (including the Exhibits and Attachments thereto).

“**Date of First Continuous Production**” means the first Day of the first period during which the Shippers Field produces at least twenty per cent (20%) of the applicable FMQ for a period of thirty (30) consecutive Days.

“**Fabricated Metal Products Index**” or “**FMP**” means the index identified as MB53: 6107325990 in the table “Input Prices, excluding Climate Change Levy<1>: Materials and Fuels (2010=100, SIC07)” and made available by the Office for National Statistics.

“**Indexation Formula**” has the meaning given in Clause 6.2.

“**Intervening System**” means the processing and transportation system[s] known as the *insert description* between the Intervening System Entry Point and the Transfer Point and connecting the Shippers System with the FPS System.

“**Intervening System Entry Point**” means *insert description*.

“**Late Delivery Quantity**” means a deemed volume of Shippers Production equal to the aggregate of the FMQs for all Days commencing on the Commencement Date and ending upon the Date of First Continuous Production.

“**New Entrant Co-ordination Procedure**” means INEOS’s procedure for the entry of new Users into the FPS System, as summarised in Exhibit V.

“**Primary Allocation**” means the allocation of Pipeline Liquids that are metered through a meter which is designated from time to time by INEOS as a “primary meter”.

“**Secondary Allocation**” means the allocation between users of a primary meter (as so designated by INEOS from time to time), the Shippers Group and the other users of the Intervening System of Pipeline Liquids delivered via the Intervening System at the Transfer Point.

“**Shippers Field**” means the hydrocarbon accumulations generally known as the *insert description* underlying blocks *insert description* within the production licences *insert description* on the United Kingdom continental shelf. A plan showing the Shippers Field and the co-ordinates of the Shippers Field are set out in Exhibit I.

“**Shippers Operator**” means the operator of the Shippers Field from time to time (which at the date hereof is *insert description*) acting as such on behalf of the Shippers Group.

“**Shippers Pipeline**” means *insert description*.

[“**Shippers Platform**” means *insert description*.]

“**Shippers System**” means the production, [processing] and pipeline facilities and all other facilities associated therewith existing from time to time and necessary to produce Pipeline Liquids from the Shippers' Field and to deliver the same to the Intervening System Entry Point. [Such facilities shall include but not be limited to the Shippers Platform and the Shippers Pipeline.]

“**Tariff Minimum Quantity**” has the meaning given in Clause 6.4 (a).

“**Tariff Shortfall Payment**” has the meaning given in Clause 6.4 (d).

“**Tariff Shortfall Quantity**” has the meaning given in Clause 6.4 (c).

“**Transfer Point**” means *insert description* being the point at which [the Intervening System connects to the FPS System and at which] custody of Shippers Pipeline Liquids is transferred to INEOS.

“**Unrestricted Booking Range**” has the meaning given in Clause 4.2 (b).

“**Wax Appearance Temperature**” means the temperature at which Shippers Production first precipitates wax when cooled.

## **1.2 Interpretation**

For all purposes of this Section 1, except as otherwise expressly provided or as the context otherwise requires any reference to a "Clause" or an "Exhibit" refers to a clause of or an exhibit to this Section 1, as the case may be. Any reference in this Agreement to “Section 1” or “Section 2” shall be to this Section 1 or Section 2 of this Agreement, as the case may be.

## **CLAUSE 2 – FORM OF AGREEMENT**

*This Transportation and Processing Agreement is based around two key components:*

(i) *Form of Agreement (Specific Terms)*

*Each new field is different and sometimes requires an individual commercial solution depending on the nature of service required. We have grouped together the key commercial terms that may vary from field to field, into a simple streamlined document that can be negotiated and drafted simply and quickly.*

(ii) *Conditions of Contract (General Terms)*

*The FPS System is a large integrated oil transportation system with a very large number of customers. This document details the general terms, conditions and procedures that are applicable to all customers, that have been developed over time, based on our experience and our commitments, to ensure the safe, efficient and sustainable operation and management of the system.*

## **2.1 Composition of Agreement**

This Agreement shall comprise Section 1 and Section 2 which comprise the following Exhibits and Attachments:

<b>Section 1</b>	<b>Form of Agreement:</b>
Exhibit I	Description of Shippers Field
Exhibit II	Specification for Shippers Pipeline Liquids
Exhibit III	Composition of Shippers Pipeline Liquids
Exhibit IV	Shippers Pipeline Liquids FMQ [and Unrestricted Booking Range] Profile
Exhibit V	Summary of New Entrant Co-ordination Procedure
<b>Section 2</b>	<b>Conditions of Contract:</b>
Attachment A	The FPS System
Attachment B Part I	Allocation Procedures
Attachment B Part II	Valuation Procedures And Determination Of Entitlement To Forties Blend
Attachment B Part III	Secondary Allocation And Value Adjustment Procedures
Attachment C	Gas Products Specification
Attachment D	Forties Blend Offtake Scheduling and Hound Point Terminal Procedures
Attachment E	Measurement And Sampling
Attachment F	FPS System Cost Sharing Principles
Attachment G	FPS System Measurement Forum Constitution and Rules
Attachment H	Mercury Assessment and Removal

## **2.2 Effect of Section 2**

The provisions contained in Section 2 form part of this Agreement and have full force and effect as if set out in full within this Section 1. For the avoidance of doubt, and unless otherwise stated to the contrary, terms which are defined in Section 2 shall, wherever used in this Section 1, have the meanings ascribed thereto in Section 2.



## **CLAUSE 3 – SERVICE PROVISION AND DURATION**

### **3.1 Provision of Services**

Subject to the terms and conditions of this Agreement, and in consideration of, *inter alia*, payment of the tariff, INEOS shall provide the Services.

*If the Shippers Group requires any operating services over and above the Services, the relevant provisions shall be set out in this Clause 3.1. The terms upon which such additional services will be provided shall be subject to agreement between INEOS and the Shippers Group.*

### **3.2 Effective date**

This Agreement shall be effective on and from the date of its signature.

### **3.3 Commencement Date**

The Shippers Group shall commence delivery of Shippers Pipeline Liquids and INEOS shall provide the Services with effect from the Commencement Date. The “**Commencement Date**” shall be a Day between [ ] and [ ]<sup>1</sup> (the “**First Window**”) to be determined as follows:-

- (a) on or before the Day which is six (6) months prior to the commencement of the First Window the Shippers Operator shall notify INEOS of a ninety (90) Day period (the “**Second Window**”) during which the Commencement Date will occur (which must be within the First Window). In default of such nomination, the Second Window shall fall on the final ninety (90) Days of the First Window;
- (b) on or before the Day which is one hundred and twenty (120) Days prior to the commencement of the Second Window the Shippers Operator shall notify INEOS of a thirty (30) Day period (the “**Final Window**”) during which the Commencement Date will occur (which must be within the Second Window). In default of such nomination, the Final Window shall fall on the final thirty (30) Days of the Second Window;

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<sup>1</sup> This shall be a six month window

- (c) on or before the Day which is thirty (30) Days prior to the commencement of the Final Window, the Shippers Operator shall notify INEOS of the Commencement Date, which must be within the Final Window. In default of such nomination, the final Day of the Final Window shall be the Commencement Date.

Subject to Clause 3.4, INEOS shall be ready to provide the Services from the Commencement Date but shall use reasonable endeavours to provide the Services earlier if requested by notice from the Shippers Operator to do so.

### **3.4 Requirements for Commencement**

Notwithstanding Clause 3.3, INEOS shall not be obliged to provide the Services or to use reasonable endeavours to provide the Services until:

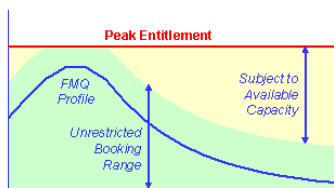
- (a) the Shippers have complied with the New Entrant Co-ordination Procedure to the satisfaction of INEOS; and
- (b) the Shippers Operator confirms in writing that it believes (based on the data provided by the Shippers Operator and acting as a Reasonable and Prudent Operator) that the Shippers Production will comply with the provisions of Clause 5.1 (provided always that such confirmation shall be without prejudice to INEOS's rights and the Shippers' obligations pursuant to Clause 5 of Section 1 and Clause 7 of Section 2).

## **CLAUSE 4 – QUANTITIES**

*To meet the future throughput requirements of all customers, both new and existing, it is necessary to manage and optimize capacity within the FPS System. In addition to providing customers with certainty of future capacity, successful management of capacity ensures the FPS System is able to maintain high levels of service and availability.*

*Each contract will contain an FMQ profile, representing the Shippers Group's bona-fide life of field view of production from the field at the time of contract execution. Each Shippers Group shall be granted firm capacity rights for the field in the FPS System equal to the FMQ profile. Fields having production of less than 30mbd shall also be entitled to utilize an Unrestricted Booking Range. In addition, a Peak Entitlement is set at the time of contract execution to frame the absolute level of*

capacity and service to which the agreed tariff and terms are applicable. The FPS System manages capacity using a booking mechanism as illustrated in the diagram below:



#### **4.1 Peak Entitlement**

The maximum quantity of Shippers Pipeline Liquids which the Shippers Group shall be entitled to tender for delivery on any Day shall be the FMQ ascertained in accordance with the provisions of this Clause 4. The maximum quantity of Shippers Pipeline Liquids which the Shippers Group may be permitted to tender for delivery on any Day shall not exceed the Peak Entitlement. The Peak Entitlement is [ ] Barrels per Day of Shippers Pipeline Liquids.

*For Fields having production of less than 30mbd, the following provisions of Clause 4.2 and 4.3 shall apply:*

#### **4.2 FMQ (Firm Maximum Quantity)**

- (a) Subject to the provisions of this Agreement, the maximum quantity of Shippers Pipeline Liquids that may be tendered for delivery at the Transfer Point on any Day during the relevant Quarter of the Contract Year in question (the “**FMQ**”), shall be as set out in Exhibit IV Part A as the same may be amended in accordance with the provisions of Clause 4.3.
- (b) The “**Unrestricted Booking Range**” applicable during each Quarter of each Contract Year for the duration of this Agreement shall be as set out in Exhibit IV Part B, as the same may be amended in accordance with the provisions of Clause 4.3.

#### **4.3 Changes to FMQ**

- (a) The Shippers Operator, on behalf of the Shippers Group, shall on or before 30th September in each Year, serve a notice upon INEOS specifying its bona fide best estimate of an FMQ for each Quarter of the Contract Year which commences immediately after the Contract Year commencing on such 30<sup>th</sup> September (the

“**Subsequent Contract Year**”) and for each Quarter of each Contract Year following the Subsequent Contract Year for the expected duration of this Agreement. If the Shippers Operator fails to give such notice then the FMQ for such periods shall be as set out in Exhibit IV (as the same may have been amended in accordance with the provisions of this Clause 4.3).

(b) In addition, the Shippers Operator, on behalf of the Shippers Group, shall be entitled, but not obliged, on or before the last Working Day in any Quarter, to serve a notice upon INEOS specifying its bona fide best estimate of an FMQ for each Quarter remaining in the Contract Year in which such notice is served and/or the subsequent Contract Year other than: (i) the Quarter in which such notice is served and (ii) the Quarter commencing immediately after the Quarter in which such notice is served.

(c) Each FMQ notified under Clauses 4.3(a) and 4.3(b) shall be:

- (i) less than or equal to the FMQ previously notified for or otherwise applicable to the period in question in accordance with this Clause 4; or
- (ii) subject to the provisions of Clause 4.1, greater than the FMQ previously notified for or otherwise applicable to the period in question in accordance with this Clause 4, provided that the provisions of Clause 4.3(d) shall apply to any FMQ nomination which exceeds the Unrestricted Booking Range for the relevant period,

and Exhibit IV Part A shall be deemed amended accordingly.

(d) If the Shippers Group nominates an FMQ in excess of the Unrestricted Booking Range applicable to the period in question then, subject to there being sufficient Uncommitted Capacity in the FPS System and subject to the nominated FMQ being no greater than the Peak Entitlement, INEOS shall not unreasonably withhold its consent to such increase. If INEOS does not consent to such increase in full, then INEOS shall, within twenty (20) Working Days of receipt of such nomination, notify the Shippers Operator of the FMQ which it is willing to accept, provided always that such FMQ shall be no less than the Unrestricted Booking Range for the period in question. If INEOS notifies the Shippers Operator that it has accepted an FMQ in

excess of the Unrestricted Booking Range then the Unrestricted Booking Range set out in Exhibit IV Part B shall be deemed amended to equal such increased FMQ.

(e) Notwithstanding the foregoing provisions of this Clause 4.3, in the event that the actual deliveries of Shippers Pipeline Liquids have been less than the FMQ for a continuous period of six (6) Months (except where caused by INEOS's failure to comply with its obligations pursuant to this Agreement and/or the operation of Clause 21.01 of Section 2 (in respect of Force Majeure claimed by INEOS) and/or the operation of Clauses 12.01(a) or 12.03 of Section 2)), INEOS shall have the right (in its sole discretion but always subject to having previously consulted with the Shippers Operator) to reduce the FMQ forthwith for the remainder of the then current Contract Year and the subsequent Contract Year. Where INEOS so elects to reduce the FMQ, then it shall be reduced to no less than the level equal to at least the highest Daily physical delivery of Shippers Pipeline Liquids at the Transfer Point achieved during such six (6) Month period. In the exercise of this right INEOS shall have regard to operational reasons causing the production of Shippers Pipeline Liquids to be below the FMQ, including Force Majeure events, and any bona fide representations of the Shippers Operator related to rectification to or enhancement of levels of production going forward. When the FMQ is reduced as aforesaid, then Exhibit IV shall be deemed amended accordingly and such reduced FMQ shall thereafter prevail until either:

- (i) the FMQ is further reduced by INEOS pursuant to this Clause 4.3(e); or
- (ii) a new FMQ comes into force that has been previously nominated by the Shippers Operator pursuant to this Clause 4.3 or which is otherwise contained in Exhibit IV and which new FMQ is, in either case, lower than such reduced FMQ.

*For Fields having production of more than 30mbd, the following provisions of Clause 4.2 and 4.3 shall apply:*

## **4.2 FMQ (Firm Maximum Quantity)**

Subject to the provisions of this Agreement, the maximum quantity of Shippers Pipeline Liquids that may be tendered for delivery at the Transfer Point on any Day during the relevant Quarter of the Contract Year in question (the “**FMQ**”), shall be as set out in Exhibit IV as the same may be amended in accordance with the provisions of Clause 4.3.

## **4.3 Changes to FMQ**

- (a) The Shippers Operator, on behalf of the Shippers Group, shall on or before 30th September in each Year, serve a notice upon INEOS specifying its bona fide best estimate of an FMQ for each Quarter of the Contract Year which commences immediately after the Contract Year commencing on such 30<sup>th</sup> September (the “**Subsequent Contract Year**”) and for each Quarter of each Contract Year following the Subsequent Contract Year for the expected duration of this Agreement. If the Shippers Operator fails to give such notice then the FMQ for such periods shall be as set out in Exhibit IV (as the same may have been amended in accordance with the provisions of this Clause 4.3).
- (b) Each FMQ notified under Clause 4.3(a) shall be less than or equal to the FMQ previously notified for or otherwise applicable to the Quarter in question in accordance with this Clause 4 and Exhibit IV shall be deemed amended accordingly.
- (c) Notwithstanding the foregoing provisions of this Clause 4.3, in the event that the actual deliveries of Shippers Pipeline Liquids have been less than the FMQ for a continuous period of six (6) Months (except where caused by INEOS’s failure to comply with its obligations pursuant to this Agreement and/or the operation of Clause 21.01 of Section 2 (in respect of Force Majeure claimed by INEOS) and/or the operation of Clauses 12.01(a) or 12.03 of Section 2), INEOS shall have the right (in its sole discretion but always subject to having previously consulted with the Shippers Operator) to reduce the FMQ forthwith for the remainder of the then current Contract Year and the subsequent Contract Year. Where INEOS so elects to reduce the FMQ, then it shall be reduced to no less than the level equal to at least the highest Daily physical delivery of Shippers Pipeline Liquids at the Transfer Point achieved during such six (6) Month period. In the exercise of this right INEOS shall have regard to operational reasons causing the production of Shippers Pipeline Liquids to be below

the FMQ, including Force Majeure events, and any bona fide representations of the Shippers Operator related to rectification to or enhancement of levels of production going forward. When the FMQ is reduced as aforesaid, then Exhibit IV shall be deemed amended accordingly and such reduced FMQ shall thereafter prevail until either:

- (i) the FMQ is further reduced by INEOS pursuant to this Clause 4.3(c); or
- (ii) a new FMQ comes into force that has been previously nominated by the Shippers Operator pursuant to this Clause 4.3 or which is otherwise contained in Exhibit IV and which new FMQ is, in either case, lower than such reduced FMQ..

#### **4.4 Allocation and Valuation**

*The quantity of Forties Blend and Raw Gas to which each Shippers Group shall be entitled is calculated by INEOS using the FPS System allocation and valuation system. This method of allocation and value adjustment is based on process simulation and on the principle that "value in equals value out". The system has been tried, tested and well understood in the industry and is viewed as being fair and equitable.*

*Where Shippers Pipeline Liquids are to be measured and sampled individually to a Fiscal standard, the Shippers Group's entitlement to Forties Blend and Raw Gas shall be calculated on a primary allocation basis. Where Shippers Pipeline Liquids are to be measured to a fiscal standard as part of a commingled stream, allocation will be performed on secondary basis. By default, all value adjustment is performed at the primary level, with secondary allocation allocating on a volume basis only.*

*As an additional service, the Shippers Group may request INEOS to perform secondary allocation adjusted for both value and volume.*

The Shippers Operator shall provide or shall procure that the operator of the Intervening System shall provide all information required by INEOS to enable it to perform Secondary Allocation, in accordance with the provisions of Attachment B – Part III to Section 2. The Shippers Group shall pay to INEOS an amount of fifty thousand pounds (£50,000) as a one-

off charge to cover the costs of configuring the allocation systems to perform secondary allocation for Shippers Pipeline Liquids in accordance with Attachment B - Part III. The foregoing charge shall be invoiced and paid in accordance with Clause 9 of Section 2.

**Or**

The Shippers Operator shall perform the Secondary Allocation of Pipeline Liquids or procure that Secondary Allocation is performed and shall provide to INEOS the results of such Secondary Allocation by the tenth (10<sup>th</sup>) day of each Month in such format as may be required from time to time by INEOS.

## **CLAUSE 5 – QUALITY**

*The safe operation of the FPS System and the reputation and value of the Forties Blend rely upon the continued management of the quality and specification of Shippers Pipeline Liquids. This is achieved through:*

(i) *Contractual Specification*

*The standard specification has been developed to meet the needs of most fields. However, in the event that the standard specification does not meet the requirements of the field we would invite the Shippers Group to meet with us to discuss how the field can be accommodated. Additional provisions may be required to be inserted into this Agreement.*

(ii) *Composition*

*The Shippers Group shall provide compositional data to allow us to assess any impact on the quality of Forties Blend and determine the processing requirements of the field.*

(iii) *Specialist Contaminant Handling*

*Should the Shippers Group have a long term requirement to export contaminants, the FPS System may be able to provide an additional handling service.*

(iv) *Ongoing Monitoring*



*Ongoing monitoring by FPS and the Shippers Group ensures that the pipeline liquids delivered by the Shippers Group meet the agreed specification and are free from non-specification liquids/materials which could damage any part of the pipeline system or downstream facilities, or result in off-specification products, or that may prejudice health, safety, security or environmental performance.*

(v) *Chemical Use Waivers*

*Where the use of chemicals are required for short periods Shippers may apply for Chemical Use Waivers subject to a technical assessment and payment of a fee (see Clause 7.03(b) of Section 2).*

### **5.1 Quality Specification**

The quality of Shippers Production delivered at the Transfer Point shall subject to the provisions of Clause 5.3 comply with the quality criteria in the specification included in Exhibit II and shall not differ from the compositional data contained in Exhibit III to an extent which, in INEOS's opinion, is material.

### **5.2 Indemnity Cap**

For the purposes of Clause 7.03 (d) of Section 2 the Indemnity Cap shall be twenty million pounds Sterling (£20,000,000) escalated on the same basis as the tariff pursuant to Clause 6.2.

*The Indemnity Cap shall be twenty million Pounds Sterling (£20,000,000) for all Fields with a Peak Entitlement of up to 30,000 Barrels per Day. The Indemnity Cap for Fields with a Peak Entitlement in excess of that limit shall be negotiated and agreed at a higher level appropriate to the level of Peak Entitlement.*

### **5.3 Mercury**

The Shippers Group has advised INEOS that the Shippers Production to be tendered for delivery at the Transfer Point will contain levels of mercury of [ ] which level is in excess of the levels set out in Exhibit II and therefore the provisions of Attachment H to Section 2 of this Agreement shall apply.

*Or, if no such notice has been served prior to execution of the TPA:*

The Shippers Group has advised INEOS that the Shippers Production to be tendered for delivery at the Transfer Point will contain levels of mercury which are less than or equal to the level set out in Exhibit II. Accordingly, there shall be no “Anticipated Level” as defined in and for the purposes of Paragraph 1 of Attachment H to Section 2 of this Agreement. If at any time after the date of this Agreement, Shippers Production which is tendered for delivery at the Transfer Point contains, or is likely to contain, levels of mercury in excess of the levels set out in Exhibit II, the provisions of Paragraphs 3, 5, 9 and 10 of Attachment H to Section 2 of this Agreement shall apply.

## **CLAUSE 6 – TARIFF AND CHARGES**

*All tariffs and charges in the FPS System are governed by 3 key principles:*

- (i) They are set by a competitive process where appropriate and are otherwise economically justified;*
- (ii) They are reflective of the nature of service being provided; and*
- (iii) They are representative of a fair balance between risk taken and return earned*

*Potential Shippers should note that INEOS may exercise an option to switch from tariff to a cost share mechanism.*

*Potential Shippers should note that an additional tariff may be charged if the Shipper requires additional processing of Pipeline Liquids or if there is an agreed deviation from the FPS Standard Specification.*

### **6.1 Transportation Tariff**

- (a) For the Services specified in this Agreement, the Shippers Group shall pay to INEOS a tariff at the rate of one pound Sterling (£1.00) per Barrel of Shippers Production up to and including the FMQ delivered on each Day at the Transfer Point in accordance with this Agreement, escalated in accordance with Clause 6.2.
- (b) In respect of each Barrel of Shippers Production delivered at the Transfer Point constituting either Additional Quantities or Spot Quantities, the Shippers Group shall

pay to INEOS a tariff of one hundred and ten percent (110%) of the tariff payable pursuant to Clause 6.1 (a).

- (c) *Additional tariff (if applicable) for additional processing or deviation from FPS standard specification*

## **6.2 Indexation**

The tariff specified in [each of] Clause 6.1(a) [and Clause 6.1 (c)] shall be adjusted effective from the commencement of each Quarter for application on each Day in the Quarter in question by application of the following formula:

$$T = T_0 \times \text{Indexation Formula}$$

Where:

T is the tariff in Sterling applicable for each Day of the Quarter in question per Barrel of Shippers Production delivered at the Transfer Point;

T<sub>0</sub> is £1.00 [*include tariff from 6.1(c) if applicable*];

The Indexation Formula is:

$$\left( 0.10 \times \left[ \left( \frac{E2}{E1} \right) \right] + 0.15 \times \left[ \left( \frac{HSFO2}{HSFO1} \right) \right] + 0.1 \times \left[ \left( \frac{RPI2}{RPI1} \right) \right] + 0.5 \times \left[ \left( \frac{PSE2}{PSE1} \right) \right] + 0.15 \times \left[ \left( \frac{FMP2}{FMP1} \right) \right] \right);$$

E1 is 2.480, being the “Quarterly Energy Prices, Table Number 3.1.1, Electricity – Large Consumers” as published by the Department of Energy and Climate Change (the "**Electricity Price Index**") averaged for the third Quarter of 2003; and

E2 is the Electricity Price Index averaged for the Quarter occurring two Quarters prior to the Quarter for which T is being calculated;

HSFO1 is 153.4154, being the daily mean of the average of the high and low price quotations in the table European products (\$/mt) sub-heading Northwest Europe barges for fuel oil 3.5% FOB Rotterdam, PUABC00, as published in Platt’s European Marketscan (the "**HSFO Price Index**") averaged for the third Quarter of 2003;

HSFO2 is the HSFO Price Index averaged for the Quarter occurring two Quarters prior to the Quarter for which T is being calculated;

RPI1 is 181.8, being the CHAW Index as published or made available by the Office for National Statistics (the "**Retail Price Index**") averaged for the third Quarter of 2003, base year 1987;

RPI2 is the Retail Price Index averaged for the Quarter occurring two Quarters prior to the Quarter for which T is being calculated;

PSE1 is 356.0, being the KAC4 Index as published or made available by the Office for National Statistics (the "**Private Sector Earnings Index**") averaged for the third Quarter of 2003;

PSE2 is the Private Sector Earnings Index averaged for the Quarter occurring two Quarters prior to the Quarter for which T is being calculated;

FMP1 is 63.5378893; and

FMP2 is the Fabricated Metal Products Index averaged for the Quarter occurring two Quarters prior to the Quarter for which T is being calculated.

Data for the Retail Price Index, the Private Sector Earnings Index and the Fabricated Metal Products Index shall be as published or made available by the Office for National Statistics or their successors from time to time. In the application of the Indexation Formula the latest figures needed to calculate RPI2, PSE2 and FMP2 which are available on the last Day of the Quarter prior to that for which T is being calculated (whether the same are published in final or provisional form) shall be used to calculate the adjusted tariff and save as expressly specified in Clause 8.02 of Section 2 shall not be adjusted consequent upon such figures being subsequently published or made available in amended form.

All calculations pursuant to the calculation of the Indexation Formula within this Clause 6.2 shall be truncated to eight (8) decimal places and the final output of T rounded to four (4)

decimal places. A figure of five zero zero zero (5000) or more for the last four (4) decimal places of the said eight (8) shall cause rounding up to the immediately preceding decimal.

### **6.3 Late Delivery**

- (a) Subject to Clause 6.3(b) below, in the event that the Date of First Continuous Production falls after the Commencement Date, the tariffs payable in accordance with Clause 6.1 (as escalated pursuant to Clause 6.2) for each Barrel of Shippers Production delivered at the Transfer Point on each Day after the Date of First Continuous Production shall be increased by twenty per cent (20%) until the quantity of Shippers Production delivered at the Transfer Point equals the Late Delivery Quantity.
- (b) If the Date of First Continuous Production has not occurred by the date falling two Years after the Commencement Date, INEOS shall be entitled to terminate this Agreement forthwith.

### **6.4 Send or Pay**

- (a) With effect from the Date of First Continuous Production and with respect to each Contract Year (or part Contract Year) of this Agreement thereafter until such time (if any) as the Shippers Group is required to pay a charge pursuant to Clause 8.04 of Section 2, the Shippers Group shall be obliged to pay for, whether or not sent, a minimum of eighty-five per cent (85%) of the FMQ with respect to each Contract Year (the “**Tariff Minimum Quantity**”). The Tariff Minimum Quantity shall be expressed in Barrels.
- (b) The Tariff Minimum Quantity shall be reduced by the quantity of Shippers Production (up to the FMQ) which would have been tendered for delivery by the Shippers Group at the Transfer Point but for:
  - (i) a throughput restriction or a reduction in capacity in the FPS System or any part thereof; or
  - (ii) any other circumstance;

which, in the case of both (i) and / or (ii) above, arises as a result of the operation of:

- (aa) Clause 12.01(a) of Section 2; or
- (bb) Clause 12.03 of Section 2; or
- (cc) Clause 21.01 of Section 2 (in respect of Force Majeure claimed by INEOS); or
- (dd) Clause 21.01 of Section 2 (in respect of Force Majeure claimed by the Shippers Group, provided that (i) such Force Majeure has continued for at least seven (7) Days and (ii) all such events of Force Majeure in respect of which the Shippers Group are seeking a reduction to the Tariff Minimum Quantity hereunder shall not, in aggregate, exceed forty-five (45) Days in any Contract Year)

and which, in the case of the matters described in Clauses 6.4(b)(aa), 6.4(b)(bb) and 6.4(b)(cc) above, is not attributable to, or the result of, any act, omission or default of any member of the Shippers Group.

- (c) If the quantity of Shippers Production actually delivered in any Contract Year is less than the Tariff Minimum Quantity (as the same may have been reduced pursuant to Clause 6.4(b) above) for such Contract Year, then the difference between the Tariff Minimum Quantity for such Contract Year and the quantity actually delivered during such Contract Year shall be the “**Tariff Shortfall Quantity**”.
- (d) In addition to the tariff payable pursuant to Clause 6.1(a) and Clause 6.1(b) for volumes of Shippers Production actually delivered, the Shippers Group shall pay to INEOS an amount calculated by multiplying the tariff applicable pursuant to Clause 6.1(a) to the final Quarter of the relevant Contract Year by the Tariff Shortfall Quantity. This amount shall be referred to as the “**Tariff Shortfall Payment**”.

## **6.5 Legislative Changes**

In the event that there is a change in legislation which results in a reduction in the net economic benefit of this Agreement to INEOS, then the Parties shall meet and discuss in good faith and seek agreement on such amendment to the tariff payable hereunder as shall maintain such net

economic benefit. If no agreement is reached within 90 days, then either Party may refer the matter for determination by an Expert.

The foregoing shall not apply to a change in legislation which has the effect of increasing the level of corporation tax and / or supplemental charge generally applicable at the date of this Agreement on profits levied on corporations engaged in the exploration for and/or production, transportation and processing of hydrocarbons in or from the United Kingdom continental shelf.

## **CLAUSE 7 – NOTICES**

### **7.1 Notices**

All notices and other communications to be sent hereunder shall be in writing and unless otherwise specified herein, sent to the relevant addresses given below, provided that any Party may at any time on giving not less than fifteen (15) days' notice to the others designate different or further addresses to which notices and other communications are thenceforth to be sent. Notices sent by email (with the notice attached in PDF format) shall be an effective mode of delivery.

Addresses for notices to be sent under this Agreement:

**INEOS**  
Att: Business Director  
By Mail: INEOS FPS Limited  
38 Hans Crescent  
London SW1X 0LZ  
Email copy to: [fpsserv@ineos.com](mailto:fpsserv@ineos.com)

#### **SHIPPERS OPERATOR**

Att: [ ]  
By Mail [ ]  
By Fax [ ]  
By email [ ]

#### **SHIPPERS GROUP**

Att: [ ]  
By Mail [ ]

By Fax [ ]

By email [ ]

Addresses for notices to be sent under Attachment D to Section 2:

**TO INEOS**

By Mail: INEOS FPS Limited  
c/o BP Oil International  
Forties Shipping Coordinator  
20 Canada Square  
London E14 5NJ

By Telephone: 020 7948 4594

Out of Hours: 020 7948 6652

By Fax: 020 7948 7814

Email copy to: [fpsserv@ineos.com](mailto:fpsserv@ineos.com)

**TO INEOS (Hound Point Terminal)**

By Mail: INEOS FPS LIMITED  
Forties Pipeline System  
Dalmeny Asset  
Dalmeny  
South Queensferry  
EH30 9UA

By Telephone: 0131 331 5581

By Fax: 0131 331 5611

Email copy to: [fpsserv@ineos.com](mailto:fpsserv@ineos.com)

**SHIPPERS OPERATOR**

Att: [ ]

By Mail [ ]

By telephone [ ]



By Fax [ ]

By email [ ]

**SHIPPERS GROUP**

Att: [ ]

By Mail [ ]

By telephone [ ]

By Fax [ ]

By email [ ]

**7.2 Effective time**

For all notices not sent by email the notices shall be effective upon receipt, provided that if receipt of the notices is made outside customary hours of business, notices shall be deemed to have been received and shall be effective from 10.00 hours on the first Working Day following actual receipt. Notices sent by email shall be deemed delivered on the date of receipt of an automated delivery receipt or confirmation of receipt from the relevant server if before 5pm on a Working Day and otherwise on the Working Day next following the date of transmission of the email.

**CLAUSE 8 – GENERAL PROVISIONS**

**8.1 Conflict**

In the event of any conflict between the Clauses of this Agreement and:

- (a) the Attachments to this Agreement; and/or
- (b) the System Operating Procedures referred to in Clause 10.02 of Section 2;

the terms and conditions of the said Clauses shall prevail and in the event of conflict between the terms and conditions of the said Attachments and the said System Operating Procedures, the terms and conditions of the said Attachments shall prevail.

In the event of any conflict between the provisions of this Section 1 and Section 2 of this Agreement, then the provisions set out in this Section 1 shall prevail.

## **8.2 Entire Agreement**

Except as provided to the contrary herein, this Agreement contains the entire agreement between the Parties in respect of the transportation and processing of Shippers Pipeline Liquids within the FPS System and supersedes any previous understandings, commitments, agreements or representations whatsoever, oral or written.

## **8.3 No waiver**

No waiver by any Party of any provision of this Agreement shall be effective unless made expressly and in writing and then only in the specific instance and for the specific purpose for which it is given. No delay on the part of a Party in exercising any rights shall operate as a waiver of them, nor shall a single or partial exercise of any right preclude further exercise of it.

## **8.4 Amendment**

This Agreement shall not be varied except by a single instrument in writing signed by all the Parties.

## **8.5 Further Assurance**

The Parties shall execute any document, and do everything else that is reasonably necessary in order to give full effect to the provisions and purposes of this Agreement.

## **8.6 Counterpart Execution**

This Agreement may be executed in any number of counterparts with the same effect as if the signatures were upon a single engrossment of this Agreement, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

*In the event that a Shippers Field is directly connected to FPS, without going through an Intervening System, the following telemetry provision is required.*

## **CLAUSE 9 – TELEMETRY**

### **9.1 INEOS Provided Facilities**

INEOS shall provide, at the cost of the Shippers Group, those additions and/or modifications which may be required to the facilities in the FPS Pipeline Control Centre ("FPCC") in connection with the transportation and processing of Shippers Pipeline Liquids pursuant to this Agreement including, but not limited to:

- (a) the supervisory and data acquisition system to comprise:
  - (i) connection of the Shippers Field data communication line to the FPCC computer and data base re-configuration to allow transfer of data to the FPCC computer from the facilities referred to in Clause 9.2 and to the Shippers Operator from the FPCC computer; and
  - (ii) modifications to the FPCC computer software including those for data handling, control sequencing, FPCC computer outputs (screen display, hard copy), the pipeline integrity system and pig-tracking model; and
- (b) the speech communication system to comprise connection of the Shippers Field data communication line to, and re-configuration of, the "Touchscreen" communication system within the FPCC;

which shall be owned, maintained and operated by INEOS.

### **9.2 Shippers Group Provided Facilities**

The Shippers Group shall provide, at its own cost, those facilities required to provide compatible signals to, and receive signals from, INEOS in connection with the transportation and processing of Shippers Pipeline Liquids pursuant to this Agreement, including to the extent necessary, facilities on the Intervening System and including, but not limited to:

- (a) facilities to provide a data line to FPCC;
- (b) facilities to provide a dedicated speech line to FPCC conforming to EU Directive 99/5/EC – “Radio and Telecommunication Terminal Equipment” requirements; and

- (c) equipment for the continuous and instantaneous provision of flow, pressure, temperature and other measurements of Shippers Pipeline Liquids entering the FPS System;

which shall be maintained and operated by the Shippers Group.

### **9.3 Continuous Compatibility**

The Shippers Group shall maintain the facilities referred to in Clause 9.2 to ensure continuous compatibility with the FPS System, including the facilities referred to in Clause 9.1 as they may be adapted or replaced by INEOS from time to time, at the Shippers Group's own cost and expense.

**IN WITNESS** whereof the Parties hereto have caused this Agreement to be executed by their duly authorised representatives the day and year first above written.

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For and on behalf of  
**INEOS FPS LIMITED**

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For and on behalf of  
**[SHIPPER]**

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For and on behalf of  
**[SHIPPER]**

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For and on behalf of  
**[SHIPPER]**

**EXHIBIT I – The Shippers Field**

[MAP OF THE SHIPPERS' FIELD]

[CO-ORDINATES OF THE SHIPPERS FIELD]

## **EXHIBIT II - Specification**

The following specification is in respect of Shippers Pipeline Liquids entering the FPS System. The analysis used to measure specification items shall be those contained in the FPS System: "User Specifications: Manual of Measurement Methods". Where a method has yet to be agreed, INEOS shall, as required, seek the Shippers Operator's agreement to use appropriate methods, such agreement not to be unreasonably withheld.

Carbon Dioxide	Maximum of 0.2 mole % of carbon dioxide.
Nitrogen	Maximum of 0.2 mole % of nitrogen.
Carbonyl Sulphide	Maximum of 0.02 ppm by weight.
Hydrogen Sulphide	Maximum of 0.1 ppm by weight as hydrogen sulphide.
Mercaptans	Maximum of 0.1 ppm by weight as sulphur of volatile mercaptans, which separate into Raw Gas under Kinneil operating conditions.
Mercury	Maximum of 0.35 ng/g as volatile organic or inorganic mercury, which separate into Raw Gas under Kinneil operating conditions.
Sediment and Water	Maximum of 2% by volume, provided that Shippers Production is essentially free of sediment. Produced water shall be made compatible (at the cost of the Shippers Group) with water produced by other FPS System Users.
True Vapour Pressure	Maximum of 125 psig at 60 <sup>o</sup> F.
Viscosity	Maximum of 15 centiStokes at 4 <sup>o</sup> C.
Acidity	The total acid number shall be no greater than 0.30 mg of potassium hydroxide per gram of Stabilised Crude Oil derived from Shippers Production.
Emulsions	Shippers Production and production from Other Users when mixed should not form emulsions which are stable at temperatures at or above 36 <sup>o</sup> C and pressures at or above one bar absolute.
Metals	Vanadium plus nickel shall not exceed 5 ppm by weight.

Salt Content	Maximum of 1500 milligrams per litre of sodium, calcium and magnesium chlorides in solution.
Entry Pressure	At the prevailing pressure in the FPS System from time to time, which may be any pressure up to and including 125 barg at either the Unity Platform or Forties Platform FC with reference to +25m above LAT (lowest astronomical tide).
Oxygenates	Shippers Production shall not contain oxygenates.
Alcohols	Shippers Production shall not contain alcohols.
Wax	Wax Appearance Temperature shall not exceed 25 <sup>0</sup> C at atmospheric pressure.
General	<p>No chemical additives or processing material shall be injected into Shippers Production either directly or through processing without prior consultation and agreement with INEOS. All chemical additives must comply with the Offshore Chemical Notification Scheme (OCNS) (as administered by the Department for Business, Energy and Industrial Strategy) and no endocrine disrupters are permitted.</p> <p>Shippers Production to be free of undesirable substance or material (including, without limitation, radioactive materials).</p>

## **EXHIBIT II - Specification**

### *Applies to NGLs delivered at St Fergus*

The following specification is in respect of Shippers Pipeline Liquids entering the FPS System. The analysis used to measure specification items shall be those contained in the FPS System: "User Specifications: Manual of Measurement Methods". Where a method has yet to be agreed, INEOS shall, as required, seek the Shippers Operator's agreement to use appropriate methods, such agreement not to be unreasonably withheld.

Carbon Dioxide	Maximum of 0.2 mole % of carbon dioxide.
Nitrogen	Maximum of 0.2 mole % of nitrogen.
Carbonyl Sulphide	Maximum of 0.02 ppm by weight.
Hydrogen Sulphide	Maximum of 0.1 ppm by weight as hydrogen sulphide.
Mercaptans	Maximum of 0.1 ppm by weight as sulphur of volatile mercaptans which separate into Raw Gas under Kinneil operating conditions.
Total Sulphur	Maximum of 20.0 ppm by weight.
Mercury	Maximum of 0.35 ng/g as volatile organic or inorganic mercury which separate into Raw Gas under Kinneil operating conditions.
Water	Shippers Production shall not contain free water.
True Vapour Pressure	Maximum of 125 psig at 60 <sup>o</sup> F.
Entry Pressure	Maximum of 81.0 barg at delivery in the FPS System at St Fergus.
Entry Temperature	Between -5 <sup>o</sup> C and +40 <sup>o</sup> C at delivery into the FPS System at St Fergus
Oxygenates	Shippers Production shall not contain oxygenates.
Alcohols	Shippers Production shall not contain alcohols.
General	No chemical additives or processing material shall be injected into Shippers Production either directly or through processing



	<p>without prior consultation and agreement with INEOS. All chemical additives must comply with the Offshore Chemical Notification Scheme (OCNS) (as administered by the Department for Business, Energy and Industrial Strategy) and no endocrine disrupters are permitted.</p> <p>Shippers Production to be free of undesirable substance or material (including, without limitation, radioactive materials).</p>
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**EXHIBIT III - Composition**

<b>Component</b>	<b>(wt %)</b>
N <sub>2</sub>	
CO <sub>2</sub>	
H <sub>2</sub> S	
C <sub>1</sub>	
C <sub>2</sub>	
C <sub>3</sub>	
IC <sub>4</sub>	
C <sub>4</sub>	
IC <sub>5</sub>	
C <sub>5</sub>	
C <sub>6+</sub>	

Mol weight of Shippers Production                      kg/kmol

Density of Shippers Production                              kg/m<sup>3</sup>

Mol weight of C<sub>6+</sub>    kg/kmol

Density of C<sub>6+</sub>    kg/m<sup>3</sup> at actual conditions

**EXHIBIT IV - SHIPPERS PIPELINE LIQUIDS FMQ [AND UNRESTRICTED BOOKING RANGE] PROFILE**

**PART A**

**FMQ**

Period (Quarter per Year)	Period (Quarter per Contract Year)	FMQ (mbd)

**[PART B]**

**UNRESTRICTED BOOKING RANGE**

<b>Period (Quarter per Year)</b>	<b>Period (Quarter per Contract Year)</b>	<b>Unrestricted Booking Range (mbd)</b>

## **EXHIBIT V – SUMMARY OF NEW ENTRANT CO-ORDINATION PROCEDURE**

### **1. Introduction**

The procedure that INEOS has in place for new shippers in the FPS System covering technical, commercial and start up activity from the time that INEOS receives a service request to the time that a new field commences export through the FPS System is summarised below (the “**New Entrant Co-ordination Procedure**”).

### **2. Requirements for all Shippers**

The key requirements for all new entrants, including those that enter the FPS System via a relevant Intervening System are summarised below:

- (i) Provide INEOS with a complete bona fide technical information template (in the format supplied by INEOS);
- (ii) Establish commercial and technical contacts with INEOS;
- (iii) Agree hydrocarbon accounting, measurement and reporting arrangements with INEOS;
- (iv) Confirm product disposition and shipping co-ordination arrangements to INEOS;
- (v) Ensure that the FPS System’s System Operating Procedures are circulated within and understood by the Shippers Operator’s organisation;
- (vi) Confirm to INEOS that telemetry and communication facilities are in place and operational;
- (vii) Agree commissioning arrangements with INEOS;
- (viii) Agree chemical use with INEOS;
- (ix) Agree with INEOS any testing that needs to be carried out following commencement of export;
- (x) Provide INEOS with updates on any integrity reviews or technical studies;
- (xi) Agree the suitability of pigging arrangements with INEOS to include:
  - (a) agreement with the operator of the Intervening System;
  - (b) preparation (and amendment, as may be appropriate from time to time) of practices and processes for pigging arrangements affecting the FPS System and the Intervening System; and

- (c) confirmation of agreement to costs and expenses of pig handling services in line with charges publicised by INEOS<sup>2</sup> together with confirmation that the Shippers Operator will guarantee and procure payment of, or otherwise be directly liable for, any additional charges and expenses incurred or to be incurred by INEOS in connection with pig handling services related to pigging arrangements for the Intervening System.

### **3. Additional Requirements for Direct Entry**

In addition, there are the following key requirements for fields making direct entry into the FPS System:

- (i) Establish a Health, Safety and Environment management plan.
- (ii) Provide INEOS with updates on any integrity reviews or technical studies.
- (iii) Agree the suitability of pigging arrangements with INEOS, and confirm agreement to costs and expenses of pig handling services in line with charges publicised by INEOS<sup>3</sup>.
- (iv) Complete a start up risk assessment.
- (v) Provide INEOS with updates on any engineering modifications.

### **4. Compliance**

If any part of the data supplied to INEOS as part of the above procedure leads INEOS to have concern that start up of the new field could have negative safety, integrity, environmental or operational consequences for the FPS System, then this shall constitute reason for INEOS to state that the New Entrant Co-ordination Procedure has not been complied with to the satisfaction of INEOS.

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<sup>2</sup> <https://www.ineos.com/businesses/ineos-fps/waiver-process-and-additional-services/pig-handling-fees/>

<sup>3</sup> <https://www.ineos.com/businesses/ineos-fps/waiver-process-and-additional-services/pig-handling-fees/>