

# ELF EXPLORATION UK LIMITED

## Indicative Summary Term Sheet Platform Processing Service on the Elgin PUQ and Pipeline Transportation Service in the E/F Sub-pipe of the SEAL Pipeline

<b>Parties</b>	Elgin/Franklin Owners and Shipper
<b>Services- Tariff/ Non-tariff</b>	<p>The Capacity Owners shall, subject to the other provisions in this Term Sheet and the provisions of the final agreements:</p> <p><b><u>Tariff – PUQ</u></b></p> <ul style="list-style-type: none"> <li>- Provide RE / FIRM capacity for transportation and processing on the PUQ</li> <li>- Accept, transport and process Shipper Fluids complying with Entry Specification</li> <li>- Measure, meter and sample commingled Gas and Liquids</li> <li>- Meter and redeliver Shipper Gas at the Gas Redelivery Point complying with the Gas Redelivery Specification</li> <li>- Meter and redeliver Shipper Liquids at the Liquids Redelivery Point complying with the Liquids Redelivery Specification</li> </ul> <p><b><u>Tariff – SEAL</u></b></p> <ul style="list-style-type: none"> <li>- Make available RE / FIRM capacity reserved by the Shipper in accordance with agreed Profile</li> <li>- Accept Shipper Gas complying with Entry Specification</li> <li>- Transport and handle Shipper Gas in a commingled gas stream</li> <li>- Meter and redeliver Shipper Gas at the Gas Redelivery Point complying with the Gas Redelivery Specification</li> </ul> <p><b><u>Non-tariff – PUQ</u></b></p> <ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> </ul> <p><b><u>Non-tariff – SEAL</u></b></p> <ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> </ul>
<b>Conditions Precedent</b>	<ul style="list-style-type: none"> <li>- Obtaining all necessary approvals from the Department of Trade and Industry, Health and Safety Executive, Local planning permission and SEPA</li> <li>- Management/ Board Approvals</li> <li>- Signature of fully termed agreements</li> </ul>

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<b>Start-Up Date</b>	<ul style="list-style-type: none"> <li>- To be agreed between the Parties based on the available capacity in the PUQ and in SEAL</li> <li>- From the Start-Up Date the parties shall have full contractual rights and obligations</li> </ul>
<b>Duration</b>	<ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> <li>- Under the terms of the existing SEAL Terminal Services Agreement, provision of the facilities and services to terminate on 30/9/2024 but may be extended by negotiation.</li> </ul>
<b>Service Level</b>	<ul style="list-style-type: none"> <li>- RE / FIRM to be agreed between the Parties</li> </ul>
<b>Entry Specification</b>	<ul style="list-style-type: none"> <li>- See Technical Specifications Sheets</li> </ul>
<b>Entry Point</b>	<ul style="list-style-type: none"> <li>- Access to the Elgin PUQ to be agreed between the Parties</li> </ul>
<b>Gas Redelivery Point</b>	<ul style="list-style-type: none"> <li>- The point or points at which Natural Gas leaves the SEAL Terminal from time to time, including the SILK Exit Point, the National Transmission System Exit Point, the Shell/ Esso Exit Point, SSIV/ Tee or as may be agreed between the Parties</li> </ul>
<b>Gas Redelivery Specification</b>	<ul style="list-style-type: none"> <li>- See Technical Specifications Sheets</li> </ul>
<b>Liquids Redelivery Point</b>	<ul style="list-style-type: none"> <li>- Liquids offtake point at the exit from the Elgin PUQ at the downstream flange of the GAEL System subsea isolation valve assembly installed for the purposes of isolating the Elgin PUQ from the contents of the GAEL System.</li> </ul>
<b>Liquids Redelivery Specification</b>	<ul style="list-style-type: none"> <li>- See Technical Specifications Sheets</li> </ul>
<b>Investment</b>	<ul style="list-style-type: none"> <li>- Tie-in and upstream costs for Shipper account</li> </ul>
<b>Tie-in Agreement and Shutdown compensation</b>	<ul style="list-style-type: none"> <li>- Parties to enter into a Tie-in Agreement in relation to the tie-in works</li> </ul>

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<b>Tariff (inclusive of routine OPEX)</b>	<ul style="list-style-type: none"> <li>- Liquids: £1.00 - £1.16 per bbl, depending on level of service</li> <li>- Gas: 3.53 - 4.06 p/therm, depending on level of service</li> <li>- Each tariff subject to annual escalation, 01 October each year by 2.25% on a compound basis, with the first escalation being on 01 October 2005</li> <li>- Election for opex sharing after 01/10/2010</li> </ul>
<b>Send-or-Pay and Make-up</b>	<ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> </ul>
<b>Capacity Basis</b>	<ul style="list-style-type: none"> <li>- Base firm capacity xx Msm<sup>3</sup>/d from 20XX for xx years</li> <li>- [ ] month notice period to increase Base Firm Capacity for subsequent Gas Years</li> <li>- Day-ahead notification for daily RE capacity</li> </ul>
<b>Priorities</b>	<ul style="list-style-type: none"> <li>- During Firm phase, priority given to (i) E/F production, and (ii) all other Firm 3<sup>rd</sup> Party Users given equal priority</li> <li>- During RE phase, priority given to i) EF production ii) Firm bookings and iii) RE bookings. Any additional available capacity allocated to maximise production through E/F Facilities</li> <li>- Firm details to be agreed between the Parties</li> </ul>
<b>Shutdown Compensation during tie-in</b>	<ul style="list-style-type: none"> <li>- Payable to EF Owners in respect of any shutdown loss suffered, howsoever arising and by whomsoever caused, excepting Wilful Misconduct of EF Owners and/or EF Operator</li> <li>- Subject to a cap in aggregate for all claims, excluding Wilful Misconduct</li> <li>- Genuine pre-estimate of loss sustained</li> <li>- Sole remedy in respect of any shutdown loss suffered</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> </ul>
<b>Sub-allocation/attribution</b>	<ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> </ul>
<b>Metering</b>	<ul style="list-style-type: none"> <li>- To be agreed between the Parties</li> </ul>
<b>Liabilities and Indemnities</b>	<ul style="list-style-type: none"> <li>- Reciprocal indemnities will be developed to apply between the Capacity Owners and the Shippers in relation to:             <ol style="list-style-type: none"> <li>1. Loss/ damage to either Party's interest in any property</li> </ol> </li> </ul>

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	<p>2. Personal injury, death etc. of either Party's personnel; and</p> <p>3. Either Party's consequential loss</p> <ul style="list-style-type: none"> <li>- Indemnities 1 and 2 above will apply irrespective of negligence or breach of duty but will not apply to the extent that any loss/damage, personal injury etc. arises from the wilful misconduct of the other Party</li> <li>- The maximum aggregate liability of either Party arising from the wilful misconduct will be subject to an agreed cap</li> <li>- Indemnity 3 above will apply irrespective of negligence or breach of duty or wilful misconduct</li> <li>- Notwithstanding any of the foregoing and subject only to the provisions of the SEAL Pipeline System Cross User Liability Agreement (as amended), the Shipper shall be liable for any and all consequences, losses, damages and/or claims howsoever arising from the delivery of Shipper Gas which fails to meet the Entry Specification</li> <li>- It will be a condition precedent of the agreement that the Shippers become party to the SEAL Pipeline System Cross User Liability Agreement (as amended) and liabilities in respect of any loss of or damage to or contamination of gas in the Pipeline System shall, as between the Parties thereto, be governed by such agreement</li> </ul>
<p><b>Early Termination</b></p>	<ul style="list-style-type: none"> <li>- Earliest termination shall be the earliest of:             <ol style="list-style-type: none"> <li>1. Permanent cessation of production from E/F</li> <li>2. Decommissioning of E/F/ Third Party facilities</li> <li>3. Decommissioning of Forties System/ GAEL System/ SEAL pipeline System</li> </ol> </li> <li>- If E/F owners want to terminate, they will advise Shipper with as much notice as possible.</li> <li>- For Investment of a major and/or non-routine nature in order to continue to provide service, opportunity for Shipper to invest</li> </ul>
<p><b>Abandonment</b></p>	<p><b><u>SEAL</u></b></p> <ul style="list-style-type: none"> <li>- Abandonment provisions will be developed with the Shippers and the other SEAL owners which will address, inter alia:</li> <li>- Notification period by Capacity Owners of intention to abandon</li> </ul>

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	<ul style="list-style-type: none"> <li>- Terms applicable should Shippers wish to acquire System facilities in the event of abandonment by Capacity Owners</li> <li>- Liability for abandonment in respect of facilities where ownership has been transferred to Shippers</li> <li>- Liability for abandonment in respect of facilities installed or constructed at Shippers' expense</li> </ul>
<b>Abandonment costs</b>	<ul style="list-style-type: none"> <li>- Third party responsible for all equipment installed upstream of the Entry Point to PUQ</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>- Subject only to financial and technical capability</li> </ul>
<b>Governing Law</b>	<ul style="list-style-type: none"> <li>- This Term Sheet and subsequent detailed agreements shall be governed by English law</li> </ul>
<b>Disputes</b>	<ul style="list-style-type: none"> <li>- Disputes related to certain defined technical and/or accounting related issues shall be referred to expert resolution.</li> <li>- Other disputes shall be subject to the exclusive jurisdiction of the English Courts</li> </ul>
<b>Force Majeure</b>	<ul style="list-style-type: none"> <li>- Each party discharged from obligations (other than to pay money or to give notice) due to a Force Majeure event</li> </ul>
<b>Contribution to Fuel &amp; Flare</b>	<ul style="list-style-type: none"> <li>- Third party to make a daily contribution to the fuel and flare gas requirements of the E/F Facilities apportioned in proportion to its total Gas quantities used</li> </ul>
<b>Maintenance</b>	<p><b><u>PUQ</u></b></p> <ul style="list-style-type: none"> <li>- Maximum 50 Days in any 2 Year Period</li> </ul> <p><b><u>SEAL</u></b></p> <ul style="list-style-type: none"> <li>- Annual Shutdown Plan for repair and maintenance prepared annually in advance</li> <li>- Prepared, as far as reasonably possible, to coincide with shutdowns of connecting facilities</li> </ul>