

## ELF EXPLORATION UK LIMITED

### Indicative Summary Term Sheet Pipeline Transportation Service in the E/F Sub-pipe of the SEAL Pipeline

<b>Parties</b>	Elgin/ Franklin Owner(s) and Shipper
<b>Services</b>	<p>The Capacity Owners shall, subject to the other provisions in this Term Sheet and the provisions of the final agreements:</p> <ul style="list-style-type: none"><li>- Make available Firm Capacity reserved by the Shipper</li><li>- Accept Shipper Gas complying with the Entry Specification at the Entry Point</li><li>- Transport and handle Shipper Gas in the SEAL System</li><li>- Meter and redeliver Shipper Gas at the Gas Redelivery Point in accordance with the Gas Redelivery Specification</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>
<b>Start-Up Date</b>	<ul style="list-style-type: none"><li>- To be agreed between the parties based on the available capacity 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>- Sales Gas, see Technical Specifications Sheets</li></ul>
<b>Entry Point</b>	<ul style="list-style-type: none"><li>- The point at which Natural Gas enters the SEAL Pipeline from time to time, including the SSIV/ Tee or such other point as may 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 and the Shell/ Esso Exit Point,</li></ul>

## ELF EXPLORATION UK LIMITED

	or such other point as may be agreed
<b>Gas Redelivery Specification</b>	- See Technical Specifications Sheets
<b>Investment</b>	- Tie-in and upstream costs for Shipper account
<b>Tie-in Agreement</b>	- Parties to enter into a Tie-in Agreement in relation to the tie-in works
<b>Tariff (inclusive of routine Opex)</b>	<ul style="list-style-type: none"> <li>- 1.00 - 1.16 p/therm, depending on level of service</li> <li>- 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>	- To be agreed between the Parties
<b>Capacity Basis</b>	- Subject to Capacity Owners available unreserved capacity in the SEAL Pipeline System
<b>Priorities/Restrictions</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>- RE service in the E/F Sub-Pipe may be restricted by other Parties' Firm Service in the PUQ</li> </ul>
<b>Allocation</b>	- To be agreed between the Parties
<b>Sub-allocation/attribution</b>	- To be agreed between the Parties
<b>Metering</b>	- To be agreed between the Parties
<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> <li>2. Personal injury, death etc. of either Party's personnel; and</li> <li>3. Either Party's consequential loss</li> </ol> </li> <li>- Indemnities 1 and 2 above will apply irrespective of negligence or breach of duty</li> </ul>

**ELF EXPLORATION UK LIMITED**

	<p>but will not apply to the extent that any loss/damage, personal injury etc. arises from the wilful misconduct of the other Party</p> <ul style="list-style-type: none"> <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>
<b>Early Termination</b>	<ul style="list-style-type: none"> <li>- For Investment of a major and/or non-routine nature in order to continue to provide service</li> <li>- If E/F owners want to terminate, they will advise Shipper with as much notice as possible</li> <li>- Consequently, there will be an opportunity for Shipper to invest</li> </ul>
<b>Abandonment</b>	<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:             <ul style="list-style-type: none"> <li>- Notification period by Capacity Owners of intention to abandon</li> <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> </li> </ul>
<b>Abandonment costs</b>	<ul style="list-style-type: none"> <li>- Third party responsible for all equipment</li> </ul>

## ELF EXPLORATION UK LIMITED

	installed upstream of the Entry Point
<b>Assignment</b>	<ul style="list-style-type: none"><li>- A Shipper shall have the right to assign (in whole or part) its Firm Capacity Rights to a third party provided that such assignee shall abide by the common rules of the SEAL system and has the necessary technical and financial capability to fulfil the terms of the agreement</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>Maintenance</b>	<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>