DATE: 24 January 2017

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# AGREEMENT FOR THE SALE AND PURCHASE OF INTERESTS IN THE SULLOM VOE TERMINAL, THE NINIAN PIPELINE SYSTEM, THE NORTHERN LEG GAS PIPELINE, THE MAGNUS FIELD AND THE MAGNUS SOUTH FIELD

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Between

**BP EXPLORATION OPERATING COMPANY LIMITED**

and

**ENQUEST NNS LIMITED**

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**THIS AGREEMENT** is made on 24th January 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED**, a company incorporated in England & Wales (company number 00305943), having its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP (the "**Seller**"); and

(2) **ENQUEST NNS LIMITED**, a company incorporated in England & Wales (company number 10573715) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR (the "**Buyer**"),

**WHEREAS:**

(A) The Seller is the owner of the Interests.

(B) The Seller has agreed to sell, and the Buyer has agreed to purchase, the Interests on the terms and conditions set out in this Agreement.

(C) EnQuest Parent has agreed to guarantee certain obligations of the Buyer under this Agreement and the Magnus Joint Operating Agreement pursuant to the Buyer Guarantee.

(D) The Parties have entered into the following Transaction Documents on the same date as this Agreement:

(i) the Call Option Deed;

(ii) the Buyer Guarantee;

(iii) the Security Trust and Waterfall Deed; and

(iv) each of the Transfer of Operatorship Agreements.

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires:

"**Account Bank Agreement**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Actual Adjustment Amount**" has the meaning given to it in part A of Schedule 2

"**Acquisition**" has the meaning given to it in Clause 13.2.1

"**Agreed Form Novation Agreement(s)**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Agreed Interest Rate**" means five per cent. (5%) per annum

"**Agreed WP&B**" means the three (3) year work programme and budget for the calendar years 2017-2019 (inclusive) relating to the Licence as set out in schedule 4 of the Magnus Joint Operating Agreement

"**Agreement**" means this agreement including the recitals and Schedules hereto

"**Announcement**" has the meaning given to it in Clause 14.2.2

"**Associated Person**" means, in relation to a company, a person (including any director, officer, employee, agent or other intermediary) who performs services for or on behalf of that company (in each case when performing such services or acting in such capacity)

"**BAB**" means the project commonly known as the Brent Alpha Bypass

"**Base Consideration**" has the meaning given to it in Clause 3.1.1

"**Benefits**" means income, revenue, receipts, rebates, credits and other benefits of whatsoever nature and howsoever arising

"**Bond and Floating Charge**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Break Fee**" means an amount equal to eight million US Dollars (US$8,000,000)

"**Britoil**" means Britoil Limited, a company incorporated in Scotland (company number SC077750) having its registered office at 1 Wellheads Avenue, Dyce, Aberdeen AB21 7PB

"**Brownfield Allowance**" means the field allowance available in respect of an additionally developed oil field for the purposes of Chapter 7 of Part 8 of CTA 2010 (as modified, replaced or repealed from time to time) in respect of the MLXP

"**Business Day**" means a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London (England)

"**Business Warranties**" has the meaning given to it in Schedule 5

"**Buyer Claim**" means a claim by the Buyer against the Seller in relation to a breach by the Seller of its obligations under this Agreement

"**Buyer Covenant Breach**" means any material breach by the Buyer or any member of the Buyer's Group (at any time before, on or after the date of this Agreement) of the covenants set out in part A of clause 15 of the Security Trust and Waterfall Deed

"**Buyer Entity**" has the meaning given to it in paragraph 1(a) of part B of Schedule 6

"**Buyer Financial and Technical Capability Case**" means the information in agreed form prepared by the Buyer to demonstrate its financial and technical capability to own the Interests and be operator under the relevant Operating Agreement and the Licence on and from Completion

"**Buyer Guarantee**" means the deed of guarantee given by EnQuest Parent to the Seller dated on or before the date of this Agreement

"**Buyer Indemnity Claim**" means a claim by the Buyer against the Seller for indemnification under this Agreement

"**Buyer Insolvency Event**" means:

(a) the Buyer, EnQuest Intermediate Holdco or EnQuest Parent becomes insolvent or unable or admits inability to pay its debts as they fall due or is adjudicated bankrupt or declares (or has declared in respect of it) a moratorium on the payment of, or suspends the payment, of all or a substantial part of its debts;

(b) any execution, distress, attachment, expropriation, sequestration or other legal process which affects a material part of the assets of the Buyer, EnQuest Intermediate Holdco or EnQuest Parent and is not discharged within twenty-one (21) days;

(c) the Buyer, EnQuest Intermediate Holdco or EnQuest Parent ceases to carry on its business;

(d) the Buyer, EnQuest Intermediate Holdco or EnQuest Parent is:

(i) dissolved or enters into liquidation, administration, administrative receivership, receivership, a company voluntary arrangement, a scheme of arrangement with creditors or other reorganisation by reason of actual or anticipated financial difficulties, or any analogous or similar procedure in any jurisdiction or any other form of procedure relating to insolvency, insolvent reorganisation or dissolution in any jurisdiction; or

(ii) any formal corporate action, legal proceedings or other similar procedure or step is taken by any Person with a view to any of the matters listed in paragraph (d)(i) above, save for the presentation of a winding-up petition that is frivolous or vexatious and that is discharged, stayed or dismissed within twenty-one (21) days of commencement and in any event before advertisement

"**Buyer Material Adverse Event**" means: (a) a Change in Control of the Buyer; (b) a Buyer Insolvency Event; or (c) a Buyer Covenant Breach

"**Buyer's Group**" means the Buyer and any company which is a holding company or subsidiary of the Buyer, and any subsidiary of any such holding company

"**Buyer's Nominated Account**" means the Buyer's account denominated in US Dollars in the name of EHL numbered 140/01/42134862 at Natwest, Scotland Corporate Service Centre, 1st Floor Drummond House, 1 Redheughs Avenue, Edinburgh EH12 9JN, sort code 60-00-01, IBAN GB38NWBK60730142134862, BIC/SWIFT NWBKGB2L, or such other account as may be notified by the Buyer to the Seller in writing from time to time

"**Buyer's Warranties**" means the warranties set out in Schedule 7, to be given by the Buyer to the Seller and "**Buyer's Warranty**" means any of them

"**CAA 2001**" means the Capital Allowances Act 2001

"**Call Option Deed**" means the call option deed between the Seller and the Buyer dated on the same date as this Agreement in respect of additional interests in the Sullom Voe Terminal, the Ninian Pipeline System, the Northern Leg Gas Pipeline, the Magnus Field and the Magnus South Field

"**Change in Control**" means, in relation to the Buyer, the acquisition by a Person (or Persons acting in concert) of a Controlling Interest in the Buyer or in any holding company of the Buyer, except if such Change in Control is a result of the acquisition of all or a majority of the issued equity share capital of EnQuest Parent

"**Completion**" means completion of the sale and purchase of the Interests in accordance with Clause 6

"**Completion Consideration**" has the meaning given to it in Clause 3.1.2

"**Completion Date**" means the date on which Completion actually occurs

"**Completion Interest**" means twenty-five per cent. (25%) of the Seller's entire legal and beneficial interest in and under the relevant Operating Agreement as at the date of this Agreement (as specified in Schedule 1), plus a further twenty-five per cent. (25%) of any increase in the Seller's legal and beneficial interest in and under such Operating Agreement

prior to Completion which arises as a result of a Relevant Third Party's full or partial withdrawal from the relevant Operating Agreement to the extent that the terms of such Operating Agreement do not give the Seller the right to refuse to accept any share in such withdrawing Relevant Third Party's legal and beneficial interest in that Operating Agreement

"**Completion Payment**" means an amount equal to:

(a) the Base Consideration; plus or minus

(b) the Provisional Adjustment Amount,

as set out in the Completion Payment Statement

"**Completion Payment Statement**" has the meaning given to it in Clause 3.5

"**Conditions**" has the meaning given to it in Clause 4.1

"**Conoco Parties**" means ConocoPhillips (U.K.) Limited and ConocoPhillips (U.K.) Theta Limited

"**Controlling Interest**" in relation to an undertaking means:

(c) the ownership or control (directly or indirectly) of more than fifty per cent. (50%) of the fully diluted voting share capital of the undertaking;

(d) the ability to direct the casting of more than fifty per cent. (50%) of the fully diluted votes exercisable at general meetings of the undertaking on all, or substantially all, matters; or

(e) the right to appoint or remove directors of the undertaking holding a majority of the voting rights at meetings of the board of directors on all, or substantially all, matters

"**Conversion Rate**" means the rate published for the relevant date by the Bank of England on its "Statistical Interactive Database - daily spot rates against Sterling" (or any replacement Bank of England database), or if no such rate is provided for the relevant date, for the latest date prior to the relevant date for which a rate is provided

"**Cost Share Agreements**" means the (i) cost share agreement in respect of BAB between, among others, Shell U.K. Limited, the Seller, EHL and Esso Exploration and Production UK Limited dated 15 July 2016; (ii) supplementary cost sharing agreement in respect of BAB between the Seller (as Magnus operator for and on behalf of the Magnus owners) and the Seller (as the Quad operator for and on behalf of the Quad owners) dated 15 July 2016; (iii) supplementary cost sharing agreement in respect of BAB between the Seller (as Magnus operator for and on behalf of the Magnus owners) and the Seller (as the Clair operator for and on behalf of the Clair owners) dated 15 July 2016; and (iv) the Letter Agreement re. WOS Brent Bypass Cost Reconciliation Principles dated 15 July 2016 between the Seller (as Magnus operator for and on behalf of the Magnus owners), the Seller (as the Clair operator for and on behalf of the Clair owners) and the Seller (as the Quad operator for and on behalf of the Quad owners), together with any agreement entered into pursuant to the terms of such Letter Agreement

"**CP Satisfaction Date**" means the date on which all of the Conditions have been satisfied or validly waived in full in accordance with the terms of this Agreement

"**CT**" or "**Corporation Tax**" means corporation tax as charged under the CTA 2009 and the CTA 2010 and for the purposes of this Agreement shall include SCT

"**CTA 2009**" means the Corporation Tax Act 2009

"**CTA 2010**" means the Corporation Tax Act 2010

"**Data**" means all accounts, books and data in the possession, custody or control of the Seller and forming part of the Magnus Property or the Joint Property including petroleum engineering, reservoir engineering, drilling, geological, geophysical and all other kinds of technical data and reports, samples, well logs and analyses in whatever form the same are maintained, but excluding: (a) internal memoranda, reports, interpretations and documents created for the Seller's (or any member of the Seller's Group's) own use; and (b) any data the Seller is not entitled to sell, transfer or otherwise dispose of as a result of confidentiality obligations by which it is bound or which cannot be provided to the Buyer because such transfer is prohibited by the agreement under which it is acquired or because it requires the consent of a third party

"**Data Room**" means the electronic data room containing documents and information relating to the Interests, made available by the Seller to the Buyer on and from 15 May 2015 to the date falling ten (10) Business Days prior to the date of this Agreement and maintained by Merrill Corporation

"**Data Room Disclosed Documents and Information**" means the documents and information relating to the Interests contained only within the following folders within the Data Room:

(a) in the master folder named "McEnroe", the following sub-folders: (i) 1. *Management Summaries*; (ii) 2. *Legal*; (iii) 3. *Commercial & Finance*; (iv) 4. *Tax*; (v) 6. *Wells*; ((vi) 7. *Operations*; (vii) 10. *HSSE*; (viii) 12. *Human Resources*; and (ix) 13. *Insurance*;

(b) in the master folder named "Sharp II", the following sub-folders: (i) 1. *Management Summaries*; (ii) 2. *Legal*; (iii) 3. *Commercial and Finance*; (iv) 4. *Tax*; (v) 6. *Operations*; (vi) 8. *HSSE*; (vii); 10. *Human Resources*; (viii) 11. *Property*; and (ix) 12. *Insurance*; and

(c) in the master folder named Human Resources,

as at 6.00 pm on 19 January 2017, the contents of which are set out in the index in annex 2 of the Disclosure Letter and contained in the duplicate USB devices initialled by representatives of the Parties on the date of this Agreement (but excluding any other documents which are, and information which is, also contained on such USB devices)

"**Dead Stock and Oil in Pipelines**" means crude oil in the form of dead stock and line fill in any pipeline and/or terminal in which production from the Magnus Field and the Magnus South Field is transported or stored from time to time

"**Debenture**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Decommissioning**" means the decommissioning, dismantling, demolition, removal, making safe, and/or disposal of any Facilities and/or Wells (including any Magnus Property and Joint Property) and/or any site restoration, site remediation, clean up, treatment or decontamination of any land in, on, under or to the extent comprised within the Interests (whether or not in existence at the date of this Agreement), including the plugging, replugging, and abandoning of Wells, site clearance, removal of debris and any operations carried out in connection with or in contemplation of the foregoing (including planning, acquiring long-lead items in respect of and maintenance of such Facilities and/or Wells)

"**Decommissioning Liabilities**" means any and all Liabilities relating to Decommissioning (including any residual liability for anticipated and/or necessary continuing insurance, maintenance and monitoring costs), whether such Liabilities (whether or not in existence at the date of this Agreement) arise or are incurred under or pursuant to any of the Interests

Documents or under any Law or any other obligation (whether contractual, statutory or otherwise and whether or not in existence at the date of this Agreement), including any Decommissioning plans, and any Decommissioning guidelines or Decommissioning programmes in effect from time to time, and **"Decommissioning Liability"** shall be construed accordingly

**"Default Interest Rate"** means the Interest Rate plus six per cent. (6%) per annum

**"Defaulting Party"** has the meaning given to it in Clause 6.2

**"Deferred Completion Date"** has the meaning given to it in Clause 6.2.1

**"Disclosed"** has the meaning given to it in Clause 8.2

**"Disclosure Letter"** means the letter of the same date as this Agreement from the Seller to the Buyer disclosing certain matters in relation to the Seller's Warranties

**"Discounted Notional CT Rate"** means an amount equal to A in the NPV Formula where, for the purposes of such formula:

x = the Corporation Tax rate current at the Qualifying Expenditure Realisation Date; and

y = the number of years between: (a) the Qualifying Expenditure Realisation Date; and (b) the earliest date on which the Buyer and the Seller agree (acting in good faith) that the Buyer's Group will be in a position to benefit from any actual tax saving as a result of the increased allocation of the Completion Consideration to Plant & Machinery and Mineral Exploration & Access as agreed with HMRC provided that the Buyer shall be entitled to assume any other actual Tax asset or Tax Relief (in both cases) of the Buyer or any member of the Buyer's Group would be utilised in priority to any additional capital allowances in respect of which the Buyer would be entitled to make a claim as a result of the operation of paragraphs 12 to 15 of Schedule 8

**"Dispute"** has the meaning given to it in Clause 14.25

**"Economic Date"** means 1 January 2017

**"EHL"** means EnQuest Heather Limited, a company incorporated in England & Wales (company number 02748866) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR

**"EHL Bond and Floating Charge"** has the meaning given to it in the Security Trust and Waterfall Deed

**"EHL Loan Agreement"** has the meaning given to it in the Security Trust and Waterfall Deed

**"EnQuest Intermediate Holdco"** means EnQuest NNS Holdings Limited, a company incorporated in England & Wales (company number 10573435) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR

**"EnQuest Parent"** means EnQuest PLC, a company incorporated in England & Wales (company number 07140891) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR

**"Employment Warranties"** has the meaning given to it in Schedule 5

**"Encumbrance"** means any mortgage, charge, rent charge, pledge, lien, hypothecation, assignment by way of security, trust arrangement, or other security interest of any kind in any jurisdiction, (or an agreement or commitment to create any security), option, net profit interest,

royalty interest, right of set-off, right of pre-emption, right of conversion or other third-party proprietary or contractual right or arrangement, or in each case any agreement to create any of them)

"**Environment**" means the natural and man-made environment and/or amenity and all or any of the following, wherever situated, and whether alone or in combination: (a) the air (including the air within buildings or within any other natural or man-made structures above or below ground or above or below water); (b) water (including seawater inside or outside any territorial limits, freshwater, surface water, and water under or within land or below the seabed or in pipes, drains or sewerage systems); and (c) soil and land (including under buildings or other structures or other property, whether above or below ground, and including the seabed, sediment, foreshore, subsoil and land under water) ((a) to (c) being "**Environment Media**"), and flora, fauna, fish and any ecological systems and living organisms supported by those media including man

"**Environmental Authority**" means any Government Entity, court, tribunal or other international, national, regional or local regulatory, public or administrative body with jurisdiction or having authority under any Environmental Law, including SEPA, and any relevant local councils or local authorities

"**Environmental Law**" means all and any applicable Law, including all Scottish, United Kingdom and European Union acts and law, international treaties and international laws and conventions, the common law, any codes and conventions of law and codes of practice and guidance (having legal effect), and any local statutes, regulations, subordinate legislation, judgments, orders, licences or environmental permits from time to time issued or made thereunder, in any relevant jurisdiction concerning:

(a) the prevention of Harm or damage to or protection of the Environment and/or the provision of remedies in respect of or compensation for Harm or damage to the Environment;

(b) presence, emissions, seepage, discharges, migrations, releases or escapes into or the presence in the Environment of Hazardous Substances or the use, production, processing, management, containment, deposit, extraction, labelling, landfilling, treatment, storage, transport, handling, monitoring, receipt, recording, recovery, recycling, reuse, or disposal of Hazardous Substances or the disposal, abandonment and/or making safe of any Hazardous Substance, installation, structure or other facility, or any clean up or remediation;

(c) worker and public health and safety including in relation to systems, equipment and process safety; and

(d) the protection of natural amenity, the creation of any noise, vibration, radiation, common law or statutory nuisance

"**Environmental Liabilities**" means any and all Liabilities arising (whether onshore or offshore) in respect of the Interests:

(a) under, or by reason of any contravention of, any Environmental Law;

(b) (to the extent the same are not Decommissioning Liabilities) in relation to the investigation, monitoring, management, treatment, remediation, cleaning up, decontamination of, removal and/or disposal of any debris, Hazardous Substances or any property (including pipelines, plant, equipment, machinery, Wells (including well

cuttings), facilities and all other equipment, installations and structures) at, on, under, around or from any area of land, foreshore or water, wherever situated; or

(c) for re-instating any area of Environment Media, wherever situated,

in each such case whether such Liabilities (whether or not in existence at the date of this Agreement) are incurred under or pursuant to any of the Interests Documents, any Environmental Law or any other obligation (whether contractual, statutory or otherwise and whether or not in existence at the date of this Agreement) and including any residual liability for anticipated and/or necessary continuing insurance, maintenance and monitoring costs, but excluding any (i) Excluded Insured PI Liabilities; and (ii) Excluded PI Liabilities

"**EOSPS**" means the twenty inch (20") trunkline used for the transportation of Natural Gas commonly known as the East of Shetland Pipeline System (but excluding the EOSPS Specified Pipe following the occurrence of the MEOR Carve-out)

"**EOSPS Specified Pipe**" means the onshore Natural Gas pipeline intended to be controlled by the Seller (in its proposed new capacity as the operator and owner of the Sweetening Facilities) forming part of the Sweetening Facilities, from a point immediately downstream of the Sweetening Facilities, to the point at which the EOSPS Specified Pipe crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands

"**Excluded Insured PI Liabilities**" means any Liabilities for injury to any Person in contravention of Environmental Law where the compensation payable to any such Person in respect of such injury is covered in full or in part by any Seller Employer's Liability Policy

"**Excluded PI Liabilities**" means any Liabilities to Transferring Employees, Excluded Employees or Objecting Employees (each as defined in the relevant Transfer of Operatorship Agreement) that fall within the indemnity given by the Seller at paragraph 2.16 of schedule 4 to the Transfer of Operatorship Agreements

"**Existing Property**" means (i) any Joint Property and/or Magnus Property attributable to the Interests in existence immediately prior to Completion; (ii) the Infill Wells; and (iii) Replacement Property, but excluding the Seller P&A Wells and the SVT Tanks

"**Facilities**" means platforms, installations, pipelines, structures, modules, plant, equipment, trains, machinery, facilities (including underground storage facilities), all onshore and subsea infrastructure including umbilicals, risers and flowlines, and all other offshore and onshore installations and structures

"**Field**" means a Petroleum field which has been determined by the Secretary and lies within the area covered by the Licence

"**Final Completion Statement**" means the statement of the Completion Consideration amount prepared in accordance with the provisions of Schedule 2, the format of such statement being set out in part C of Schedule 2

"**Final Earn-out Amount**" means an amount equal to the relevant sum calculated in accordance with part E of Schedule 2

"**Government Entity**" means any means any governmental, judicial, statutory, administrative, self-regulatory organisation (including stock exchanges) or other legal person, agency, body, authority, entity, instrumentality or any representative thereof, having jurisdiction with regard to any or all Buyer's Group, Seller's Group, the Interests or the Transaction or the implementation,

interpretation and/or enforcement of this Agreement or any of the instruments or other documents provided for herein

"**Government Official**" means any person who would constitute either:

(a) a "foreign public official" as defined in the UK Bribery Act 2010; or

(b) a "foreign official" as defined in the US Foreign Corrupt Practices Act of 1977

"**Harm**" means harm, damage and/or injury to, and/or other interference with, the Environment and includes in the case of man, death, personal injury, disease, impairment of physical or mental condition, offence caused to any of his senses and/or harm to and/or damage to his property

"**Hazardous Substances**" means any and all substances including wastes, pollutants, contaminants and any other natural or artificial substances (whether in the form of a solid, liquid, gas or vapour or any other form whatsoever and regardless of whether present in on under or emanating from the seabed or any land or soil or contained in any pipes, cables, containers, structures, plant or equipment and including any substance which decomposes, degrades, rots or putrefies or otherwise changes in composition or structure over time to form a Hazardous Substance) which alone or in combination with any other substance are capable of causing harm or damage to the Environment including but not limited to any matter recognised legally as hazardous, toxic or dangerous substance or article

"**HMRC**" means HM Revenue & Customs

"**HMRC Seller Condition**" has the meaning given to it in Clause 4.1.4

"**HMRC Buyer Condition**" has the meaning given to it in Clause 4.1.5

"**Independent Accountant**" has the meaning given to it in paragraph 4(b) of part D of Schedule 2

"**Infill Wells**" means the three (3) infill Wells (named MP57 (also known as MP62FT), WAG09 and PME-P04) which are planned to be drilled as part of the Agreed WP&B, or any alternative wells which are drilled pursuant to the Magnus Joint Operating Agreement and which target the same targets or have substantially similar aims (provided that there shall never be more than three (3) Infill Wells for the purposes of this Agreement)

"**Interest Rate**" means the London interbank offered rate for one (1) Month for the currency in question as published electronically by ICE Benchmark Administration Limited (or any other Person which takes over the administration of that rate) applicable on the first day of the relevant period in respect of which the interest or incremental amount is to be calculated. If the first day of the relevant period is not a Business Day then the rate to be used is that for the most recent Business Day preceding the first day of the relevant period. For periods longer than one Month, the Interest Rate will be reset Monthly on the numerically corresponding day in each subsequent Month except that if the numerically corresponding day in a subsequent Month is not a Business Day, the Interest Rate will be reset on the next Business Day in that Month if there is one, or if there is not, on the immediately preceding Business Day

"**Interests**" means the Magnus Interest, the NLGP Interest, the NPS Interest and the SVT Interest and "**Interest**" shall be construed accordingly

"**Interests Documents**" means in respect of the Magnus Interest, the NLGP Interest, the NPS Interest and the SVT Interest, those documents listed in Schedule 1 or, where the context so requires, any one or more of such documents, together with any documents relating to each of

the Interests which are entered into by the Seller between the date of this Agreement and Completion with the Buyer's written consent pursuant to paragraph 1.1.3 or 1.1.14 of Schedule 3 (or its deemed consent pursuant to paragraph 1.4 of Schedule 3)

"**Joint Property**" has the meaning given to it under the relevant Operating Agreement

"**Law**" means any law (including common law and international law, and whether civil, criminal or administrative or otherwise), or statute, statutory instrument, subordinate legislation, statutory guidance, bylaw, code, ordinance, order, permit, directive, decision, recommendation, decree, rule, regulation, treaty, convention or requirement of any Government Entity in each case that has or is given the force and effect of law, or any final and binding decision, judgment, notice, order direction, permission or award of any court or tribunal, or Government Entity or Environmental Authority

"**Liabilities**" means costs, charges, expenses, liabilities and obligations of whatsoever nature and howsoever arising

"**Licence**" means United Kingdom Production Licence P.193 dated 16 March 1972 issued by the Secretary as amended, supplemented or extended from time to time and shall include any other licence issued in substitution or partial substitution for it

"**Long-stop Date**" means the date falling four hundred and fifty (450) days after the date of this Agreement or such later date as the Seller and the Buyer may agree in writing or as automatically extended in accordance with Clause 4.6

"**Magnus Interest**" means: (a) an undivided legal interest in and under the Licence; and (b) a twenty-five per cent. (25%) legal and beneficial interest in the Magnus Property, together with all related liabilities and obligations arising under or in respect of the related Interests Documents including the Seller's corresponding interest in the Data exclusively related thereto, together in each case with all rights and obligations attaching to (a) to (b) above and including, subject to the terms of this Agreement (and the other Transaction Documents): (i) the right to take and receive a consequent share of all Petroleum produced under the Licence on and after Completion (including any Dead Stock and Oil in Pipelines) and (subject to Clause 7.5) to receive the gross proceeds from the sale or other disposition thereof; (ii) a consequent share of the Seller's right, title and interest in and to any funds held in the Magnus Account and all other assets which are owned pursuant to or under any of the Interests Documents; and (iii) all other Benefits and Liabilities associated with such interest under the related Interests Documents

"**Magnus Interest GSA**" has the meaning given to it in Clause 7.4

"**Magnus Interest Production**" has the meaning given to it in Clause 7.5.1

"**Magnus Joint Operating Agreement**" means the joint operating agreement in relation to the Licence in agreed form to be entered into at Completion by the Buyer and the Seller (or any replacement of such agreement after Completion from time to time)

"**Magnus Main Oil Line**" means a pipeline transporting liquids from Magnus field platform to the Ninian central platform including a 24" riser and all topdeck equipment connecting with the Ninian pipeline at the flange of the main oil manifold

"**Magnus Phase 3 Property**" has the meaning given to it in the Magnus Joint Operating Agreement

"**Magnus Property**" means all property acquired or held for use exclusively in connection with the operations conducted by the Operator under the Licence, in respect of: (i) Block 211/7a All

(Magnus Field); and (ii) Block 211/12a All (Magnus South Field), including EOSPS and the Magnus Main Oil Line

"**Magnus Rig-Recertification Project**" means any work that is undertaken by the Seller or, if clause 16.1 of the Magnus Transfer of Operatorship Agreement applies, the Buyer in respect of the Magnus fixed platform drilling rig, associated equipment and platform infrastructure that is necessary (in the opinion of the Seller, acting in accordance with good oil and gas field practice and in consultation with the Buyer pursuant to the Magnus Transfer of Operatorship Agreement) for the planned refurbishment and/or recertification of such rig in order to make it fit (in principle and on completion of such work) for the purpose of commencing and completing drilling of the Infill Wells safely, efficiently and in compliance with the relevant legislation and API standards

"**Magnus Riser Project**" means any work that is undertaken by the Seller or, if clause 16.1 of the Magnus Transfer of Operatorship Agreement applies, the Buyer in respect of the NLGP riser and its dead weight support structure that is necessary (in the opinion of the Seller, acting in accordance with good oil and gas field practice) to remedy or mitigate the effects of the corrosion and/or related fatigue of such riser which has been identified as at the date of this Agreement and Disclosed to the Buyer

"**Master Deed**" means the deed dated 28 April 2003 and entered into between the Secretary of State for Trade and Industry and the Contracting Parties and the Administrator (as therein defined) providing for a voluntary arrangement for the transfer of rights and obligations under contractual arrangements in respect of UKCS licences and operating agreements

"**MEOR Agreed Form Documents**" means those agreements listed at paragraph E of Schedule 9 and which are in agreed form (or as such may be amended to reflect any reasonable comments on such documents requested by any MEOR Counterparty (except for comments from any member of the Buyer's Group)), but excluding any such documents listed at paragraph F of Schedule 9 which at any time cease to be required to effect the MEOR Carve-out because the underlying agreement to which such document relates has terminated in accordance with its terms

"**MEOR Carve-out**" means the legal, practical and commercial transition of the overall control and operatorship of the MEOR Facilities from the Operator under the Licence to the Seller (in its proposed new capacity as the operator and owner of the Sweetening Facilities or otherwise), to be effected by the execution of the MEOR Carve-out Agreements

"**MEOR Carve-out Agreements**" means:

(a) the MEOR Agreed Form Documents;

(b) any agreements, operating standards and/or procedures required to give effect to the MEOR Term Sheets; and

(c) any other agreement or arrangement (including operating standards and/or procedures) which, in the Seller's opinion (acting reasonably), is necessary or desirable to give effect to the MEOR Carve-out, including:

(i) a transportation, processing, allocation and capacity agreement between the Seller (in its proposed new capacity as the operator and owner of the Sweetening Facilities) and the operators and owners of the WoS Fields in respect of gas from the WoS Fields;

(ii) (to the extent not already entered into by the Seller in its capacity as Operator under the Licence) one or more agreements between the Seller (in

its proposed new capacity as the operator and owner of the Sweetening Facilities) and the operators and owners of the WoS Fields in respect of gas from the WoS Fields in respect of funding of the modification, enhancement and/or expansion of the MEOR Facilities;

(iii) (to the extent not already entered into by the Seller in its capacity as Operator under the Licence and Operator under the SVTOA) one or more agreements between the Seller (in its proposed new capacity as the operator and owner of the Sweetening Facilities) and the SVT owners in respect of access to SVT for the purposes of performing the modification, enhancement and/or expansion of the MEOR Facilities;

(iv) one or more deeds of termination in respect of the Project Aurora Agreements;

(v) an amendment and novation agreement in respect of the Specified Pipe Letter Agreement dated 6 September 2000 (the "**SPLA**"), novating the SPLA from the Seller in its Magnus gas-buyer capacity to its proposed new capacity as the operator and owner of the Sweetening Facilities and making consequential amendments to the SPLA; and

(vi) an amendment and novation agreement in respect of the Clair Ridge – EOSPS Transportation Agreement dated 1 December 2011 (the "**Clair-EOSPS TA**"), novating the Clair-EOSPS TA from the Seller in its capacity as EOSPS operator/owner to its proposed new capacity as the operator and owner of the Sweetening Facilities and making consequential amendments to the Clair-EOSPS TA

"**MEOR Condition**" has the meaning given to it in Clause 4.1.6

"**MEOR Counterparties**" means the parties (other than the Seller and the Buyer) to any or all of the MEOR Carve-out Agreements and "**MEOR Counterparty**" means any of them

"**MEOR Facilities**" means the onshore facilities located adjacent to SVT which are intended to receive, meter, analyse and process Natural Gas delivered from WOSPS (to be known as the "**Sweetening Facilities**" after the MEOR Carve-out)

"**MEOR Term Sheets**" means those term sheets listed at paragraph F of Schedule 9 and which are in agreed form

"**Mineral Exploration & Access**" has the meaning given to it in Part 5 of the Capital Allowances Act 2001

"**MLXP**" means the project commonly known as the "Magnus Life Extension Project" in respect of the Magnus Field and the Magnus South Field

"**Month**" means a calendar month (and "**Monthly**" shall be interpreted accordingly)

"**Natural Gas**" means any hydrocarbons or mixture of hydrocarbons and other gases transported in a gaseous state

"**NDA**" has the meaning given to it in Clause 14.1

"**NDA Termination Deed**" means the deed of termination in respect of the NDA in agreed form

"**Net Cashflow Share Deed**" means the net cashflow share deed to be entered into by the Seller and the Buyer under the Call Option Deed at completion under the Call Option Deed

"**NLGP**" means the Northern Leg Gas Pipeline

"**NLGPPA**" means the Northern Leg Gas Pipeline Participants Agreement dated 23 December 1981

"**NLGP/FLAGS TPA**" means the agreement entitled "Agreement for the Transportation and Processing of Northern Leg Gas/NGL in the FLAG System" dated 23 December 1981

"**NLGP Interest**" means the Seller's Completion Interest in and under the NLGPPA, together with all related liabilities and obligations arising under or in respect of the related Interests Documents including the Seller's corresponding interest in:

(a) the Data exclusively related thereto; and

(b) any other Joint Property exclusively related thereto,

together in each case with all rights and obligations attaching to (a) and (b) above and including, subject to the terms of this Agreement (and the other Transaction Documents): (i) a consequent share of the Seller's right, title and interest in and to jointly-owned funds, jointly owned property and all other assets which are owned pursuant to or under any of the related Interests Documents; and (ii) all other Benefits and Liabilities associated with such interest under the related Interests Documents

"**Non-defaulting Party**" has the meaning given to it in Clause 6.2

"**Novation Agreements**" means the assignment and novation deeds and agreements in respect of the Interests Documents, which shall (to the extent possible) be executed as execution deeds in accordance with the Master Deed, together with any other documents the Seller and the Buyer (acting reasonably) consider necessary to effect the assignment and transfer of the Interests to the Buyer and to release the Seller or any member of the Seller's Group from contractual liability to Relevant Third Parties with respect to the Interests

"**Notice**" has the meaning given to it in Clause 14.20

"**Notified Address**" has the meaning given to it in Clause 14.22

"**NPOA**" means Ninian Pipeline Operating Agreement dated 21 April 1999

"**NPS**" means the Ninian Pipeline System

"**NPS Interest**" means the Seller's Completion Interest in and under the NPOA, together with all related liabilities and obligations arising under or in respect of the related Interests Documents including the Seller's corresponding interest in:

(a) the Data exclusively related thereto; and

(b) any other Joint Property exclusively related thereto,

together in each case with all rights and obligations attaching to (a) and (b) above and including, subject to the terms of this Agreement (and the other Transaction Documents): (i) a consequent share of the Seller's right, title and interest in and to jointly-owned funds, jointly owned property and all other assets which are owned pursuant to or under any of the related Interests Documents; and (ii) all other Benefits and Liabilities associated with such interest under the related Interests Documents

"**NPS Withdrawal Amount**" means an amount equal to the whole of any payment made by a party to the NPOA on its full or partial withdrawal from the NPOA on or after the Economic Date

but prior to Completion and which relates to the withdrawing party's Decommissioning Liabilities in respect of Existing Property forming part of the NPS Interest

"**NPV Formula**" means $A = \frac{x}{(1.1)^y}$

"**OGA Condition**" has the meaning given to it in Clause 4.1.1

"**Operating Agreements**" means the SVTOA, NPOA and NLGPPA and (after Completion) the Magnus Joint Operating Agreement and "**Operating Agreement**" shall be construed accordingly

"**Operator**" means the Person appointed operator under an Operating Agreement (or accepted as such by the Secretary from time to time to the extent there is no Operating Agreement) in respect of an Interest and identified as such in Schedule 1 and its permitted assigns and successors in title

"**Operatorship Condition**" has the meaning given to it in Clause 4.1.3

"**Original WOS GSAs**" means the various gas sales agreements dated on or about 6 September 2000 in respect of the sale and purchase of gas from certain West of Shetland reservoirs by the Seller as others (as owners of the Licence and the Magnus Property)

"**OTA**" means the Oil Taxation Act 1975 as may be amended or further supplemented from time to time

"**Other Property**" means any Joint Property attributable to the Interests that comes into existence at or after Completion and that is not Existing Property, Seller P&A Wells, SVT Tanks, the MEOR Facilities or Magnus Phase 3 Property

"**Parent Share Charge**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Parties**" means the Buyer and the Seller, including their respective successors in title and permitted assigns, and the term "**Party**" shall be construed accordingly

"**Pensions Warranties**" has the meaning given to it in Schedule 5

"**Permitted Encumbrance**" means any Encumbrance:

(a) set out or provided for in any of the Interests Documents; and/or

(b) arising by operation of Law (including any Liability to Taxation imposed by Taxation Authorities)

"**Permitted Novation**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Permitted Method**" has the meaning given to it in Clause 14.21

"**Person**" means any individual, partnership, corporation, limited partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company, unlimited liability company or any other entity with legal personality or Government Entity

"**Petroleum**" has the meaning given to it in the Licence

"**Plant & Machinery**" means items expenditure on which qualifies for relief under Part 2 of CAA 2001

"**Positive Additional Consideration Amount**" has the meaning given to it in paragraph 1.1 of part H of Schedule 2

"**Post-Economic Date Benefits**" means all Benefits which are attributable to the Interests on and from the Economic Date excluding any Withdrawal Amount

"**Post-Economic Date Costs**" means all Liabilities which are attributable to the Interests on and from the Economic Date excluding the Retained Expenditure

"**Pounds Sterling**" means the lawful currency for the time being of the United Kingdom

"**Pre-contractual Statement**" has the meaning given to it in Clause 14.19

"**Pre-Economic Date Benefits**" means all Benefits which are attributable to the Interests prior to (but not including) the Economic Date plus any Withdrawal Amount

"**Pre-Economic Date Costs**" means all Liabilities which are attributable to the Interests prior to (but not including) the Economic Date

"**Project Aurora Agreements**" means:

(a) Magnus/Sullom Voe Terminal Brent and Ninian Gas Sale and Purchase Agreement dated 19 March 2008;

(b) Amendment Agreement to the Magnus/Sullom Voe Terminal Brent and Ninian Gas Sale and Purchase Agreement dated 19 March 2008, as amended 19 April 2009;

(c) Supplemental Agreement to the SVTOA in relation to the Sharing of Capital Costs Associated with the Aurora (Right Plant) Project dated 20 March 2008;

(d) Side Agreement to the SVTOA for the Sharing and Allocation of Liability under the Aurora CTIA dated 16 April 2009;

(e) First Amendment Agreement to the Supplemental Agreement to the SVTOA in relation to the Sharing of Capital Costs Associated with the Aurora (Right Plant) Project dated 20 March 2008, as amended 16 April 2009; and

(f) Construction and Tie-In Agreement in relation to the Aurora Project dated 16 April 2009

"**Provisional Adjustment Amount**" means the Seller's good faith estimate of the Actual Adjustment Amount, calculated in the same manner as the Actual Adjustment Amount

"**PRT**" means petroleum revenue tax charged in accordance with OTA, as may be amended or further supplemented from time to time

"**Qualifying Expenditure Realisation Date**" has the meaning given to it in paragraph 13 of Schedule 8

"**Reallocation Payment Formula**" means $P = \frac{\text{Completion Consideration}}{\left(\left(\frac{1}{(CA \times DNCTR)}\right) - 1\right)}$

where, for the purposes of such formula:

**CA** = the proportion of the Completion Consideration agreed with HMRC as being allocated to Plant & Machinery and Mineral Exploration & Access, expressed as a percentage; and

**DNCTR** = the Discounted Notional CT Rate, expressed as a percentage (rounded to two decimal places)

"**Relevant Third Parties**" means the parties (other than the Seller and the Buyer) to any or all of the Interests Documents and "**Relevant Third Party**" means any of them

"**Replacement Property**" means any component of the Facilities that replaces Existing Property only if:

(a) such replacement is performed in the ordinary course of operations and such replacement property is not materially different (in form and/or function and/or service) as the Existing Property replaced by it, and the expenditure incurred in making such replacement represents revenue expenditure for CT purposes; and

(b) none of the expenditure incurred when making such replacement is treated as a Decommissioning Liability of the Seller pursuant to Clause 11.1

"**Retained Expenditure**" means expenditure in relation to:

(a) the completion of the Magnus Rig-Recertification Project, up to a gross amount of fifty-three million Pounds Sterling (£53,000,000);

(b) the MEOR Facilities or the MEOR Carve-out, as far as the liability for any such expenditure arises in respect of the Magnus Interest;

(c) the completion of the Magnus Riser Project; and

(d) the completion of the BAB, as far as the liability for any such expenditure arises in respect of the Magnus Interest and constitutes amounts payable by the Magnus owners under the Cost Share Agreements (excluding liability to indemnify third parties in respect of claims against the Magnus owners, which liability shall, on and from Completion, be allocated subject to the Magnus Joint Operating Agreement)

"**Scheduled Completion Date**" means if the CP Satisfaction Date falls: (i) five (5) Business Days or more before the last Business Day of that Month, the last Business Day of the Month in which the CP Satisfaction Date falls; or (ii) less than five (5) Business Days before the last Business Day of that Month, the last Business Day of the Month following the Month in which the CP Satisfaction Date falls, or such other date as the Seller and the Buyer may agree in writing

"**SCT**" means the supplementary charge in respect of ring fence trades under sections 330 to 332 of the CTA 2010

"**Secretary**" means the Secretary of State for Business, Energy and Industrial Strategy or any other Person for the time being responsible for carrying out the functions at present carried out by the Secretary of State for Business, Energy and Industrial Strategy

"**Security Trust and Waterfall Deed**" means the deed entered into by, inter alia, the Parties on the date of this Agreement in order to secure the payment and performance of the Buyer's Group's obligations under the Transaction Documents, and to regulate the application of monies payable to the Buyer or other member of the Buyer's Group and the Seller or other member of the Seller's Group

"**Seller Claim**" means a claim by the Seller against the Buyer in relation to a breach by the Buyer of its obligations under this Agreement

"**Seller Employer's Liability Policy**" means any statutory employers' liability insurance policy maintained by the Seller at any time prior to Completion

"**Seller Material Adverse Event**" means:

(a) a single event or any series of events which causes the failure of or physical loss of or damage to, or destruction of any of the Facilities comprising any Interest which does,

or is estimated to, cost in excess of twenty million US Dollars (US$20,000,000) (net the relevant Interest share) to reinstate or remedy;

(b) a single event or any series of events (excluding scheduled maintenance relating to any of the Facilities comprising the Interests) which is likely to cause: (i) the entire production attributable to the Magnus Field and/or the Magnus South Field to be shut in; or (ii) a curtailment to expected production from the Magnus Field and the Magnus South Field of fifty per cent. (50%) or more (in comparison to the projected production profile set out in the Agreed WP&B) for a period in excess of ninety (90) continuous days or of one hundred and twenty (120) days in aggregate over a period of three hundred and sixty five (365) continuous days; or

(c) any event or circumstance that arises which means that the Seller would be in material breach of one or more of the Seller's Warranties set out in paragraphs 1.1, 1.2, 1.3, 1.4 and 1.10 of Schedule 5 were the Seller to repeat such Seller's Warranties by reference to facts, matters and circumstances existing at any time after such event or circumstance arose,

provided, however, that none of the following shall be taken into account for the purpose of determining whether or not a Seller Material Adverse Event has occurred:

(i) actions taken or omitted to be taken by the Buyer or with the consent of the Buyer, or with the deemed consent of the Buyer pursuant to Schedule 3; and

(ii) actions or agreements of the Seller required under or contemplated by this Agreement

"**Seller P&A Wells**" means those Wells located under the Licence identified as 211/12A-17 (otherwise known as D4), 211/12A-11Z (otherwise known as D5), 211/7A-3 (otherwise known as D6), 211/12A-21 (otherwise known as D9), 211/12A-23 (otherwise known as F9) and 211/12A-193 (otherwise known as F10)

"**Seller Retained Agreements**" means any agreements between the Seller and third parties relating to the Interests that do not form part of the Interests Documents, as listed in part C of Schedule 1 except that, if the MEOR Condition is fully or partially waived by the Seller, the documents numbered 1-3 and 9-11 (inclusive) listed in part C of Schedule 1 shall become Interests Documents

"**Seller Retained Claims**" means:

(a) claims in connection with the actual or potential over payment by or on behalf of the Seller of tariffs and other sums prior to the Economic Date under the NLGP / FLAGS TPA (including payment of Minimum Payments as defined in the NLGP / FLAGS TPA);

(b) claims in connection with the actual or potential over payment by or on behalf of the Seller of certain sums prior to the Economic Date under the Original WOS GSAs (including payment of Contract Price, Shortfall Price and payment adjustments required as a result of potential misallocation and mismeasurement issues); and

(c) claims in connection with any refunds, rebates or credits arising in respect of the Magnus Interest that relate directly to BAB, as far as the benefit of any such refunds, rebates or credits arises in respect of the Magnus Interest and constitutes amounts receivable by the Magnus owners under the Cost Share Agreements (excluding benefits arising from being indemnified by third parties in respect of claims suffered by

the Magnus owners which shall, on and from Completion, be allocated subject to the Magnus Joint Operating Agreement),

and shall exclude any claims in respect of the gas price rebate in the West of Shetland GSA relating to the Foinaven field which the parties agree shall be for the benefit of the Buyer

"**Seller's Counsel**" means CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF

"**Seller's Group**" means the Seller and any company which is a holding company or subsidiary of the Seller and any subsidiary of any such holding company

"**Seller's Nominated Account**" means the BP International Ltd account numbered 40550445 at Citibank, SWIFT Code CITIUS33, or such other account as may be notified by the Seller to the Buyer in writing from time to time

"**Seller's Staffing Information**" means the information relating to the staff of the Seller to be transferred pursuant to the Transfer of Operatorship Agreement relating to the SVTOA and as provided to the Buyer on or before the date of this Agreement

"**Seller's Warranties**" means the warranties set out in Schedule 5, to be given by the Seller to the Buyer and "**Seller's Warranty**" means any of them

"**SEPA**" means the Scottish Environment Protection Agency

"**Subordination Deed**" has the meaning given to it in the Security Trust and Waterfall Deed

"**SVT**" means the petroleum receiving, treatment, storage and tanker loading complex located at Sullom Voe, Shetland

"**SVT Interest**" means the Seller's Completion Interest in and under the SVTOA, together with all related liabilities and obligations arising under or in respect of the related Interests Documents including the Seller's corresponding interest in:

(a) the Data exclusively relating thereto; and

(b) any other Joint Property exclusively relating thereto,

together in each case with all rights and obligations attaching to (a) and (b) above and including, subject to the terms of this Agreement (and the other Transaction Documents): (i) a consequent share of the Seller's right, title and interest in and to jointly-owned funds, jointly owned property and all other assets which are owned pursuant to or under any of the related Interests Documents; and (ii) all other Benefits and Liabilities associated with such interest under the Interests Documents

"**SVTOA**" means the Sullom Voe Terminal Operating Agreement dated 21 April 1999

"**SVT Operatorship Leases**" means the leases set out in schedule 3 of the SVT Transfer of Operatorship Agreement

"**SVT Tanks**" means the four (4) redundant LPG Tanks at SVT (which are butane tanks T-3603 and T-3604 and propane tanks T-3601 and T-3602)

"**SVT Withdrawal Amount**" means an amount equal to the whole of any payment made by a party to the SVTOA on its full or partial withdrawal from the SVTOA on or after the Economic Date but prior to Completion and which relates to the withdrawing party's Decommissioning Liabilities in respect of Existing Property forming part of the SVT Interest

"**Tax**" or "**Taxation**" means all forms of taxation, duties, levies, imposts, charges and withholdings, direct or indirect, created or imposed by any taxing, fiscal or other appropriate authority of any relevant jurisdiction and also including amounts payable in respect of tax or representing tax and (without prejudice to the generality of the foregoing) includes:

(a) income tax, profits tax, PRT, transfer tax, franchise tax, withholding tax, ad valorem tax, Corporation Tax, capital gains tax, capital assignments profit tax, royalty, inheritance tax, VAT, sales tax, customs and other import or export duties, excise duties, land and buildings transaction tax, social security contributions or withholdings similar to or supplementing or replacing the foregoing or any of them; and

(b) all penalties, charges, interest, fines, costs and expenses, loss of relief, allowance or credit relating to any form of, or claim for, Taxation or other imposition referred to in paragraph (a) above or which arise as a result of the failure to pay any Taxation or to comply with any obligation relating to Taxation,

in each case regardless of whether chargeable directly or primarily against or attributable directly or primarily to the Buyer or the Seller or any other Person and of whether an amount in respect of any of them is recoverable from any other Person

"**Tax Relief**" means any allowance, credit, exemption, deduction or relief from, in computing, against or in respect of Tax or any right to the repayment of Tax

"**Taxation Authority**" means any revenue, customs or fiscal, governmental, state, community, municipal or regional authority, Government Entity, or Person competent to impose, administer or collect any Taxation in any jurisdiction, including HMRC

"**Third Party Claim**" has the meaning given to it in paragraph 1 of part B of Schedule 6

"**Third Party Consents Condition**" has the meaning given to it in Clause 4.1.2

"**Thistle Amendment Agreement**" means the agreement to be entered into between the Seller, Britoil, EHL and the Conoco Parties in relation to the decommissioning of the Thistle Field and the Deveron Field and any associated Facilities by EHL

"**Thistle Condition**" has the meaning given to it in Clause 4.1.7

"**Thistle Financing Deed**" means the financing deed in respect of decommissioning of the Thistle and Deveron Fields entered into on or around the date of this Agreement between the Seller, Britoil and the Buyer

"**Title and Authority Warranties**" has the meaning given to it in Schedule 5

"**Total Consideration**" has the meaning given to it in Clause 3.1

"**Transaction**" means the proposed acquisition of the Interests by the Buyer

"**Transaction Assets Security Agreement**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Transaction Documents**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Transfer of Operatorship Agreements**" means agreements between the Seller and the Buyer in respect of the transfer of operatorship under each of:

(a) the SVTOA (the "**SVT Transfer of Operatorship Agreement**");

(b) the NPOA (the "**NPS Transfer of Operatorship Agreement**");

(c) the NLGPPA; and

(d) the Licence (the "**Magnus Transfer of Operatorship Agreement**"),

and "**Transfer of Operatorship Agreement**" shall mean any one of them

"**Transferee**" has the meaning given to it in the relevant Transfer of Operatorship Agreement

"**Transferring Employee**" has the meaning given to it in the relevant Transfer of Operatorship Agreement

"**Transferring Transaction Documents**" has the meaning given to it in the Security Trust and Waterfall Deed

"**UKCS**" means the United Kingdom Continental Shelf

"**US Dollars**" or "**US$**" means the lawful currency of the United States of America

"**VAT**" means Value Added Tax as charged under the UK Value Added Tax Act 1994 and any Tax replacing or supplementing the same

"**Vendor Loan Facility Agreement**" means the agreement in agreed form to be entered into between the Seller and the buyer under the Call Option Deed on completion under the Call Option Deed setting out the terms on which the Seller may loan certain amounts to the buyer under the Call Option Deed

"**Well**" or "**Wells**" means all wellbores, both abandoned and not abandoned, including oil wells, gas wells, injection wells, disposal wells and water wells

"**Withdrawal Amounts**" means the NPS Withdrawal Amount and the SVT Withdrawal Amount

"**WoS Fields**" means together the Schiehallion Field, the Loyal Field, the Clair Field, the Clair Ridge Field and the Foinaven Field, each located on the UKCS

"**West of Shetland GSAs**" means the gas sales agreements to be entered into between the Buyer and the Seller, each in its capacity as a gas buyer, and each of the owners of the WoS Fields, as more particularly described in the West of Shetland GSA Term Sheet

"**West of Shetland GSA Term Sheet**" the MEOR Term Sheet which sets out key terms for the each of the West of Shetland GSAs, as listed at paragraph G of Schedule 9 and which is in agreed form

"**WOSPS**" means the West of Shetland Pipeline System

1.2 In this Agreement, unless the context otherwise requires:

1.2.1 a document expressed to be in the **agreed form** means a document in a form which has been agreed by the Parties on or before the date of this Agreement and initialled by the Buyer and the Seller for identification purposes and which is named in Schedule 9;

1.2.2 all references to Clauses and Schedules are, unless otherwise expressly stated, references to clauses of and schedules to this Agreement;

1.2.3 other than in relation to the Interests Documents, references to this Agreement or any other document or to any specified provision of this Agreement or any other document are to this Agreement, that document or that provision as from time to time amended, novated, restated and/or supplemented in accordance with the terms of this Agreement or that document or, as the case may be, amended, novated, restated

and/or supplemented with the agreement of the relevant parties. References to the Interests Documents are to such Interests Documents as from time to time amended, novated, restated and/or supplemented with the agreement of the relevant parties provided that any such amendments or supplements to the Interests Documents have been Disclosed to the Buyer prior to the date of this Agreement (or otherwise within the knowledge of the Buyer) or made after the date of this Agreement with the Buyer's written consent pursuant to paragraph 1.1.3 or 1.1.14 of Schedule 3 (or its deemed consent pursuant to paragraph 1.4 of Schedule 3);

1.2.4 the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;

1.2.5 unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing a gender include every gender;

1.2.6 unless otherwise specified, references to time are to London (England) time;

1.2.7 the rule known as the *ejusdem generis* rule shall not apply and accordingly words introduced by words and phrases such as "include", "including", "other" and "in particular" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.8 any reference to "writing" or "written" includes faxes and any legible reproduction of words delivered in permanent and tangible form (including e-mail);

1.2.9 references in this Agreement to any statute, statutory provision or other legislation include a reference to that statute, statutory provision or legislation as amended, extended, re-enacted, consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any order, regulation, instrument or other subordinate legislation made under the relevant statute, statutory provision or legislation;

1.2.10 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England shall be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;

1.2.11 this Agreement was negotiated in English and, to be valid, all certificates, communications and other documents made in connection with it shall be in English. If all or any part of this Agreement or any such certificate, communication or other document is for any reason translated into any language other than English the English text shall prevail; and

1.2.12 a company is a "subsidiary" of another company, its "holding company", if that other company:

(a) holds a majority of voting rights in it; or

(b) is a shareholder of it and has the right to appoint a majority of its board of directors; or

(c) is a shareholder of it and controls alone, or pursuant to an agreement with other shareholders, a majority of the voting rights in it; or

(d) is a subsidiary of a company that is itself a subsidiary of that other company,

and in interpreting this Clause 1.2.12 for the purposes of this Agreement, a company is to be treated as a shareholder of a subsidiary even if its shares are registered in the name of (a) a nominee, or (b) a Person holding security over those shares, or that secured party's nominee.

## 2. AGREEMENT TO SELL THE INTERESTS

2.1 Subject to the terms of this Agreement and, in particular, the satisfaction or valid waiver of the Conditions pursuant to Clause 4, the Seller shall sell to the Buyer, and the Buyer shall purchase from the Seller, the Interests.

2.2 The Seller shall sell the Interests free from Encumbrances other than the Permitted Encumbrances.

## 3. CONSIDERATION FOR THE INTERESTS

***Consideration***

3.1 The consideration payable by or on behalf of the Buyer for the sale and purchase of the Interests shall be:

3.1.1 eighty-five million US Dollars (US$85,000,000) (the "**Base Consideration**");

3.1.2 plus (if the Actual Adjustment Amount is a positive figure) or minus (if the Actual Adjustment Amount is a negative figure), the Actual Adjustment Amount (together with the Base Consideration, the "**Completion Consideration**"), and

3.1.3 an amount equal to the aggregate amount of any Positive Additional Consideration Amounts,

being, together with the Completion Consideration, the "**Total Consideration**".

3.2 The Completion Consideration shall be as set out in the Final Completion Statement and shall be determined and paid in accordance with this Clause 3 and Schedule 2. Following Completion, the relevant provisions of Schedule 2 shall apply in respect of the determination and payment of any Final Earn-out Amount.

3.3 Any Positive Additional Consideration Amounts shall be determined and paid in accordance with part H of Schedule 2.

***Completion Payment***

3.4 No later than fourteen (14) days after the date on which the Parties receive the Non-Petroleum Inventory Statement pursuant to paragraph 2.3 of part A of Schedule 2, the Seller shall provide the Buyer with a draft written statement setting out the Working Capital Adjustment Amount (using the principles set out in paragraph 2 of part A of Schedule 2), together with reasonable supporting evidence of the Seller's calculations, and the Parties shall endeavour (acting in good faith) to agree such Working Capital Adjustment Amount (except for the value of the Non-Petroleum Inventory which shall be as set out in the Non-Petroleum Inventory Statement) prior to the date that the Completion Payment Statement is issued by the Seller. If the Parties fail to agree such draft statement within such period, for the purposes of calculating the Provisional Adjustment Amount, the Seller's good faith estimate of the Working Capital Adjustment Amount as provided in the draft written statement first provided under this Clause 3.4 by the Seller shall be used in the Completion Payment Statement provided under Clause 3.5.

3.5 As soon as practicable following the CP Satisfaction Date and no later than three (3) Business Days prior to the Scheduled Completion Date the Seller shall provide the Buyer with a written statement (the "**Completion Payment Statement**") in the form set out in part C of Schedule 2, together with reasonable supporting evidence of the Seller's calculations.

3.6 If the Completion Payment is a negative amount it shall be paid at Completion by the Seller to the Buyer in accordance with Clauses 6 and 14.3 and Schedule 4. If the Completion Payment is a positive amount, no payment shall be due from the Buyer to the Seller at Completion, and the positive Completion Payment shall be taken into account in the calculation of the Final Earn-out Amount in accordance with part E of Schedule 2.

***Completion Consideration***

3.7 No sum shall be taken into account more than once in the calculation of the Provisional Adjustment Amount, the Actual Adjustment Amount and/or the Completion Consideration and no sum taken into account in those calculations shall comprise a Liability or Benefit for the purposes of Clauses 11.4 and 11.5 and no amount paid as a Liability or Benefit under Clause 11.8 shall be taken into account for the purposes of those calculations.

3.8 The Completion Consideration shall, subject to Schedule 8 (Tax), be allocated for tax purposes as set out in part F of Schedule 2. The Seller and the Buyer agree that the said allocation is a just and reasonable apportionment of the Completion Consideration.

3.9 Except for payments made pursuant to part G of Schedule 2, all payments made by the Seller to the Buyer or by the Buyer to the Seller under this Agreement shall be deemed, for Taxation purposes and to the extent possible, as an adjustment to the Total Consideration.

## 4. CONDITIONS AND TERMINATION

***Conditions***

4.1 The obligation of the Seller and the Buyer to complete the sale and purchase of the Interests under this Agreement is conditional on the satisfaction or valid waiver (in accordance with Clause 4.6) of the following conditions (the "**Conditions**"):

4.1.1 the Secretary's written consent to:

(a) the assignment of an interest in the Licence to the Buyer;

(b) the terms of the:

(i) Magnus Joint Operating Agreement;

(ii) Call Option Deed;

(iii) Net Cashflow Share Deed; and

(iv) Security Trust and Waterfall Deed; and

(c) the appointment of the Buyer (conditional only on the occurrence of Completion) as Operator under the Licence and the Magnus Joint Operating Agreement,

having been obtained (the "**OGA Condition**");

4.1.2 all necessary written consents, approvals or waivers, as the case may be, from the Relevant Third Parties in relation to the transfer by the Seller to the Buyer of the Interests having been obtained and the execution of the Novation Agreements by the

Relevant Third Parties (other than the Secretary) (the "**Third Party Consents Condition**");

4.1.3 the occurrence of:

(a) either: (i) the approval of the nomination of the Buyer (conditional only on the occurrence of Completion) as the successor Operator to the Seller under the SVTOA; (ii) the approval of the nomination of a Relevant Third Party or any other Person as the successor Operator to the Seller under the SVTOA; or (iii) another Relevant Third Party having accepted nomination to be successor Operator of SVT pursuant to article 6.4.2 of the SVTOA, and in each case the Seller having received all necessary consents and approvals (conditional only on the occurrence of Completion) to it ceasing to be: (aa) counterparty to each of the SVT Operatorship Leases; and (bb) legal owner of an ordinary B share in The Sullom Voe Association Limited; and

(b) either: (i) the approval of the nomination of the Buyer (conditional only on the occurrence of Completion) as the successor Operator to the Seller under the NPOA and the NLGPPA; or (ii) the approval of the nomination of a Relevant Third Party or any other Person as the successor Operator to the Seller under the NPOA and the NLGPPA,

(together the "**Operatorship Condition**");

4.1.4 confirmation having been obtained from HMRC in a form and substance acceptable to the Seller (to its reasonable satisfaction):

(a) that the Seller will be entitled to claim after Completion, by virtue of the contractual mechanic by which the Seller will meet such expenditure, an amount of Tax Relief in relation to any Decommissioning Liabilities and Retained Expenditure (to the extent that it has accepted responsibility pursuant to or in connection with this Agreement) equal to the amount of Tax Relief it would have been entitled to claim had such expenditure been incurred by the Seller at a time when such Completion had not occurred;

(b) as to the tax treatment for the Seller of the arrangements set out in the Net Cashflow Share Deed, the Vendor Loan Facility Agreement and the Security Trust and Waterfall Deed;

(c) as to the tax treatment for the Seller of the payment under the Call Option Deed of any Negative Additional Consideration Amounts (as defined in the Call Option Deed); and

(d) as to the tax treatment for the Seller of any costs incurred by the Seller during Magnus Phase 3 (as defined in the Magnus Joint Operating Agreement),

(the "**HMRC Seller Condition**");

4.1.5 confirmation having been obtained from HMRC in form and substance acceptable to the Buyer (to its reasonable satisfaction):

(a) that the tax treatment of gas purchases associated with MEOR Facilities, excluding the purchase and/or sale of fuel gas to SVT which is to be retained

by the Seller, will continue to be in accordance with the previous tax clearance provided to the Seller; and

(b) that the payments made by the Buyer pursuant to the Security Trust and Waterfall Deed and Net Cashflow Share Deed will be treated as tax deductible from the Buyer's trading profits as revenue expenditure and not as capital expenditure,

(the **"HMRC Buyer Condition"**);

4.1.6 the execution of the MEOR Carve-out Agreements by each of the MEOR Counterparties who is party thereto (the "**MEOR Condition**"); and

4.1.7 the execution of the Thistle Amendment Agreement by the Conoco Parties (the **"Thistle Condition"**).

Each of the Seller and the Buyer shall promptly provide to the other all such information and documentation concerning that other Party as may reasonably be necessary to enable the other Party to prepare and submit all necessary applications, notifications and filings required by any Government Entity or other relevant competent authority in connection with the Transaction or otherwise to satisfy the Conditions.

4.2 The Seller shall use all reasonable endeavours to procure that the OGA Condition, the Third Party Consents Condition, the Operatorship Condition, the HMRC Seller Condition, the HMRC Buyer Condition, the MEOR Condition and the Thistle Condition are satisfied as soon as practicable and in any event on or before the Long-stop Date. Without limiting the generality of the foregoing, the Seller's all reasonable endeavours obligations pursuant to this Clause 4.2 to satisfy the said Conditions shall include an obligation:

4.2.1 in respect of the OGA Condition, to prepare promptly and submit the necessary applications to the Secretary;

4.2.2 in respect of the Third Party Consents Condition, to:

(a) circulate promptly the Novation Agreements and any notices of assignment required by the relevant Interests Documents to the Relevant Third Parties and request prompt execution thereof;

(b) agree amendments to the Novation Agreements reasonably requested by Relevant Third Parties following consultation with and agreement by the Buyer (acting reasonably); and

(c) procure that each member of the Seller's Group which is a Relevant Third Party shall, to the extent that the following is exercisable by the member of the Seller's Group without such member first requiring the consent or approval of a Relevant Third Party which is not a member of the Seller's Group, provide any necessary written consent, approvals or waivers and execute any Novation Agreements to which it is a party as soon as practicable after the date of this Agreement and in any event prior to the Long-stop Date; and

4.2.3 in respect of the Operatorship Condition, to:

(a) in respect of each Operating Agreement:

(i) notify the Relevant Third Parties to each Operating Agreement of the Transaction and propose to each that the Buyer should be the successor Operator (and exercise any related votes under the relevant Operating Agreement accordingly); and

(ii) ensure that the management committee under each Operating Agreement determines that the operatorship shall pass to the successor Operator (whoever is so to be) as soon as practicable after the date of this Agreement;

(b) perform its obligations under the Transfer of Operatorship Agreements; and

(c) use all reasonable endeavours to procure that the Buyer is the successor Operator of SVT, NLGP and NPS;

4.2.4 in respect of the HMRC Seller Condition, to prepare promptly and submit a non-statutory clearance application(s) to HMRC;

4.2.5 in respect of the HMRC Buyer Condition, to provide all information reasonably requested by the Buyer to assist the Buyer in preparing and finalising its non-statutory clearance application(s) to HMRC; and

4.2.6 in respect of the MEOR Condition, to:

(a) circulate promptly the MEOR Carve-out Agreements to the MEOR Counterparties and request prompt execution thereof; and

(b) procure that each member of the Seller's Group which is a MEOR Counterparty shall, to the extent that the following is exercisable by the member of the Seller's Group without such member first requiring the consent or approval of a MEOR Counterparty which is not a member of the Seller's Group, provide any necessary written consent, approvals or waivers and execute any MEOR Carve-out Agreement to which it is a party as soon as practicable after the date of this Agreement and in any event prior to the Long-stop Date;

4.2.7 in respect of the Thistle Condition, to:

(a) circulate to the Conoco Parties the Thistle Amendment Agreement and request prompt execution thereof;

(b) agree amendments to the Thistle Amendment Agreement reasonably requested by the Conoco Parties following consultation with and agreement by the Buyer (acting reasonably); and

(c) meet regularly with the Conoco Parties (using reasonable endeavours to procure that the Buyer be represented in such meetings, if requested) with a view to ensuring that the Conoco Parties execute the Thistle Amendment Agreement prior to the Long-stop Date,

provided that the Seller shall not be required to: (i) provide, or procure that any other Person provide, any form of credit support, undertaking, commitment, security or guarantee in favour of any Relevant Third Party, any MEOR Counterparty, the Conoco Parties or any other Person in order to obtain the satisfaction of any of the Conditions; (ii) take any action that would contravene its duties and responsibilities as Operator of SVT in order to obtain satisfaction of the MEOR Condition; (iii) resign as Operator in respect of SVT, NPS or NLGP; (iv) transfer

operatorship under the SVTOA where, upon the approval of the nomination of a Relevant Third Party or any other Person as the successor Operator to the Seller under the SVTOA or another Relevant Third Party having accepted nomination to be successor Operator of SVT pursuant to article 6.4.2 of the SVTOA, the successor Operator under the SVTOA has not agreed to terms and conditions in the aggregate that are equivalent to schedule 5 of the SVT Transfer of Operatorship Agreement (or terms and conditions relating to the same subject matter that are satisfactory to the Seller); or (v) transfer operatorship under the NPOA where, upon the approval of the nomination of a Relevant Third Party as the successor Operator to the Seller under the NPOA, the successor Operator under the NPOA has not agreed to terms and conditions in the aggregate that are equivalent to schedule 5 of the NPS Transfer of Operatorship Agreement (or terms and conditions relating to the same subject matter that are satisfactory to the Seller).

4.3 The Buyer shall use all reasonable endeavours to procure that the OGA Condition, the Third Party Consents Condition, the Operatorship Condition, the HMRC Seller Condition, the HMRC Buyer Condition, the MEOR Condition and the Thistle Condition are satisfied as soon as practicable and in any event on or before the Long-stop Date. Without limiting the generality of the foregoing, the Buyer's all reasonable endeavours obligations pursuant to this Clause 4.3 to satisfy the said Conditions shall include an obligation:

4.3.1 in respect of the OGA Condition, to:

(a) provide all information reasonably requested by the Seller to assist the Seller in preparing and finalising the application(s) to the Secretary (including a copy of a financial and technical capability case relating to the Buyer, substantially in the form of the Buyer Financial and Technical Capability Case); and

(b) provide and/or procure the provision of a parent company guarantee if required by the Secretary in order to obtain fulfilment of the OGA Condition;

4.3.2 in respect of the Third Party Consents Condition, to:

(a) provide a copy of a financial and technical capability case relating to the Buyer, substantially in the form of the Buyer Financial and Technical Capability Case to all Relevant Third Parties promptly following the date of the Agreement or otherwise following a written request to so provide from the Seller;

(b) provide such further information and documentation as the Seller and/or any recipient of the Buyer Financial and Technical Capability Case may reasonably require in order to supplement the Buyer Financial and Technical Capability Case or otherwise demonstrate the Buyer's financial and technical capacity to become owner of the Interests and attend all relevant meetings as may be reasonably requested by the Seller to assist the Seller in achieving the third-party consents and approvals necessary to fulfil the Third Party Consents Condition; and

(c) provide and/or procure the provision of any parent company guarantee as may be requested by any Relevant Third Party (other than a member of the Seller's Group, unless such a Person is obliged to request such parent company guarantee as an operator as a result of its contractual relationship with any Relevant Third Party/Parties) to any Interests Document to obtain

the release of the Seller from its relevant obligations and to assist the Seller in achieving the third-party consents and approvals necessary to fulfil the Third Party Consents Condition;

4.3.3 in respect of the Operatorship Condition, to:

(a) in respect of each Operating Agreement:

(i) contemporaneously with the Seller's notice pursuant to Clause 4.2.3(a)(i), propose to the Relevant Third Parties to each Operating Agreement that it should be the successor Operator and provide a copy of a financial and technical capability case relating to the Buyer, substantially in the form of the of the Buyer Financial and Technical Capability Case to all Relevant Third Parties; and

(ii) as soon as practicable after the date of this Agreement, ensure that the management committee under each Operating Agreement determines that the operatorship shall pass to a successor Operator (whoever is so to be); and

(b) perform its obligations under the Transfer of Operatorship Agreements;

4.3.4 in respect of the HMRC Seller Condition, to provide all information reasonably requested by the Seller to assist the Seller in preparing and finalising its non-statutory clearance application(s) to HMRC;

4.3.5 in respect of the HMRC Buyer Condition, to prepare promptly and submit a non-statutory clearance application(s) to HMRC;

4.3.6 in respect of the MEOR Condition, to procure that each member of the Buyer's Group which is a MEOR Counterparty shall, to the extent that the following is exercisable by the member of the Buyer's Group without such member first requiring the consent or approval of a MEOR Counterparty which is not a member of the Buyer's Group, provide any necessary written consent, approvals or waivers and execute any MEOR Carve-out Agreement to which it is a party as soon as practicable after the date of this Agreement and in any event prior to the Long-stop Date, provided that the Buyer, acting reasonably, shall not be required to procure such written consent, approvals of waivers and the execution of any MEOR Carve-out Agreement by any member of the Buyer's Group if the Seller has agreed amendments to the MEOR Carve-out Agreements which would put the Buyer's Group in a materially worse position compared to the position of the Buyer's Group under the MEOR Agreed Form Documents and/or the MEOR Term Sheets in the form agreed as at the date of this Agreement; and

4.3.7 in respect of the Thistle Condition, to provide such further information and documentation as the Conoco Parties may reasonably require in order to demonstrate the Buyer's technical capability to conduct its role pursuant to the Thistle Amendment Agreement (and any related agreements) and attend all relevant meetings as may be required to assist the Seller in fulfilling the Thistle Condition,

provided that neither the Buyer nor EnQuest Parent shall be required to provide, or procure that any other Person provide any form of credit support, undertaking, commitment or security (other than a parent company guarantee) in favour of any Relevant Third Party, the Conoco Parties or the Secretary or any other Person in order to obtain the satisfaction of any of the Conditions.

4.4 Each Party shall give written notice to the other Party that a relevant Condition has been satisfied as soon as practicable following such satisfaction, and in any event within two (2) Business Days of becoming aware of that fact (unless such notice has already been provided by the other Party).

4.5 If at any time the Seller or the Buyer becomes aware of a fact or circumstance that might prevent or materially delay any of the Conditions being satisfied, it shall promptly notify the other Party in writing of such fact or circumstance.

4.6 Without prejudice to any other rights which the respective Party has under this Agreement:

4.6.1 the OGA Condition and the Third Party Consents Condition may be waived by the Seller and the Buyer by agreement in writing;

4.6.2 the HMRC Buyer Condition and the Thistle Condition may be waived by the Buyer alone in writing; and

4.6.3 the MEOR Condition, the Operatorship Condition and the HMRC Seller Condition may be waived by the Seller alone in writing,

and any such waiver shall be irrevocable provided that no Condition shall be treated as satisfied or waived unless all parts of such Condition have been satisfied and/or waived. In the event that the MEOR Condition is waived in accordance with Clause 4.6.3 less than fourteen (14) days prior to the date falling four hundred and fifty (450) days after the date of this Agreement (or such later date as the Seller and the Buyer may agree in writing) and one or more of the other Conditions have not been satisfied or waived, the Long-stop Date shall be automatically be extended by a further sixty (60) days.

***Termination***

4.7 If any of the Conditions are not satisfied or validly waived on or before the Long-stop Date and either of the Buyer or the Seller notifies the other Party in writing after the Long-stop Date that it wishes to terminate this Agreement, then this Agreement shall terminate with effect from the date of the notification and the provisions of Clauses 4.10 and, in certain circumstances, 4.11 shall apply.

4.8 If on or after the date of this Agreement but before Completion a Buyer Material Adverse Event occurs, then the Seller may by written notice to the Buyer terminate this Agreement with immediate effect and the provisions of Clause 4.10 shall thereupon apply. The Buyer undertakes to give prompt notice to the Seller of any Buyer Material Adverse Event occurring on or after the date of this Agreement but before Completion.

4.9 If on or after the date of this Agreement but before Completion a Seller Material Adverse Event occurs, then the Buyer may by written notice to the Seller terminate this Agreement with immediate effect and the provisions of Clause 4.10 shall thereupon apply. The Seller undertakes to give prompt notice to the Buyer of any event or any series of events which constitutes (or is likely to constitute) a Seller Material Adverse Event. If a Seller Material Adverse Event occurs and the Buyer does not exercise its rights to terminate this Agreement, any right the Buyer may have to make a Buyer Claim (including a claim for breach of the Seller's Warranties) shall be preserved and shall be unaffected.

***Effect of Termination***

4.10 Where this Agreement is terminated in accordance with Clauses 4.7, 4.8, 4.9 or 6.2 of this Agreement, all rights and obligations of the Seller and the Buyer under this Agreement shall

terminate (except Clauses 1, 4.10, 4.11 and 14, which shall each remain in full force and effect following such termination) and no Party shall have any claim against or liability to the other Party, except for:

4.10.1 any breach of this Agreement occurring prior to the date of such termination;

4.10.2 any accrued rights or obligations of a Party under this Agreement; and

4.10.3 any breach by a Party of its continuing obligations under Clauses 1, 4.10, 4.11 and 14.

4.11 If this Agreement is terminated pursuant to Clause 4.7 and, at the date of the relevant notice of termination:

4.11.1 one or more of the MEOR Condition and/or the Operatorship Condition and/or the Third Party Consents Condition have or has not been satisfied or waived but all other Conditions have been satisfied or waived (except in circumstances where the Operatorship Condition and/or the Third Party Consents Condition has (or have each) not been satisfied and the reason for such non-satisfaction is as a direct or indirect result of any Relevant Third Party (other than a member of the Seller's Group) determining that the Buyer does not have the financial and/or technical capacity to become owner and/or Operator of the Interests); and

4.11.2 the Buyer has not committed a breach of its obligations under Clause 4.3 to use all reasonable endeavours to procure that the Third Party Consents Condition, the Operatorship Condition and the MEOR Condition are satisfied,

then the Seller shall pay to the Buyer's Nominated Account the Break Fee within thirty (30) Business Days of the date of the notice of termination. For the avoidance of doubt, the obligation of the Seller to pay the Break Fee pursuant to this Clause 4.11 shall be a separate and independent obligation to the Seller's obligations under clause 14 of each of the Transfer of Operatorship Agreements and any amounts paid or payable to the Buyer pursuant to clause 14 of each of the Transfer of Operatorship Agreements shall not in any way reduce or affect the Seller's obligation to pay the Break Fee. Notwithstanding any other provision of this Agreement, the limitations on Seller's liability set out in Schedule 6 shall not apply to any payment by the Seller of the Break Fee under this Clause 4.11 (or any claim made by the Buyer against the Seller for payment thereof).

4.12 Except as set out in Clauses 4.7, 4.8, 4.9 and 6.2, neither the Buyer nor the Seller shall have any right to rescind or terminate this Agreement whether before, on or after Completion.

## 5. PERIOD BETWEEN SIGNING AND COMPLETION

Pending Completion or the earlier termination of this Agreement in accordance with its terms, the Parties shall comply with the terms of Schedule 3.

## 6. COMPLETION

6.1 Subject to the provisions of this Agreement, and provided that all the Conditions have been satisfied or validly waived in full in accordance with the terms of the Agreement, Completion shall take place at the offices of Seller's Counsel at Cannon Place, 78 Cannon Street, London, or at such other place as the Parties may agree in writing, on the Scheduled Completion Date, when all (but, subject to Clause 6.2 not part only, unless the Parties so agree in writing) of the business set out in Schedule 4 shall be transacted.

6.2 If a Party (the "**Defaulting Party**") fails or is unable to comply with any of its obligations under Schedule 4 on the Scheduled Completion Date then, if the Buyer is the Defaulting Party, the Seller, or if the Seller is the Defaulting Party, the Buyer (the "**Non-defaulting Party**") may elect to:

6.2.1 defer Completion to the final Business Day of the following calendar Month (the "**Deferred Completion Date**") (in which case the provisions of this Clause 6 and Schedule 4 shall apply to Completion as so deferred and the references to Scheduled Completion Date shall be construed as referring to the Deferred Completion Date);

6.2.2 proceed to Completion so far as practicable but without prejudice to the Non-defaulting Party's rights where the Defaulting Party has not complied with its obligations under this Agreement; or

6.2.3 terminate this Agreement following which the provisions of Clause 4.10 shall apply.

6.3 All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed and Completion shall not constitute a waiver of any Party's rights in relation to this Agreement.

## 7. POST COMPLETION

7.1 The Seller shall ensure that (to the extent not delivered prior to Completion whether pursuant to this Agreement or any of the Transfer of Operatorship Agreements or otherwise) copies of the Interests Documents and all other Data in the possession or control of the Seller are made available for collection by the Buyer, at its own expense, within normal business hours as soon as reasonably practicable after Completion.

7.2 Notwithstanding anything in this Agreement or any of the Transfer of Operatorship Agreements to the contrary, neither the Seller nor any member of the Seller's Group shall be obliged to issue any licence covering third-party seismic data or transfer such third-party seismic data at Completion unless and until the Buyer has entered into a licence agreement with the licensor of such seismic data and has received any necessary consents from the licensor to the transfer of such seismic data from the Seller or any member of the Seller's Group to the Buyer. In the event the Seller or any member of the Seller's Group is or are permitted to issue any such licences or transfer such third-party seismic data, the Buyer is solely responsible for obtaining any necessary consents to the issuance or transfer by the Seller or any member of the Seller's Group of any licences of third-party seismic data or other agreements or for the Buyer to enter into new licences or other agreements, in each case as may be needed to permit the Buyer to continue to utilise any third-party seismic data covering the Interests after Completion. Notwithstanding the foregoing, the Seller shall reasonably assist the Buyer in contacting the relevant third parties, but the Buyer shall be solely responsible for and shall bear all costs and licence and other fees required to obtain issuance of any licences or new licences or other agreements in connection with third-party seismic data. If the Buyer is issued a licence, enters into a new agreement or otherwise obtains consent from a third-party to utilise third-party seismic data, the Seller will license and/or transfer the third-party seismic data, to the extent permitted by the Seller's applicable licences from such third parties, to the Buyer.

7.3 From Completion the Seller and the Buyer shall comply with their respective obligations set out in Schedules 2 and 8.

7.4 If at Completion the Buyer has not entered into a sale and purchase agreement under which the Buyer will sell to a third party all Natural Gas produced in respect of the Magnus Interest following Completion (a "**Magnus Interest GSA**"), the Seller (or another member of the Seller's Group) shall, following Completion, purchase all Natural Gas produced in respect of the Magnus Interest from the Buyer until such date as the Buyer enters into a Magnus Interest GSA. The price payable by the Seller (or the relevant member of the Seller's Group) to the Buyer for such Natural Gas shall be calculated according to the formula set out in paragraph 5.3 of part A of Schedule 2 less one (1) pence per Therm (as defined in paragraph 5.4 of part A of Schedule 2).

7.5 Save for the arrangement for the purchase of Natural Gas by the Seller (or another member of the Seller's Group) set out in Clause 7.4, on and after Completion:

7.5.1 the Buyer shall procure, acting in good faith, that its Magnus Interest share of all Petroleum produced under the Licence (the "**Magnus Interest Production**") is sold on an arm's-length basis, at a fair market value; and

7.5.2 the Buyer shall not enter into any forward price-hedging, exchange contract or other derivative trade or swap of any kind which is specifically linked to the Magnus Interest Production (provided that nothing in this Clause 7.5.2 or other provision of this Agreement shall prevent other members of the Buyer's Group from entering into any forward price-hedging, exchange contract or other derivative trade or swap of any kind in respect of prices or production attributable to the Buyer's Group which are not specifically linked to the Magnus Interest Production).

7.6 If, after Completion, any Relevant Third Party makes any payment to or provides any security in favour of the Buyer in respect of any liability for the Decommissioning of the Existing Property or any part thereof, the Buyer shall: (i) on the occurrence of a payment, within ten (10) Business Days pay an amount equal to the whole of any such payment to the Seller, less any Tax and reasonable costs payable by the Buyer in respect of the receipt of such payment, and (ii) on the occurrence of the provision of any security in respect of the same, use reasonable endeavours to procure the provision to the Seller of the whole of the benefit of such security.

7.7 To the extent that the Seller receives any sum prior to Completion relating to the insurance claims referred to in paragraph 1.1.12(b) of Schedule 3 (excluding any amounts received by the Seller in or towards settlement of any claims where the loss or damage to which such claims relate is in respect of the loss of production income and business interruption) and such amount is not used for the reinstatement, compensation, containment or rectification relating to the Interests, the Seller shall account to the Buyer at Completion for such amount to the extent that such amount relates to the Interests less any reasonable costs incurred by the Seller (or any other member of the Seller's Group) in pursuing such claims.

7.8 Following Completion, the Seller shall continue to pursue all insurance claims referred to in paragraph 1.1.12(b) of Schedule 3 and shall account to the Buyer for any amounts received by the Seller after Completion in or towards settlement of any such claim to the extent that such amounts relate to the Interests (excluding any amounts received by the Seller in or towards settlement of any claims where the loss or damage to which such claims relate is in respect of the loss of production income and business interruption) less any reasonable costs incurred by the Seller in pursuit of such claims within twenty (20) Business Days of the receipt of such amounts by the Seller.

## 8. SELLER'S WARRANTIES

8.1 The Seller warrants to the Buyer that each of the Seller's Warranties is true and accurate as at the date of this Agreement. The Seller shall repeat the Title and Authority Warranties at Completion by reference to the facts and circumstances then existing.

8.2 The Seller's Warranties are qualified to the extent of those matters Disclosed. For the purposes of this Agreement, "**Disclosed**" means facts, matters or other information disclosed in: (i) the Disclosure Letter (or any of the schedules, annexures or exhibits thereto) and/or; (ii) the contents of the Data Room Disclosed Documents and Information, in each case in such manner and in such detail as to enable the Buyer to make an assessment of the nature, scope and impact of the fact, matter or other information disclosed.

8.3 The Seller's Warranties are further qualified by:

8.3.1 the contents of the Transaction Documents and any other agreement or document to be entered into at Completion which is in agreed form as at the date of this Agreement; and

8.3.2 all matters to the extent disclosed (in such manner and in such detail as to enable the Buyer to make an assessment of the nature, scope and impact of the matter):

(a) in the written management presentations prepared by or on behalf of the Seller entitled Magnus Management Presentation dated May 2015 and SVT Management Presentation dated May 2015; and

(b) in respect of the Employment Warranties and Pensions Warranties, in the Seller's Staffing Information.

8.4 In each Seller's Warranty, where any statement is qualified as being made "so far as the Seller is aware" or any similar or analogous expression, such term(s) shall mean the actual knowledge of any of Ken Konrad (Director, M&A), Dominic Perkins (Project Manager, M&A), Jason Lambert (Associate Manager, M&A), Martyn Lambson (M&A HSSE), Rita Lovell (M&A HSSE), Constance Lumsden (Head of Financial Control), Mark Walters (Financial Control), Phil Dawson (Senior BD Advisor), Philip Chalmers (Senior Counsel), Jaqui Freeman (Assistant Tax Director), Phil Stanley (Senior Tax Adviser), Bruce Price (VP Operations – UK Offshore), Peter Miller (VP Midstream North Sea), Mike Killeen (Area Operations Manager – Bruce and Magnus) and Rob Sullivan (Senior Counsel) as at the date of this Agreement.

8.5 The Seller's Warranties shall not in any respect be extinguished or affected by Completion.

8.6 Except as expressly set out in the Seller's Warranties, the Seller makes no representation or warranty as to:

8.6.1 the amounts, quality or deliverability of reserves of Petroleum attributable to the Interests;

8.6.2 any geological, geophysical, engineering, economic or other interpretations, forecasts or evaluations;

8.6.3 any forecast of expenditures, budgets or financial projections;

8.6.4 any geological formation, drilling prospect or hydrocarbon reserve and the Buyer affirms and acknowledges that it has made its own independent assessment and evaluation of these matters; or

8.6.5 the state, condition or fitness for purpose of any of the Magnus Property, Joint Property, Facilities or Wells,

whether implied by statute, common law or otherwise.

## 9. LIMITATIONS ON SELLER'S LIABILITY AND THIRD PARTY CLAIMS

9.1 The provisions of part A of Schedule 6 shall apply in relation to the liability of the Seller under this Agreement, except for the Seller's obligation to: (a) pay the Break Fee (or any claim made by the Buyer against the Seller for payment thereof) under Clause 4.11; and (b) make any payments on the Buyer's behalf under part G of Schedule 2 (or a claim by the Buyer in respect of a failure by the Seller to do so), which shall not be limited by part A of Schedule 6.

9.2 The provisions of part B of Schedule 6 shall apply in relation to Third Party Claims.

## 10. BUYER'S WARRANTIES

10.1 The Buyer warrants to the Seller that each of the Buyer's Warranties is true and accurate as at the date of this Agreement.

10.2 In each Buyer's Warranty, where any statement is qualified as being made "so far as the Buyer is aware" or any similar or analogous expression, such term(s) shall mean the actual knowledge of any of Faysal Hamza, Andy Lane, Pamela Thomson, Salman Malik, Craig Stewart, Paul Massie, Stefan Ricketts, Victoria Presly and John Cowie as at the date of this Agreement.

10.3 The Buyer's Warranties shall not in any respect be extinguished or affected by Completion.

## 11. DECOMMISSIONING, ENVIRONMENT AND GENERAL INDEMNITIES

***Decommissioning Liabilities for the account of the Seller***

11.1 On and from Completion:

11.1.1 the Seller shall bear any and all Decommissioning Liabilities arising in respect of the Seller P&A Wells, the SVT Tanks, the MEOR Facilities, the Magnus Phase 3 Property and the Existing Property and shall indemnify, keep indemnified and hold harmless, on demand, the Buyer and/or any member of the Buyer's Group against all and any Decommissioning Liabilities in respect of the same (whether arising before, on or after the Completion Date and regardless of whether arising due to the negligence or breach of duty (statutory or otherwise) of the Buyer and/or or any member of the Buyer's Group, and/or the agents, contractors, sub-contractors, employees and officers of the Buyer and/or any member of the Buyer's Group);

11.1.2 to the extent that the Buyer has not already settled the relevant Decommissioning invoice (or, if relevant, part thereof), the Buyer covenants that the whole of any payments it receives from the Seller pursuant to this Clause 11.1 shall be used by the Buyer to settle the relevant Decommissioning invoice(s) (or if such an invoice is only partly related to the Seller P&A Wells, the SVT Tanks, the MEOR Facilities, the Magnus Phase 3 Property and/or the Existing Property, to settle that part of the relevant invoice(s)), and the Buyer shall promptly provide the Seller with reasonable evidence of such settlement;

11.1.3 after Completion, nothing in this Agreement shall oblige the Seller to perform or be responsible for the performance of any Decommissioning of any part of the Interests; and

11.1.4 the Seller shall have the right to receive all Benefits, reliefs or rebates of any kind in relation to Taxation that arise out of or in connection with any payment made by it pursuant to this Clause 11.1 and any Liabilities arising in respect of the Seller P&A Wells, the SVT Tanks, the MEOR Facilities, the Magnus Phase 3 Property and the Existing Property, and the Buyer shall and shall procure that any other members of the Buyer's Group shall use all reasonable endeavours to ensure the Seller receives all such Benefits, reliefs or rebates as far as permitted by Law. In the event that such Benefits, reliefs or rebates accrue or are otherwise directly or indirectly received by the Buyer or other members of the Buyer's Group, the Buyer shall inform the Seller within ten (10) Business Days of such accrual or receipt and arrange for repayment of the same (less any Tax, costs or expenses which arise in relation to any such receipt) to the Seller within twenty (20) Business Days of such accrual or receipt.

***Decommissioning Liabilities for the account of the Buyer***

11.2 On and from Completion, the Buyer shall bear any and all Decommissioning Liabilities arising in respect of the Other Property, and shall indemnify, keep indemnified and hold harmless, on demand, the Seller and/or any member of the Seller's Group against all and any Decommissioning Liabilities in respect of the same (whether arising before, on or after Completion and regardless of whether arising due to the negligence or breach of duty (statutory or otherwise) of the Seller and/or or any member of the Seller's Group, and/or the agents, contractors, sub-contractors, employees and officers of the Seller and/or any member of the Seller's Group).

***Environmental Liabilities for the account of the Buyer***

11.3 On and from Completion, the Buyer shall bear any and all Environmental Liabilities and shall indemnify, keep indemnified and hold harmless, on demand, the Seller and/or any member of the Seller's Group against all and any Environmental Liabilities (whether arising before, on or after Completion and regardless of whether arising due to the negligence or breach of duty (statutory or otherwise) of the Seller and/or or any member of the Seller's Group, and/or the agents, contractors, sub-contractors, employees and officers of the Seller and/or any member of the Seller's Group). Notwithstanding the foregoing, nothing in this Clause 11.3 shall require the Buyer to reimburse, repay or indemnify the Seller or any member of the Seller's Group for: (i) any amounts actually expended by the Seller or any member of the Seller's Group prior to the Economic Date; (ii) any amounts which the Seller or any member of the Seller's Group has actually received (less any out of pocket expenses incurred in recovering the amount)) under any mutual hold harmless arrangements with its contractors; or (iii) any amounts which arose due to the wilful misconduct of the Seller and/or any member of the Seller's Group. Where the Seller is entitled to recover from any contractor any amount to which paragraph (ii) above would apply, the Seller shall use reasonable endeavours to procure the recovery of that amount. The Seller shall keep the Buyer fully and promptly informed of the conduct and outcome of any such recovery.

11.4 Subject to Clauses 11.1 to 11.3, 11.6, 11.7, 11.8 and 11.10, on and from Completion:

11.4.1 the Seller shall be liable for all Pre-Economic Date Costs and the Retained Expenditure, and shall be entitled to all Pre-Economic Date Benefits;

11.4.2 the Seller agrees to indemnify, keep indemnified and hold harmless, on demand, the Buyer and each member of the Buyer's Group against any Pre-Economic Date Costs

and Retained Expenditure which are or is incurred by the Buyer or any member of the Buyer's Group; and

11.4.3 the Buyer shall pay to the Seller an amount equal to any Pre-Economic Date Benefits or transfer to the Seller any Pre-Economic Date Benefits received by the Buyer or any member of the Buyer's Group (net of applicable Taxes and less any directly applicable costs).

11.5 Subject to Clauses 11.1 to 11.3, 11.6, 11.7, 11.8 and 11.10 and parts G and H of Schedule 2, following Completion:

11.5.1 the Buyer shall be liable for all Post-Economic Date Costs and shall be entitled to all Post-Economic Date Benefits;

11.5.2 the Buyer agrees to indemnify, keep indemnified and hold harmless, on demand, the Seller and each member of the Seller's Group against any Post-Economic Date Costs which are incurred by the Seller or any member of the Seller's Group; and

11.5.3 the Seller shall pay to Buyer an amount equal to any Post-Economic Date Benefits or transfer to the Buyer any Post-Economic Date Benefits received by the Seller or any member of the Seller's Group (net of applicable Taxes and less any directly applicable costs).

11.6 Clauses 11.4 and 11.5 shall not apply to any Benefits forming part of a Seller Retained Claim. Any settled or unsettled Benefits forming part of a Seller Retained Claim existing prior to, on or after the Economic Date (regardless of whether such Benefits are known or unknown, suspected or unsuspected or actual or contingent as at the date of this Agreement) shall be for the Seller's account. If the Buyer receives any amount (whole or in part) which relates to a Seller Retained Claim, it shall hold it on trust for the Seller and notwithstanding Clause 11.8 shall, as soon as reasonably practicable, pay it to the Seller's Nominated Account. The Seller may elect to retain full and exclusive conduct of the Seller Retained Claims, and the recovery of all related Benefits, notwithstanding the transfer of the Interests in accordance with this Agreement and the Seller shall act reasonably in conducting a Seller Retained Claim and keep the Buyer reasonably informed of the progress of the Seller Retained Claim. Upon the Seller's request (acting reasonably), the Buyer shall use reasonable endeavours to assist the Seller in conducting and/or pursuing the settlement of each Seller Retained Claim, and the recovery of all related Benefits, and the Seller shall reimburse the Buyer for any reasonable costs incurred in providing such assistance.

11.7 The Seller shall not be entitled to recover from the Buyer under this Clause 11 any amounts which it has been agreed or otherwise determined that the Buyer is so entitled to recover from the Seller pursuant to a Buyer Claim for a breach by the Seller of the Seller's Warranties or a breach by the Seller of Clause 5 or Schedule 3.

11.8

11.8.1 Any amount to be paid or reimbursed by the Seller to the Buyer in accordance with:

(a) Clause 11.1, shall be paid or reimbursed to the Buyer's Nominated Account within ten (10) Business Days of receipt of notification from the Buyer thereof;

(b) Clause 11.4.2, shall be paid or reimbursed to the Buyer's Nominated Account within ten (10) Business Days of receipt of notification from the Buyer thereof; and

(c) Clause 11.5.3, shall be paid or reimbursed to the Buyer's Nominated Account within ten (10) Business Days of receipt thereof.

11.8.2 Any amount to be paid or reimbursed by the Buyer to the Seller in accordance with:

(a) Clauses 11.2 and 11.3, shall be paid or reimbursed to the Seller's Nominated Account within ten (10) Business Days of receipt of notification from the Seller thereof;

(b) Clause 11.4.3, shall be paid or reimbursed to the Seller's Nominated Account within ten (10) Business Days of receipt thereof; and

(c) Clause 11.5.2, shall be recoverable by the Seller under of parts G and H of Schedule 2.

11.9 Where an audit takes place pursuant to an Operating Agreement after Completion which may affect any Pre-Economic Date Benefits or Pre-Economic Date Liabilities accruing to the Seller, the Buyer (to the extent it is not the relevant Operator) shall use all reasonable endeavours to enable the Seller to make representations directly to any relevant Operator and shall in any event be obliged to take account of the Seller's representations in connection with such audit and to notify the Seller of any audit adjustment as soon as practicable after the results of such audit are known. If as a result of any audit adjustment or otherwise, either the Seller or the Buyer is, on the principles set out in Clauses 11.4 and 11.5, so liable to pay any amount to the other, then, to the extent that account has not already been taken of such amount in the Completion Payment Statement, or the amount has not otherwise been paid in accordance with this Clause 11, such amount shall be paid to the Seller's Nominated Account or the Buyer's Nominated Account (as appropriate) within thirty (30) Business Days after the amount receivable or payable as a result of such an audit or other subsequent adjustment has been taken into account by the relevant Operator in its billing statement.

11.10 As a result of the Transaction, the Parties agree that the Buyer shall not acquire any interest in or become party to the Seller Retained Agreements and, subject to Completion occurring, the Seller shall be responsible for and shall indemnify and hold the Buyer and/or other members of the Buyer's Group harmless against all and any Liabilities incurred by the Buyer and/or other members of the Buyer's Group, however arising (whether arising before, on or after the Completion Date and regardless of whether arising due to the negligence of the Buyer and/or other members of the Buyer's Group or breach of duty (statutory or otherwise) on the part of the Buyer and/or other members of the Buyer's Group, and/or the agents, contractors, sub-contractors, employees and officers of the Buyer and/or other members of the Buyer's Group) in connection with any and all of the Seller Retained Agreements.

11.11 The rights and obligations in this Clause 11 shall not come into effect unless and until Completion takes place.

## 12. TAX

The provisions of Schedule 8 shall apply in relation to Tax.

## 13. BUYER GUARANTEE

13.1 The Buyer shall, on or before the date of the Agreement, provide to the Seller the Buyer Guarantee duly executed by EnQuest Parent.

13.2 If following the date of this Agreement:

13.2.1 a body corporate other than EnQuest Parent becomes the ultimate parent company of the Buyer (the "**Acquisition**"); and

13.2.2 the business, operations, assets, liabilities, condition (whether financial, trading or otherwise), prospects or operating results of EnQuest Parent at any time after the Acquisition deteriorates so that EnQuest Parent is in a materially worse financial position than it was at the date of this Agreement,

the Buyer shall within five (5) Business Days of a written request from the Seller procure the delivery to the Seller of a replacement guarantee in substantially the same form as the Buyer Guarantee from either (at the Buyer's election): (a) the new ultimate parent company of the Buyer; or (b) an affiliate of the new ultimate parent company of the Buyer which has a financial position which is substantially similar to or better than the financial position of EnQuest Parent as at the date of this Agreement, and the Seller shall simultaneously execute all documents which the Buyer (acting reasonably) considers necessary to terminate the pre-existing Buyer Guarantee from EnQuest Parent.

## 14. GENERAL

***Confidentiality and Announcements***

14.1 Without prejudice to the terms of the non-disclosure agreement entered into between BP International Limited and EHL dated 24 April 2015, as amended on 1 July 2015, (the "**NDA**") (such agreement to be terminated at Completion pursuant to the NDA Termination Deed) and subject to Clause 14.2, each Party shall treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into or performing this Agreement which relates to:

14.1.1 the subject matter and the provisions of this Agreement and any other Transaction Document;

14.1.2 the negotiations relating to this Agreement and any other Transaction Document; or

14.1.3 the other Party (including any other members of the Seller's Group or any members of the Buyer's Group (as the case may be)).

14.2 A Party may disclose information referred to in Clause 14.1, if and to the extent disclosure is:

14.2.1 required by the Law of any relevant jurisdiction or by any stock exchange or any regulatory, governmental or antitrust body or for the purpose of any judicial proceedings arising out of any Transaction Document;

14.2.2 made in a public announcement, circular or communication (each an "**Announcement**") concerning the existence or content of this Agreement by any Party (including for these purposes any members of the Seller's Group or any members of the Buyer's Group, respectively) if, and to the extent that, the Announcement in the opinion of the disclosing Party (acting reasonably), is required to be made by Law or by any stock exchange or any regulatory, governmental or antitrust body pursuant to the rules and/or regulations of any Government Entity or Taxation Authority to which the Party (or the relevant member of the Seller's Group or the Buyer's Group, as the case may be) making the Announcement is subject, whether or not any of the same has the force of Law, provided that any Announcement shall, so far as is practicable, be made after consultation with the other Party in respect of the timing and contents of such Announcement;

14.2.3 required by contractual obligations existing as at the date of this Agreement (including the terms of this Agreement);

14.2.4 made by any of the Seller to any members of the Seller's Group or the Buyer to any members of the Buyer's Group provided that the Seller or the Buyer, as the case may be, procure that such members comply with the provisions of Clause 14.1 in respect of such information as if they were a party to this Agreement;

14.2.5 required, in the opinion of the Party making the disclosure, acting reasonably, by a Government Entity or a Taxation Authority to which that Party is subject, whether or not such requirement has the force of Law;

14.2.6 made to the professional advisers, insurers, auditors or bankers of any Party where such persons need to know the same in order to carry out their duties or functions provided that such persons are subject to binding obligations in respect of confidentiality in respect of such information which are no less onerous than the terms of Clauses 14.1 and 14.2;

14.2.7 made to any third-party (and their professional advisers) in connection with bona fide discussions with such third-party about the potential acquisition by the third-party of some or all of the Interests, or the Buyer or Seller respectively, provided that in each case such persons are subject to binding obligations in respect of confidentiality in respect of such information which are no less onerous than the terms of Clauses 14.1 and 14.2;

14.2.8 made by the Buyer or the Seller to any third-party (and their professional advisers) in connection with bona fide discussions with such third-party about the provision of financing to the Buyer's Group or the Seller's Group, as applicable, provided that such persons are subject to binding obligations in respect of confidentiality in respect of such information which are no less onerous than the terms of Clauses 14.1 and 14.2;

14.2.9 required for the purpose of any judicial proceedings arising out of this Agreement or made to the Independent Accountant for the purposes of their determination of any dispute in relation to the Final Completion Statement;

14.2.10 made public through no fault of that Party; or

14.2.11 made with the prior written approval of the other Party.

***Method of payment***

14.3 Any payments to be made under or pursuant to this Agreement shall be paid by electronic funds transfer in cash and in immediately cleared funds for same day value to the Seller's Nominated Account (where any sum is payable by the Buyer) or the Buyer's Nominated Account (where any sum is payable by the Seller) unless otherwise agreed in writing.

***Set off***

14.4 Subject to part G of Schedule 2, all payments to be made by a Party under this Agreement shall be made without any set-off, counterclaim, withholding or any deduction of any kind including for any Taxation, banking transfer or other costs or claims except to the extent required by Law.

***Default Interest Rate and calculation of Interest***

14.5 In the event of default or delay in payment when due of any of the sums payable under this Agreement to the other Party, then (subject to any express provision in that respect or to the

contrary in this Agreement) interest shall accrue from day to day and be payable on such sum in respect of the period from the date the payment became due until, but excluding, the date of actual payment at the Default Interest Rate from time to time during that period. Any interest payable under this Agreement shall be calculated on the basis of a three hundred and sixty (360) day year and shall be compounded at the end of each Month.

***Waivers***

14.6 The rights and remedies of each Party are, except where expressly stated to the contrary, without prejudice to any other rights and remedies available to it. No neglect, delay or indulgence by any Party in enforcing any provision of this Agreement shall be construed as a waiver and no single or partial exercise of any rights or remedies of any Party under this Agreement will affect or restrict the further exercise or enforcement of any such right or remedy.

14.7 No waiver by any Party of any breach of a provision of this Agreement shall be binding unless made expressly and in writing and any such waiver shall relate only to the matter to which it expressly relates and shall not apply to any subsequent or other matter.

14.8 The liability of any Party may, in whole or in part, be released, compounded, or compromised, and if the other Party shall give time or indulgence to the Person under such liability, this will in no way prejudice or affect that Party's rights against any other Person under the same or similar liability.

***Severance***

14.9 Each provision of this Agreement is severable and distinct from the others and, if any provision or part of a provision is, or at any time becomes, to any extent or in any circumstances invalid, illegal or unenforceable for any reason, that provision or part of a provision shall to that extent be deemed not to form part of this Agreement but the validity, legality and enforceability of the remaining parts of this Agreement shall not be affected or impaired, it being the Parties' intention that every provision of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by Law.

***Variation***

14.10 No purported alteration of this Agreement shall be effective unless it is in writing, refers to this Agreement and is duly executed by each Party.

***Counterparts***

14.11 This Agreement may be entered into in any number of counterparts by the Parties to it on separate counterparts, and each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original but, taken together, they shall constitute one and the same agreement.

***Costs***

14.12 Except as otherwise expressly provided in this Agreement or the other Transaction Documents, each of the Parties shall bear its own legal and other costs incurred in relation to the negotiation, preparation and completion of this Agreement and the Transaction Documents.

14.13 The Buyer shall be responsible for the cost of all stamp, registration or transfer taxes, including land and buildings transaction tax, and any other similar duty or levy or Taxation which may arise in any jurisdiction in respect of its purchase of the Interests.

***Effect of claims***

14.14 The satisfaction by the Seller of any claim under this Agreement (including in relation to the Seller's Warranties) following Completion shall be treated for tax purposes as constituting a reduction in the Total Consideration payable by the Buyer for the purchase of the Interests pursuant to this Agreement.

***Successors in title and third parties***

14.15 This Agreement shall be binding on and shall enure for the benefit of the successors in title of each Party.

14.16 A Person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms, save that:

14.16.1 any member of the Seller's Group shall be entitled to enforce any indemnity or Benefit created in favour of them pursuant to the provisions of this Agreement; and

14.16.2 any member of the Buyer's Group shall be entitled to enforce any indemnity or Benefit created in favour of them pursuant to the provisions of this Agreement.

***Further assurances***

14.17 Each Party shall (and shall use its reasonable endeavours to procure that any third parties shall) promptly execute and deliver to the other Party such other documents in a form satisfactory to the other Party and take such other action as may in the opinion of the other Party be required to give to the other Party the full benefit of all the provisions of this Agreement in each case at the sole cost and expense of such Party except to the extent the document or action the subject of the request is not expressly contemplated by this Agreement, in which event the sole cost and expense of such request shall be borne by the requesting Party.

***Anti-bribery and corruption***

14.18 The Seller and the Buyer shall each comply with all applicable anti-bribery and corruption and anti-money laundering laws and regulations in connection with the Transaction, and shall procure that no employees or service providers (including subcontractors, agents and other intermediaries) employed or engaged by the Seller or the Buyer (or any other member of the Seller's Group or the Buyer's Group, as the case may be) shall offer, give or agree to give any Person whosoever, or solicit, accept or agree to accept from any Person, either directly or indirectly, anything of value in order to obtain, influence, induce or reward any improper advantage in connection with the Transaction.

***Entire Agreement***

14.19 Each Party acknowledges and agrees that:

14.19.1 this Agreement and the other Transaction Documents supersede any prior discussions, understandings and agreements between the Parties concerning their subject matter and that the Transaction Documents constitute the entire and only agreement between the Parties concerning their subject matter;

14.19.2 none of the Transaction Documents or any of them has been entered into in reliance on any Pre-contractual Statement which is not expressly set out in a Transaction Document (or any of them) and each Party hereby irrevocably and unconditionally waives any claims, rights or remedies arising by virtue of any Pre-contractual Statement not set out in a Transaction Document; and

14.19.3 the only rights or remedies available to any Party in connection with the Transaction Documents are damages for breach of contract and, except as otherwise provided in any of the Transaction Documents, no Party may rescind or terminate all or any of the Transaction Documents for breach of contract or for negligent or innocent misrepresentation or otherwise,

provided always that neither this Clause, nor any other limitation in this Agreement, shall exclude or limit any liability which arises as a result of any fraudulent act, omission or statement. In this Clause 14.19, "**Pre-contractual Statement**" means any agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever (whether or not in writing, whether express or implied and whether or not in draft form) made or given by any Person prior to the execution of this Agreement in connection with any matters dealt with in the Transaction Documents.

***Notices***

14.20 A notice or other communication given under or in connection with this Agreement (a "**Notice**") shall be:

14.20.1 in writing;

14.20.2 in the English language; and

14.20.3 sent by the Permitted Method to the Notified Address.

14.21 The "**Permitted Method**" means the methods set out in the first column below. The second column below sets out the date on which a Notice given by the corresponding Permitted Method in the first column opposite shall be deemed to be given to the extent the Notice is properly addressed and sent in full to the Notified Address:

| **(1)**<br>**Permitted Method** | **(2)**<br>**Date on which Notice deemed given** |
|---|---|
| Registered or international registered or prepaid air-mail | Five (5) Business Days after the date of posting (not including the date of posting) |
| E-mail, with the notice attached in PDF format | On receipt of an automated delivery receipt or confirmation of receipt from the relevant server if before 5pm on a Business Day and otherwise on the Business Day next following the date of transmission of the email |

14.22 The notified address of each of the Parties is as set out below (each a "**Notified Address**"):

| **Name of Party** | **Address** | **E-mail address** | **Marked for the attention of:** |
|---|---|---|---|

| Name of Party | Address | E-mail address | Marked for the attention of: |
|---|---|---|---|
| Seller | BP Exploration Operating Company, Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP | N/A | The Directors |
| | with copies to: | M&ALEGALUK@uk.bp.com | Director M&A |
| | Director M&A, BP plc., 1 St James's Square, London SW1Y 4PD | | |
| | and | | |
| | Managing Counsel M&A Legal, BP plc., 1 St James's Square, London SW1Y 4PD | M&ALEGALUK@uk.bp.com | Managing Counsel M&A Legal |
| Buyer | EnQuest<br>5th Floor Cunard House<br>15 Regent Street<br>London<br>SW1Y 4LR | stefan.ricketts@enquest.com | General Counsel |
| | with copies to | | |
| | EnQuest<br>EnQuest Global Services Limited (Dubai Branch)<br>PO Box 53192<br>Dubai, United Arab Emirates | faysal.hamza@enquest.com | Managing Director Corporate Development |
| | and | | |
| | EnQuest<br>Annan House<br>Palmerston Road<br>Aberdeen<br>AB11 5QR | neil.mculloch@enquest.com; and paul.massie@enquest.com | North Sea President; and<br>Legal Manager |

or such other Notified Address as any of the Parties may, by written notice to the other Party, substitute for their Notified Address set out above, but without prejudice to the effectiveness of any notice already given in accordance with Clause 14.20.

***Assignment***

14.23 Save as set out in clause 2 of the Security Trust and Waterfall Deed, no Party may assign, novate, transfer, charge or deal in any way with the benefit of, or any of its rights or obligations under or interest in, this Agreement without the prior written consent of the other Party. If the Buyer wishes to assign or novate all of its rights or obligations under and interest in the Transferring Transaction Documents to EHL pursuant to clause 2.1 of the Security Trust and Waterfall Deed:

14.23.1 it shall give written notice of such wish to the Seller; and

14.23.2 promptly following receipt of such notice by the Seller, the Seller and the Buyer shall be obliged to execute the Agreed Form Novation Agreement(s) in the appropriate form to effect such assignment or novation to EHL.

***Indemnities***

14.24 In this Agreement indemnity means indemnity on an "after tax basis". An "after tax basis" shall mean that in calculating the amount of an indemnity there shall be taken into account:

14.24.1 the amount by which any liability for Taxation of the Party to be paid is actually increased as a result of the indemnity payment being received so that the payer shall increase the amount of the payment by such additional amount as is necessary to ensure that the net amount received by the payee (after taking into account all Taxation) is equal to the amount that would have been received had the payment in question not been subject to any Taxation;

14.24.2 the amount by which any liability for Taxation of the Party to be paid is actually reduced as a result of the matter giving rise to the indemnity payment; and

14.24.3 any withholding tax suffered on the indemnity payment so that if withholding tax is suffered, the payer shall pay such sum to the payee as will, after the deduction or withholding has been made, leave the payee with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding and in the event that the payee becomes entitled to a credit or repayment in respect of such withholding tax, it shall pay to the payer such amount (not exceeding the credits or repayment) as will leave the payee in no worse position than if the withholding had not been suffered.

***Governing law and jurisdiction***

14.25 This Agreement and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation (including any non-contractual disputes or claims) (a "**Dispute**") shall be governed by and construed in accordance with English law.

14.26 Any Dispute (save pursuant to Clause 3.4 or where specified to the contrary in Schedules 2 and 8) shall be subject to the exclusive jurisdiction of the English courts.

**AS WITNESS** the signatures of the Parties or their duly authorised representatives on the date first above written.

Signed by JASON LAMBERT )
for and on behalf of )
**BP EXPLORATION OPERATING** )
**COMPANY LIMITED**

.....
Attorney, acting under a Power of Attorney dated 23 January 207

Signed by TAYSAL HAMZA )
for and on behalf of )
**ENQUEST NNS LIMITED** )

.....
Director

## SCHEDULE 1
## Interests Documents

**SCHEDULE 1**

**Interests Documents**

**Part A – 1 – SVT Interests and NPS Interests**

**Operating Agreements**

**1. Sullom Voe Terminal**

| | |
|---|---|
| **Operator** | BP Exploration Operating Company Limited |
| **Operating Agreement** | Sullom Voe Terminal Operating Agreement dated 21 April 1999 (as amended and restated on 21 October 2015) |
| **Seller's participating interest as at the date of this Agreement** | 12.061142% |

**2. Ninian Pipeline System**

| | |
|---|---|
| **Operator** | BP Exploration Operating Company Limited |
| **Operating Agreement** | Ninian Pipeline Operating Agreement dated 21 April 1999 |
| **Seller's participating interest as at the date of this Agreement** | Pipeline Equity: 15.33901623%<br>Deemed Terminal Equity: 31.760909% |

**Part A – 2**

**Interests Documents – SVT Interests and NPS Interests**

**1. Sullom Voe Terminal Interest**

| No. | Agreement | Date |
|---|---|---|
| **SULLOM VOE TERMINAL OPERATING AGREEMENT** | | |
| 1. | Sullom Voe Terminal Operating Agreement (as amended and restated on 21 October 2015) | 21 April 1999 |
| 2. | Supplemental Agreement to the Sullom Voe Terminal Operating Agreement in relation to the Sharing of Capital Costs Associated with the Aurora (Right Plant) Project | 20 March 2008 |
| 3. | First Amendment Agreement to the Supplemental Agreement to the Sullom Voe Terminal Operating Agreement in relation to the Sharing of Capital Costs Associated with the Aurora (Right Plant) Project dated 20 March 2008 | 16 April 2009 |
| 4. | Side Agreement to the Sullom Voe Terminal Operating Agreement for the sharing and allocation of liability under the Aurora CTIA | 16 April 2009 |
| 5. | Construction and Tie-In Agreement in relation to the Aurora Project | 16 April 2009 |
| 6. | Trust Deed Reference: 201373 pursuant to the Sullom Voe Terminal Operating Agreement | 22 July 2015 |
| 7. | Supplemental Agreement to the Sullom Voe Terminal Operating Agreement in relation to the Shetland Gas Plant tie in to Sullom Voe Terminal | 21 October 2015 |
| **SULLOM VOE TERMINAL CROSS-USER LIABILITY AGREEMENT** | | |
| 8. | Sullom Voe Terminal Cross-User Liability Agreement | 21 April 1999 |
| **THIRD PARTY AGREEMENTS – MAGNUS** | | |
| 9. | Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sales and Services Agreement (in respect of the Seller's capacity as the Terminal Operator/Owner) | 6 September 2000 |
| 10. | Engineering Services Agreement in relation to Magnus Enhanced Oil Recovery Project (in respect of the Seller's capacity as the Terminal Operator/Owner) | 6 September 2000 |

| | | |
|---|---|---|
| 11. | Magnus/Sullom Voe Terminal Brent and Ninian Gas Sale and Purchase Agreement | 19 March 2008 |
| 12. | Amendment Agreement to Magnus/Sullom Voe Terminal Brent and Ninian Gas Sale and Purchase Agreement | 16 April 2009 |
| **THIRD PARTY AGREEMENTS – CLAIR** | | |
| 13. | Construction and Tie-In Agreement | 14 January 2002 |
| 14. | Agreement for Receipt, Storage and Delivery Services at Sullom Voe Terminal | 14 January 2002 |
| 15. | Letter Agreement regarding funding of study works in respect of proposed Clair additional terminal facilities at the Terminal | 6 December 2012 |
| 16. | Construction and Tie-In Agreement in relation to the Clair Additional Storage Tanks and the Clair Terminal Facilities | 27 May 2013 |
| **THIRD PARTY AGREEMENTS – LAGGAN-TORMORE** | | |
| 17. | Agreement for Condensate Tie-In Pre-Investment work at Sullom Voe Terminal | 2 June 2010 |
| 18. | Agreement for the proposed construction of tie-ins for a Gas Processing Plant adjacent to Sullom Voe Terminal | 8 April 2011 |
| 19. | Interconnection Agreement for the Interconnection of a Gas Processing Plant to the Sullom Voe Terminal | 21 October 2015 |
| **THIRD PARTY AGREEMENTS – SCHIEHALLION** | | |
| 20. | Schiehallion Field Sullom Voe Terminal Storage and Re-Delivery Agreement | 30 October 2003 |
| 21. | Agreement in respect of Short Term Use of Schiehallion Tanks by the Terminal Owners | 17 June 2013 |
| 22. | Agreement in respect of Short Term Use of Schiehallion Tanks by the Terminal Owners | 18 October 2013 |
| 23. | Side Agreement in respect of Schiehallion Fields Sullom Voe Terminal Storage and Re-Delivery Agreement | 21 May 2015 |
| **TARIFF AGREEMENTS** | | |
| 24. | Sullom Voe Terminal Tariff Agreement for Broom Field | 22 July 2004 |
| 25. | Sullom Voe Terminal Tariff Agreement for West Don Field | 26 February 2010 |

| | | |
|---|---|---|
| 26. | Sullom Voe Terminal Tariff Agreement for Don Southwest Field | 26 February 2010 |
| 27. | Sullom Voe Terminal Tariff Agreement for Conrie Field | 19 August 2011 |
| 28. | Sullom Voe Terminal Tariff Agreement for Causeway Field | 21 December 2011 |
| 29. | Sullom Voe Terminal Tariff Agreement for Cormorant East Field | 28 December 2012 |
| 30. | Sullom Voe Terminal Tariff Agreement for Fionn Field | 15 May 2013 |
| 31. | Sullom Voe Terminal Tariff Agreement for Ythan Field | 18 February 2015 |
| 32. | Sullom Voe Terminal Tariff Agreement for Cladhan Field | 24 August 2015 |
| 33. | Sullom Voe Terminal Tariff Agreement for Laggan Field | 10 December 2015 |
| 34. | Sullom Voe Terminal Tariff Agreement for Tormore Field | 10 December 2015 |
| 35. | Sullom Voe Terminal Tariff Agreement for Columbia BD Field | 30 June 2016 |
| 36. | Sullom Voe Terminal Tariff Agreement for Columbia E Field | 30 June 2016 |
| **MISCELLANEOUS** | | |
| 37. | Parent Company Guarantee in relation to the Sullom Voe Terminal Power Focus Project | 28 January 2004 |
| 38. | Utility Supply Contract in relation to the supply of utilities to the Sullom Voe Terminal | 28 January 2004 (*in full effect from 30 April 2004*) |
| 39. | Contract for Provision of Services for Power Station at Sullom Voe Terminal Contract No. 105691 | 30 April 2014 |
| 40. | Direct Agreement in respect of a Power Purchase Agreement re Power Station at Sullom Voe Terminal, Shetland | 30 January 2015 |
| 41. | Letter Agreement in respect of Appointment of a Substitute Commercial Operator for Magnus MEOR Safety Modifications | 19 December 2016 |
| **CONFIDENTIALITY AGREEMENTS** | | |
| 42. | Confidentiality Agreement | 7 November 2008 |
| 43. | Confidentiality Agreement | 24 January 2012 |
| 44. | Confidentiality Agreement | 1 May 2012 |
| 45. | Confidentiality Agreement | 8 October 2013 |
| 46. | Confidentiality Agreement | 11 July 2014 |

| | | |
|---|---|---|
| 47. | Confidentiality Agreement | 30 October 2014 |
| 48. | Confidentiality Agreement | 16 July 2015 |

**2. Ninian Pipeline Interest**

| No. | Agreement | Date |
|---|---|---|
| **NINIAN PIPELINE OPERATING AGREEMENT** | | |
| 1. | Ninian Pipeline Operating Agreement | 21 April 1999 |
| 2. | Sullom Voe Terminal Operating Agreement (as amended and restated on 21 October 2015) (in respect of the Seller's capacity as Pipeline Operator of the Ninian Pipeline and as a member of the Ninian Pipeline Group) | 21 April 1999 |
| 3. | Supplemental Agreement to the Sullom Voe Terminal Operating Agreement in relation to the Sharing of Capital Costs Associated with the Aurora (Right Plant) Project (in respect of the Seller's capacity as Pipeline Operator of the Ninian Pipeline and as a member of the Ninian Pipeline Group) | 20 March 2008 |
| 4. | First Amendment Agreement to the Supplemental Agreement to the Sullom Voe Terminal Operating Agreement in relation to the Sharing of Capital Costs Associated with the Aurora (Right Plant) Project dated 20 March 2008 (in respect of the Seller's capacity as Operator of the Ninian and as a member of the Ninian Pipeline Group). | 16 April 2009 |
| 5. | Side Agreement to the Sullom Voe Terminal Operating Agreement for the sharing and allocation of liability under the Aurora CTIA (in respect of the Seller's capacity as the Ninian Pipeline Operator and as a member of the Ninian Pipeline Group) | 16 April 2009 |
| 6. | Supplemental Agreement to the Sullom Voe Terminal Operating Agreement in relation to the Shetland Gas Plant tie in to Sullom Voe Terminal (in respect of the Seller's capacity as Pipeline Operator of the Ninian Pipeline and as a member of the Ninian Pipeline Group) | 21 October 2015 |
| **SULLOM VOE TERMINAL CROSS-USER LIABILITY AGREEMENT** | | |
| 7. | Sullom Voe Terminal Cross-User Liability Agreement (in respect of the Seller's capacity as the Ninian Pipeline Operator and as a Ninian Pipeline Owner) | 21 April 1999 |
| **TRANSPORTATION AGREEMENTS** | | |

| | | |
|---|---|---|
| 8. | Agreement for the transportation of the Shipper's Share of Broom Pipeline Liquids in the Ninian Pipeline | 22 July 2004 |
| 9. | Agreement for the transportation of the Shipper's Share of Broom Pipeline Liquids in the Ninian Pipeline | 23 July 2004 |
| **PROXIMITY AND CROSSING AGREEMENTS** | | |
| 10. | Proximity Agreement in respect of the conduct of survey work in proximity to the Ninian Pipeline | 8 May 2007 |
| 11. | Pipeline Crossing Agreement in respect of the crossing of the 36" main oil pipeline from NCP to SVT by the 12" replacement Lyell Production Pipeline | 15 June 2007 |
| 12. | Pipeline Proximity Agreement in respect of the conduct of works with the Laggan-Tormore Project in proximity to the Ninian Pipeline | 9 August 2010 |
| 13. | Proximity Agreement in respect of the conduct of survey work in proximity to the Ninian Pipeline | 26 April 2011 |
| 14. | Pipeline Proximity Agreement in respect of the conduct of works to be carried out in connection with the SIRGE Installation Project in proximity to the Ninian Pipeline | 1 September 2011 |
| 15. | Pipeline Proximity Agreement in respect of the conduct of works to be carried out in connection with the SIRGE Installation Project in proximity to the Ninian Pipeline | 23 February 2012 |
| 16. | Pipeline Crossing Agreement in respect of the crossing of the Ninian Pipeline by the SIRGE Gas Export Pipeline | 6 April 2012 |
| 17. | Pipeline Crossing Agreement in respect of the crossing of the Ninian System Pipeline by the SIRGE Pipeline (PLX 3) | 3 May 2012 |
| 18. | Pipeline Crossing Agreement in respect of the crossing of the Ninian System Pipeline by the SIRGE Pipeline (RDX 2) | 3 May 2012 |
| 19. | Proximity Agreement in respect of the conduct of survey work in proximity to the Ninian Pipeline | 16 July 2014 |
| **MISCELLANEOUS** | | |
| 20. | Saxa Vord Radio Station Agreement (in respect of the Seller's capacity as Operator of the Magnus Field) | 22 June 1983 |
| 21. | Letter Agreement regarding road construction works to be carried out by the Laggan-Tormore Owners in close proximity to the Ninian Pipeline and the Brent System | 9 August 2010 |

| | | |
|---|---|---|
| 22. | Letter Agreement regarding Ninian Pipeline Works | 12 July 2011 |
| 23. | Letter Agreement regarding Trial Pit Works to be carried out by the SIRGE Owners in close proximity to the Ninian Pipeline and the Brent System | 2 September 2011 |
| 24. | Letter Agreement regarding Trial Pit Works to be carried out by the SIRGE Owners in close proximity to the Ninian Pipeline and the Brent System | 23 February 2012 |
| 25. | Letter Agreement regarding Pipeline Installation Works to be carried out by the SIRGE Owners crossing the Ninian Pipeline and the Brent System | 4 May 2012 |
| 26. | Mutual Hold Harmless and Indemnity Agreement | 21 July 2014 |
| 27. | Mutual Hold Harmless and Support Services Agreement | 17 March 2016 |

## Part B – 1 – Magnus Interest and NLGP Interest
## Licence and Operating Agreements

### 1. Magnus Field, Magnus South Field and Related Infrastructure

| | |
|---|---|
| **Licence** | P.193 |
| **Block** | 211/7a All (Magnus Field) & 211/12a All (Magnus South Field) |
| **Operator** | BP Exploration Operating Company Limited |
| **Operating Agreement** | N/A |
| **Seller's participating interest as at the date of this Agreement** | 100% |

### 2. Northern Leg Gas Pipeline

| | |
|---|---|
| **Operator** | BP Exploration Operating Company Limited |
| **Operating Agreement** | Northern Leg Gas Pipeline Participants Agreement dated 23 December 1981 |
| **Seller's participating interest as at the date of this Agreement** | 36% |

**Part B – 2**

**Interests Documents – Magnus Interest and NLGP Interest**

**1. Magnus Interest (Including Main Oil Line)**

| No. | Agreement | Date |
|---|---|---|
| **MAGNUS LICENCE** | | |
| 1. | Petroleum Production Licence P.193 to search and bore for and get petroleum in Block Nos. 211/7a ALL and 211/12a ALL | 16 March 1972 |
| **MAGNUS FIELD, MAGNUS SOUTH FIELD AND MAIN OIL LINE AGREEMENTS** | | |
| 2. | Saxa Vord Radio Station Agreement (in respect of the Seller's capacity as Operator of the Magnus Field) | 22 June 1983 |
| 3. | Agreement between BT and BP | 3 October 1983 |
| 4. | Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sales and Services Agreement (in respect of the Seller's capacity as the Magnus Operator and as a Magnus Owner) | 6 September 2000 |
| 5. | Engineering Services Agreement in relation to Magnus Enhanced Oil Recovery Project (in respect of the Seller's capacity as the Magnus Operator and as a Magnus Owner) | 6 September 2000 |
| 6. | Magnus EOR Project Letter Agreement | 6 September 2000 |
| 7. | Terms for Evacuation of WoS Gas Following Termination of the Gas Sales Agreements | 5 September 2001 |
| 8. | Contract 106532 for the provision of Pig Handling and Cleaning Services | 14 October 2002 |
| 9. | Rig Arrangements: Paul B. Loyd Junior | 4 April 2003 |
| 10. | Space and Services Agreement for Murchison Platform | 31 January 2006 |
| 11. | Magnus/Sullom Voe Terminal Brent and Ninian Gas Sale and Purchase Agreement (in respect of the Seller's capacity as Magnus Operator and as a member of the Buyers' Group) | 19 March 2008 |
| 12. | Services Agreement for Emissions Trading under the EU Scheme (version 2.0) in relation to the Magnus Platform | 17 July 2008 |
| 13. | Amendment Agreement to Magnus/Sullom Voe Terminal Brent and Ninian Gas Sale and Purchase Agreement | 16 April 2009 |
| 14. | Construction and Tie-In Agreement in relation to the Aurora Project (in respect of the Seller's capacity as Magnus Operator | 16 April 2009 |

| | | |
|---|---|---|
| | and as a Magnus Owner) | |
| 15. | Penguins Field Study Agreement | 2 July 2010 |
| 16. | Select Stage Cost Sharing Agreement | 2 November 2011 |
| 17. | Funding Agreement in respect of intervention operation work to lock open the NLGP Spurline on a temporary basis | 24 September 2013 |
| 18. | Flotel Sharing Agreement | 22 April 2014 |
| 19. | Foinaven Gas Common Stream Agreement (in respect of the Seller's capacity as a Buyer) | 9 October 2014 |
| 20. | Cost Share Agreement in respect of the Brent Bypass Project (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 15 July 2016 |
| 21. | Supplementary Cost Share Agreement with Quad in respect of the Brent Bypass Project (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 15 July 2016 |
| 22. | Supplementary Cost Share Agreement with Clair in respect of the Brent Bypass Project (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 15 July 2016 |
| 23. | Bypass Principles Letter Agreement (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 15 July 2016 |
| 24. | Letter Agreement re. NLGP TPA Amendment (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 15 July 2016 |
| 25. | Letter Agreement re. WOS Brent Bypass Cost Reconciliation Principles (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 15 July 2016 |
| 26. | Brent Bypass Agreement (in respect of the Seller's capacity as Magnus Operator and Magnus Owner) | 14 October 2016 |
| 27. | Letter Agreement re WOS/SEGAL Access | 15 July 2016 |
| 28. | Gas Sales Agreement in respect of Britoil Gas | 23 December 2004 |
| 29. | Letter Agreement relating to the Gas Sales Agreement in respect of Britoil Gas dated 23 December 2004 regarding Arrangements in respect of Off- Specification Britoil Gas | 30 January 2013<br>(*effective from 30 December 2011*) |
| 30. | Faroe Petroleum (U.K.) Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 31. | BP Exploration Operating Company Limited Foinaven Gas Sales Agreement | 9 October 2014 |

| | | |
|---|---|---|
| 32. | BP Amoco Exploration (Faroes) Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 33. | BP Brasil Limitada Foinaven Gas Sales Agreement | 9 October 2014 |
| 34. | BP Exploration (Epsilon) Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 35. | BP Exploration Indonesia Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 36. | BP Exploration Libya Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 37. | Amoco (Fiddich) Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 38. | Britoil Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 39. | Marathon Oil West Of Shetlands Limited Foinaven Gas Sales Agreement | 9 October 2014 |
| 40. | Agreement for the Sale and Purchase of Magnus Ethane | 17 December 2015 |
| **PROXIMITY AND CROSSING AGREEMENTS** | | |
| 41. | Strathspey Pipelines Crossing Agreement | 4 June 1993 |
| 42. | Pipeline Crossing Agreement for the Alwyn Liquids Export Pipeline | September 1997 |
| 43. | Agreement relating to the proximity arrangements in respect of the Clair Oil Pipeline, the Caisson and the Magnus Gas Pipeline | 17 June 2003 |
| 44. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus EOR Pipeline | 8 May 2007 |
| 45. | Proximity Agreement in relation to works by the Don Area Group in proximity to the Magnus Platform | 31 May 2007 |
| 46. | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the Magnus Pipeline | 29 April 2011 |
| 47. | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the Ninian Central Platform | 19 May 2011 |
| 48. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus Pipeline | 27 May 2011 |
| 49. | Pipeline Crossing Agreement in respect of the crossing of the Magnus Pipeline by the Causeway East/Far East Field Lines | 19 January 2012 |
| 50. | Pipeline Crossing Agreement in respect of the crossing of the Magnus to Sullom Voe Gas Pipeline by the Otter to Eider Water Injection Pipeline | 7 August 2013 |

| | | |
|---|---|---|
| 51. | Proximity Agreement in respect of the conduct of onshore work in proximity to the Clair Pipeline | 9 August 2013 |
| 52. | Proximity Agreement in respect of the conduct of work in proximity to the Ninian Central Platform | 3 April 2014 |
| 53. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus Pipeline | 15 July 2014 |
| **CONFIDENTIALITY AGREEMENTS** | | |
| 54. | Confidentiality Agreement | 4 July 2013 |
| 55. | Confidentiality Agreement | 12 September 2013 |
| 56. | Confidentiality Agreement | 8 October 2013 |
| 57. | Confidentiality Agreement | 4 August 2014 |

2. **East Of Shetland Pipeline System Interest**

| No. | Agreement | Date |
|---|---|---|
| **EOSPS AGREEMENTS** | | |
| 1. | Pipeline Crossing Agreement in respect of the crossing of the Magnus EOR 20" East of Shetland Gas Pipeline by the Otter Pipelines, Power Cables and Umbilical | 16 August 2001 |
| 2. | Spares Sharing Agreement | 3 October 2007 |
| 3. | Pipeline Proximity Agreement in respect of the proximity of the EOSPS Pipeline by the Laggan-Tormore Import Production Flowline No.1 | 11 March 2011 |
| 4. | Pipeline Crossing Agreement in respect of the crossing of the EOSPS Pipeline by the Laggan-Tormore Import Production Flowline No.1 at the West 2 Location | 11 March 2011 |
| 5. | Pipeline Proximity Agreement in respect of the proximity of the EOSPS Pipeline by the Laggan-Tormore Import Production Flowline No.2 | 11 March 2011 |
| 6. | Pipeline Crossing Agreement in respect of the crossing of the EOSPS Pipeline by the Laggan-Tormore Import Production Flowline No.2 at the West 2 Location | 11 March 2011 |
| 7. | EOSPS Cross-User Liability Agreement | 1 December 2011 |
| 8. | EOSPS Transportation Agreement for the Transportation of Shipper Gas | 1 December 2011 |

| | | |
|---|---|---|
| 9. | Pipeline Proximity Agreement in respect of the proximity of the EOSPS Pipeline by the Laggan-Tormore 8"/2" Flowline | 2 March 2012 |
| 10. | Pipeline Proximity Agreement in respect of the proximity of the EOSPS Pipeline by the Laggan-Tormore Umbilical Flowline | 2 March 2012 |
| 11. | Pipeline Crossing Agreement in respect of the crossing of the EOSPS Pipeline by the Laggan-Tormore Umbilical Flowline at the West 2 Location | 2 March 2012 |
| 12. | Pipeline Crossing Agreement in respect of the crossing of the EOSPS Pipeline by the Laggan-Tormore 8"/2" Flowline at the West 2 Location | 2 March 2012 |
| 13. | Letter Agreement: Funding of Study Works in respect of the proposed EOSPS to SIRGE crossover within the boundaries of the Sullom Voe Terminal | 17 August 2012 |
| 14. | Confidentiality and IP Agreement | 17 August 2012 |
| 15. | Letter Agreement relating to the funding of study works in respect of the proposed EOSPS to SIRGE crossover within the boundaries of the Sullom Voe Terminal | 14 March 2013 |

**Northern Leg Gas Pipeline**

| No. | Agreement | Date |
|---|---|---|
| **OPERATING AGREEMENTS** | | |
| 1. | Northern Leg Gas Pipeline Participants Agreement | 23 December 1981 |
| 2. | Operating Services Agreement supplemental to the Northern Leg Participants Agreement | 15 January 1988 (*effective from 31 December 1983*) |
| **TRANSPORTATION AGREEMENTS** | | |
| 3. | Agreement for the Transportation and Processing of Northern Leg Gas/NGL in the FLAG System | 23 December 1981 |
| 4. | Agreement for Admission of Statfjord UK Field to the Northern Leg Gas Pipeline | 22 December 1983 |
| 5. | NLGP Transportation Agreement in respect of the transportation of Operations Gas | 18 December 2015 |
| **PROXIMITY AND CROSSING AGREEMENTS** | | |
| 6. | Proximity Agreement in respect of the Magnus Pipeline and the NLGP | 16 July 2001 |
| 7. | Pipeline Crossing Agreement in respect of the 20" Northern Leg Gas Pipeline by the 20" East of Shetland Gas Pipeline | 17 July 2001 |

| | | |
|---|---|---|
| 8. | Crossing Agreement in respect of the crossing of the Northern Leg Gas Pipeline by the Brent Charlie to Dunlin Alpha Submarine Power Cable | 3 September 2001 |
| 9. | Proximity Agreement in respect of the Penguin PIP Pipeline, the Penguin Gas Lift Pipeline, the Penguin Control Umbilical and the Northern Leg Gas Pipeline | 20 March 2002 |
| 10. | Pipeline Crossing Agreement in respect of the Penguin PIP Pipeline, the Penguin Gas Lift Pipeline, the Penguin Control Umbilical crossing the Statfjord B Gas Pipeline and the Statfjord Control Umbilical | 22 March 2002 |
| 11. | Proximity Agreement in respect of the conduct of survey work in proximity to the Northern Leg Gas Pipeline | 8 January 2009 |
| 12. | Proximity Agreement in respect of the conduct of survey work in Proximity to the Northern Leg Gas Pipeline | 27 April 2011 |
| 13. | Proximity Agreement in respect of a series of valve testings on the WLGP SSIV in proximity to the NLGP in connection with the Brent Bypass Project | 28 May 2012 |
| 14. | Proximity Agreement in respect of the conduct of an ROV Inspection and Function Test of the Thistle SSIV on the Thistle NLGP | 4 July 2012 |
| 15. | Proximity Agreement in respect of the conduct of an ROV survey in proximity to the Northern Leg Gas Pipeline | 22 November 2012 |
| 16. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Magnus Platform | 20 December 2012 |
| 17. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Murchison Platform | 20 December 2012 |
| 18. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Thistle Platform | 20 December 2012 |
| 19. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Thistle Platform | 27 March 2013 |
| 20. | Pipeline Proximity Agreement in respect of an ROV survey in proximity to the Northern Leg Gas Pipeline | 5 July 2013 |
| 21. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Murchison Platform (*ROV survey within 500m zone of Murchison*) | 11 July 2013 |
| 22. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Statfjord B Platform | 15 July 2013 |
| 23. | Proximity Agreement in respect of the conduct of subsea caisson recovery works in proximity to the Northern Leg Gas Pipeline | 17 July 2013 |
| 24. | Pipeline Proximity Agreement in respect of inspection maintenance and repair work in proximity to the Northern Leg Gas | 18 July 2013 |

| | | |
|---|---|---|
| | Pipeline (*wet storage of caisson 43-003 and installation of caisson 43-002 within the Brent Alpha Platform 500m zone*) | |
| 25. | Pipeline Proximity Agreement in respect of inspection maintenance and repair work in proximity to the Northern Leg Gas Pipeline (*to retrieve caisson 43-003 within the Brent Alpha Platform 500m zone*) | 18 July 2013 |
| 26. | Pipeline Proximity Agreement in respect of inspection maintenance and repair work in proximity of the Northern Leg Gas Pipeline (*to retrieve caisson 43-004 within the Brent Alpha Platform 500m zone*) | 18 July 2013 |
| 27. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Proximate Facilities (*PL1902, PL2228 and PLU1903*) | 18 July 2013 |
| 28. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Brent Alpha Platform | 18 July 2013 |
| 29. | Proximity Agreement in respect of the conduct of repair and inspection works in proximity to the Northern Leg Gas Pipeline System | 23 September 2013 |
| 30. | Proximity Agreement in respect of the conduct of inspection works in proximity to the Northern Leg Gas Pipeline | 24 February 2014 |
| 31. | Proximity Agreement in respect of the conduct of survey work in proximity to the Northern Leg Gas Pipeline | 15 July 2014 |
| **CONFIDENTIALITY AGREEMENTS** | | |
| 32. | Confidentiality Agreement | 22 February 2011 |
| 33. | Confidentiality Agreement | 29 November 2013 |
| 34. | Confidentiality Agreement | 16 December 2014 |
| **MISCELLANEOUS** | | |
| 35. | Agreement for Thistle Import of Fuel Gas from NLGP | 1 July 1991 |
| 36. | Magnus EOR Project Letter Agreement | 6 September 2000 |
| 37. | Letter agreement relating to the funding of planning work in respect of the proposed tie-in of the Dunlin Platform to the Northern Leg Gas Pipeline for the purpose of fuel gas extraction | 12 August 2008 |
| 38. | Contract for Provision of Control Room and Hydrocarbon Accounting Services to the Northern Leg Gas Pipeline | 16 January 2013 |
| 39. | Installation and Access Agreement in relation to pig receiver installation on Brent 'A' | 7 November 2013 |

| | | |
|---|---|---|
| 40. | Funding Agreement in respect of the amendment to the Allocation Services Agreement and the NLNS allocation system and the Statfjord Work | 7 March 2014 |
| 41. | Northern Leg Gas Pipeline and Brent 'A' Platform Pigging Services Agreement | 30 April 2014 |
| 42. | Cost Share Agreement in respect of the Brent Bypass Project (in respect of the Seller's capacity as NLGP Operator and as a NLGP Owner) | 15 July 2016 |
| 43. | Bypass Principles Letter Agreement (in respect of the Seller's capacity as NLGP Operator and as a NLGP Owner) | 15 July 2016 |
| 44. | Letter Agreement re. NLGP TPA Amendment (in respect of the Seller's capacity as NLGP Operator and as a NLGP Owner) | 15 July 2016 |
| 45. | Brent Bypass Agreement (in respect of the Seller's capacity as NLGP Operator and as a NLGP Owner) | 14 October 2016 |
| 46. | Pigging Services Letter Agreement in the BA (in respect of the Seller's capacity as NLGP Operator and as a NLGP Owner) | 14 October 2016 |
| 47. | Sale and Purchase Agreement in respect of part of the Northern Leg Gas Pipeline | 14 October 2016 |

## Part C – Seller Retained Agreements

| No. | Agreement | Date |
|---|---|---|
| **SULLOM VOE TERMINAL OPERATING AGREEMENT** | | |
| 1. | Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sales and Services Agreement | 6 September 2000 |
| 2. | Engineering Services Agreement in relation to Magnus Enhanced Oil Recovery Project | 6 September 2000 |
| 3. | Specified Pipe Letter Agreement | 6 September 2000 |
| 4. | Tripartite Agreement in respect of assets relating to the Magnus and East Foinaven Fields together with the West of Shetland Pipeline System, Northern Leg Gas Pipeline System, Ninian Pipeline System and Sullom Voe Terminal together with Letters of Credit including Letters of Credit with references S0126341002 and S0126331002 | 28 November 2003 |
| 5. | Trust Deed relating to the Sullom Voe Terminal Operating Agreement | 18 December 2003 |
| 6. | Trust Deed relating to the Magnus Joint Operating Agreement | 18 December 2003 |
| 7. | Trust Deed relating to the Ninian Pipeline Operating Agreement | 18 December 2003 |
| 8. | Trust Deed relating to the Northern Leg Gas Pipeline Agreement | 18 December 2003 |
| 9. | EOSPS Transportation Agreement for the Transportation of Shipper Gas | 1 December 2011 |
| 10. | MEOR Study Letter Agreement - MEOR Enhancements (Safety) | 9 June 2016 |
| 11. | MEOR Study Letter Agreement - MEOR Enhancements (Expansion) | 9 June 2016 |

## SCHEDULE 2
## CONSIDERATION ADJUSTMENTS AND PAYMENT MECHANISM

**(Clause 3)**

### Part A
### Consideration Adjustments

**1. DEFINITIONS**

1.1 For the purposes of this Schedule 2 and this Agreement:

"**Accruals**" means either: (i) in respect of the Magnus Interest, the costs and liabilities accrued by the Seller in the Magnus Account but unpaid as at the Economic Date; or (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the costs and liabilities attributable to such Interests accrued to each Joint Account but unpaid as at the Economic Date (which shall include all tariff amounts accrued in relation to Petroleum export routes), excluding in each such case any Liabilities comprised within the Seller Retained Claims

"**Accruals Basis**" means that basis of accounting under which costs and benefits are regarded as applicable to the period on which the cost is incurred or the right to the benefit arises, regardless of when invoiced, paid or received

"**Actual Adjustment Amount**" shall be an amount equal to:

(a) the Base Consideration Interest;

(b) plus (if the Working Capital Adjustment Amount is determined to be a net asset) or minus (if the Working Capital Adjustment Amount is determined to be a net liability) the Working Capital Adjustment Amount;

(c) plus (if the Working Capital Adjustment Amount is determined to be a net asset) or minus (if the Working Capital Adjustment Amount is determined to be a net liability) the Working Capital Adjustment Amount Interest;

(d) plus the Payments/Expenditure Adjustment Amount;

(e) plus the Payments/Expenditure Adjustment Amount Interest;

(f) plus the Non-JV Transition Costs Adjustment Amount;

(g) plus the Non-JV Transition Costs Adjustment Amount Interest;

(h) minus the Non-Petroleum Receipts Adjustment Amount;

(i) minus the Non-Petroleum Receipts Adjustment Amount Interest;

(j) minus the Petroleum Sales Adjustment Amount;

(k) minus the Petroleum Sales Adjustment Amount Interest;

(l) minus the Notional PRT Adjustment Amount;

(m) plus (if the CT Adjustments Amount is determined to be a positive amount) or minus (if the CT Adjustments Amount is determined to be a negative amount) the CT Adjustments Amount

"**Base Consideration Interest**" means an amount equivalent to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on the Base Consideration from the Economic Date up to the Calculation Time

"**Calculation Time**" means 11.59 p.m. on the day immediately prior to the Completion Date

"**Cash Basis**" means the basis of accounting under which costs and benefits are regarded as attributable to the period in which the related cash is paid or received, or other time-written costs or Petroleum actually transfer, regardless of when liability to the cost is incurred or the right to the benefit arises

"**CT Adjustments**" has the meaning given to it in paragraph 3.1 of part A of this Schedule 2

"**CT Adjustments Amount**" means the aggregate amount of the positive CT Adjustments minus the aggregate amount of the negative CT Adjustments

"**Draft Final Completion Statement**" has the meaning given to it in paragraph 1, part D of this Schedule 2

"**Insurance Premia**" means an amount of two hundred and fifty thousand US Dollars (US$250,000) per Month deemed have been paid by the Seller at the end of each Month during the Interim Period (pro-rated on a daily basis for any part-Month period)

"**Interim Period**" means the period from and including 00:01 a.m. on the Economic Date up to and including the Calculation Time

"**Joint Account**" means the joint account held by the Operator in accordance with each of the Operating Agreements, and "**Joint Accounts**" shall mean all of them

"**Joint Interest Billings**" means the billings issued by an Operator under the Operating Agreements as these relate to the NLGP Interest, the SVT Interest, and the NPS Interest

"**JV Transition Costs**" means all costs incurred by the Seller as a result of the transfer of the operatorship of SVT, NPS and NLGP to the Buyer and which are approved by the Relevant Third Parties as chargeable to any of the Joint Accounts

"**Liquid Stocks**" means Petroleum which has been produced from the Magnus Field and the Magnus South Field before the Economic Date which is stored and has not been sold by the Seller at the Economic Date, including Petroleum that is in tanks (operational), but excluding Dead Stock and Oil in Pipelines

"**Magnus Account**" means the Seller's accounting books and records for the Magnus Interest where costs, income, assets and liabilities of the Seller relating to the Magnus Interest are recorded, charged or credited (in a manner which is consistent with the accounting procedure in the Magnus Joint Operating Agreement)

"**Nominal Cost Non-Petroleum Inventory**" means those items of Non-Petroleum Inventory where such item has an original unit cost less than US$10,000 (or equivalent value in local currency at the time of its acquisition)

"**Non-JV Transition Costs Adjustment Amount**" means an amount equal to the sum of all costs incurred by the Seller (including those costs incurred by the Buyer and reimbursed by the Seller pursuant to and in accordance with each of the relevant Transfer of Operatorship Agreements) as a result of the transfer of the operatorship of the Licence, SVT, NPS and NLGP to the Buyer that are not JV Transition Costs

"**Non-JV Transition Costs Adjustment Amount Interest**" means an amount equivalent to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on each item of expenditure comprised in the Non-JV Transition Costs Adjustment Amount from and including the date such item of expenditure is paid by the Seller up to the Calculation Time

"**Non-Petroleum Inventory**" means the inventory reflected in: (i) in respect of the Magnus Interest, the Magnus Account; or (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the relevant Joint Account, plus all other materials, equipment and supplies held by the Seller at a warehouse, storehouse, vendors' yards or offshore forming part of the Magnus Property or the Joint Property (the identification and value of all such inventory to be determined in accordance with paragraphs 2.1 and 2.3 below), in each case excluding the Nominal Cost Non-Petroleum Inventory

"**Non-Petroleum Inventory Statement**" has the meaning given to it in paragraph 2.3.2 of this part A of Schedule 2

"**Non-Petroleum Receipts Adjustment Amount**" means an amount equal to the aggregate sum of all income and other amounts of any kind, including third party tariff and similar income, received by the Seller in respect of the Interests during the Interim Period (on a Cash Basis) plus the amount of any SVT Cost Share Actualisation, if a receivable (on an Accruals Basis) but excluding: (a) any amount received by the Seller that is included in the Petroleum Sales Adjustment Amount; and (b) any amount that relates to a Seller Retained Claim

"**Non-Petroleum Receipts Adjustment Amount Interest**" means an amount equivalent to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on each receipt comprised in the Non-Petroleum Receipts Adjustment Amount from and including the date such income is received by the Seller up to the Calculation Time

"**Notional CT**" means an amount calculated in accordance with the principles of Corporation Tax which will include SCT

"**Notional PRT**" means an amount calculated in accordance with the principles of PRT

"**Notional PRT Adjustment Amount**" means the amount calculated in accordance with paragraph 4 of part A of this Schedule 2

"**Objection Notice**" has the meaning given to it in paragraph 3, part D of this Schedule 2

"**Other Assets**" means other assets accrued but not received as at the Economic Date (less reasonable provision for any bad debts) in: (i) in respect of the Magnus Interest, the Magnus Account; or (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the relevant Joint Account (which shall include but not be limited to balances unpaid by any Relevant Third Party at the Economic Date), excluding in each such case any Benefits comprised within the Seller Retained Claims, any accrued PRT Receivable or any accrued SVT Withdrawal Amounts (all which shall be for the account of the Seller)

"**Other Liabilities**" means other Liabilities accrued but unpaid as at the Economic Date, other than Accruals and any liabilities relating to the Seller Retained Claims, in either: (i) in respect of the Magnus Interest, the Magnus Account; or (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the relevant Joint Account

"**Payments/Expenditure Adjustment Amount**" means an amount equal to the aggregate sum of:

(a) in respect of the Magnus Interest, all expenditure paid in respect of the Magnus Interest by the Seller which is chargeable to the Magnus Account during the Interim Period (on a Cash Basis);

(b) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, all expenditure paid in respect of Joint Interest Billings for each relevant Interest by the Seller during the Interim Period (on a Cash Basis); and

(c) all other expenditure (and all other costs and expenses) in each case incurred or (in the case of Insurance Premia only) deemed incurred in respect of the Interests by the Seller during the Interim Period (on a Cash Basis) in respect of (i) Transportation and Demurrage Costs and (ii) Insurance Premia and which have not been taken into account in parts (a) or (b) of this paragraph, less, if applicable, any amounts received by the Seller in or towards settlement of claims under any applicable insurance policies in respect of the Interests (excluding any amounts received by the Seller in or towards settlement of any claims where the loss or damage to which such claims relate is in respect of the loss of production income and business interruption) where the loss or damage to which they relate was suffered during the Interim Period (as relevant) (and to the extent that such amounts have not been applied by the Seller towards reinstatement),

but excluding: (i) any Retained Expenditure; (ii) any Seller Decommissioning Amounts; and (iii) any Seller Retained Claims

"**Payments/Expenditure Adjustment Amount Interest**" means an amount equivalent to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) that shall be payable on each item of expenditure comprised in the Payments/Expenditure Adjustment Amount from and including the date such item of expenditure is paid by the Seller up to the Calculation Time

"**Petroleum Sales Adjustment Amount**" means an amount equal to the aggregate sum of all receipts under or in connection with any contract or arrangements for the sale and/or supply of Petroleum from and in relation to the Interests that, following the Economic Date and in respect of any Petroleum which (being oil or NGL products) is entitled to be lifted or (being Natural Gas) is delivered at any time after the Economic Date, are received by or credited to (or deemed to be received by or credited to) the Seller during the Interim Period (on a Cash Basis). For the purposes of this definition, the price realised for any relevant Petroleum shall be deemed to be as set out in paragraph 5 of part A of this Schedule 2

"**Petroleum Sales Adjustment Amount Interest**" means an amount equivalent to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on each receipt comprised in the Petroleum Sales Adjustment Amount from and including the date such income is received by the Seller up to the Calculation Time

"**PRT Receivable**" means any PRT rebates due from HMRC in respect of the Interests but not recovered by the Seller as at the Economic Date

"**Review Period**" has the meaning given to it in paragraph 3, part D of this Schedule 2

"**Seller Decommissioning Amounts**" means any amounts for which the Seller is liable in respect of Decommissioning pursuant to Clause 11

"**SVT Cost Share Actualisation**" means the cost share adjustment attributable to the SVT Interest calculated annually by the Operator of SVT pursuant to the SVTOA

"**Transportation and Demurrage Costs**" means the costs of transportation and demurrage relating to Petroleum that are incurred prior to the time at which such Petroleum either:

(a) in the case of crude oil only, is lifted from SVT; or

(b) in the case of any Petroleum (including crude oil if occurring prior to the lifting referred to in (a)), ceases to be owned by the Seller,

excluding any such costs that are separately accounted for in any sales receipts received by the Seller

"**Working Capital Adjustment Amount**" means an amount equal to:

(a) the sum of the amounts of any VAT Receivable, Other Assets, Liquid Stocks and Non-Petroleum Inventory as at the Economic Date; minus

(b) the sum of the amounts of any VAT Payable, Accruals and Other Liabilities as at the Economic Date

"**Working Capital Adjustment Amount Interest**" means an amount equivalent to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on the Working Capital Adjustment Amount for the Interim Period

"**Valuer**" has the meaning given to it in paragraph 2.3 of this part A of Schedule 2

"**VAT Payable**" means VAT due to HMRC in respect of the Interests but not paid by the Seller as at the Economic Date

"**VAT Receivable**" means VAT due from HMRC in respect of the Interests but not recovered by the Seller as at the Economic Date

***Currency conversion***

1.2 Any amounts comprising the Non-Petroleum Receipts Adjustment Amount, the Petroleum Sales Adjustment Amount, the Payments/Expenditure Adjustments Amount and the Non-JV Transition Costs Adjustment Amount shall, on the date such amounts are either received or paid by the Seller, and if not already so denominated, be converted into US Dollars at the applicable Conversion Rate. Amounts comprising the Working Capital Adjustment Amount shall, if not already so denominated, be converted into US Dollars at the Conversion Rate applying on the Economic Date.

## 2. WORKING CAPITAL ADJUSTMENT AMOUNTS – VALUATION PROVISIONS

***Valuation of certain elements***

2.1 The amounts for preparation of the Working Capital Adjustment Amount shall be derived from: (i) in respect of the Magnus Interest, the Magnus Account; and (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the relevant Joint Interest Billings, with the exception of Liquid Stocks and in respect of the Magnus Interest alone, Non-Petroleum Inventory, which shall be valued in accordance with paragraphs 2.2 and 2.3 below.

2.2 Any Liquid Stocks shall be valued on the same basis as Petroleum accounted for in the Petroleum Sales Adjustment Amount.

2.3 Non-Petroleum Inventory relating to the Magnus Interest shall be subject to both identification and valuation by an independent expert. No later than twenty (20) Business Days after the date of this Agreement, the Parties shall agree upon the appointment of a qualified valuer of international reputation and standing in the oil and gas industry ("**Valuer**"). If the Parties are

unable to agree upon the identity of such valuer by such date, the Parties shall request that one of Ernst & Young, PwC, Deloitte or KPMG (to be chosen by the Seller) shall appoint a Valuer on the Parties' behalf. Paragraphs 5(a), 8, 9, 11, 12, 14, 15 and 16 of part D of this Schedule 2 shall apply to the Valuer's appointment mutatis mutandis (and references in such paragraphs to "Draft Final Completion Statement" shall be replaced by "Non-Petroleum Inventory Statement", "Independent Accountant" by "Valuer" and "Disputed Matters" by "Non-Petroleum Inventory relating to the Magnus Interest"). Notwithstanding the foregoing, the Valuer, however so appointed, shall act on the following basis:

2.3.1 subject to the rest of this paragraph, the costs of the Valuer, including the fees and expenses of the Valuer, shall be borne equally by the Seller and the Buyer;

2.3.2 as soon as practicable after his appointment (and in any event no later than thirty (30) days after the date of such appointment), the Valuer shall prepare a statement (the "**Non-Petroleum Inventory Statement**"):

(a) identifying the materials, equipment and supplies that comprise the relevant Non-Petroleum Inventory; and

(b) valuing the relevant Non-Petroleum Inventory at its market value in the state and condition of each item of Non-Petroleum Inventory and not at its replacement cost; and

2.3.3 notwithstanding the actual date of valuation, the Valuer shall be instructed to value the relevant Non-Petroleum Inventory as at the Economic Date and to adjust his valuation accordingly to reflect the valuation of such Non-Petroleum Inventory as it would have been at the Economic Date and the Sellers shall cooperate by making available to the Valuer all necessary data, documents and records which are required by the Valuer in this regard.

To the extent any items of Non-Petroleum Inventory relating to the Magnus Interest are found by the Seller after identification and valuation is carried out pursuant to this paragraph 2.3, the Seller shall provide details of such items and if the Buyer wishes to take delivery of such items then the Valuer shall be instructed to value such items at their market value at that time and the Seller shall deliver such items to the Buyer at Completion in return for the payment by the Buyer of such amount determined by the Valuer. To the extent that the Buyer does not wish to take delivery of such further items then the Seller shall retain such items and the Buyer agrees that it shall have no interest in such items.

Nominal Cost Non-Petroleum Inventory shall not be subject to identification or valuation by the Valuer. Title to any Nominal Cost Non-Petroleum Inventory items stored or kept offshore (including on the Magnus platform) or at SVT shall pass to the Buyer at Completion. All other Nominal Cost Non-Petroleum Inventory items shall, unless otherwise requested by the Buyer (in which case these items shall be delivered to the Buyer (at its cost) at Completion), be retained by the Seller.

***Accounting Policies***

2.4 The Working Capital Adjustment Amount under this Schedule shall be prepared in accordance with the accounting policies, principles, practices, evaluation rules, categorisations, procedures, techniques, methods and bases adopted by: (i) in respect of the Magnus Account, the Seller (acting in accordance with the terms of the Magnus Joint Operating Agreement); and (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the Operator in the

preparation of the relevant Joint Account, including in each case as they relate to the exercise of accounting discretion and judgement as at the Economic Date.

## 3. CT ADJUSTMENTS

3.1 The Parties recognise that adjustments to the Base Consideration under this paragraph 3 of part A of this Schedule 2 (the "**CT Adjustments**") are notional adjustments, as opposed to actual payments of, reliefs from or reductions in CT liabilities. For the purpose of calculating these notional adjustments it shall be assumed that the Seller and the Buyer are single companies with no brought forward losses who are paying CT at both the standard rate for ring fence trades and supplementary charge applicable for the period concerned.

3.2 Each of the Seller and the Buyer undertakes to provide written advice to the other of any event giving rise to any CT Adjustment within thirty (30) days of becoming aware of such an event. This advice will include a copy of such documentary evidence as is reasonably deemed to be necessary by the receiving Party to verify the adjustment.

3.3 The Seller and the Buyer shall each submit their respective CT return for the accounting period in which Completion takes place on the basis that the Seller is liable to CT on the income generated by the Interests up to the Completion Date and the Buyer is liable to CT on the income generated by the Interests after the Completion Date.

3.4 Positive amounts shall be computed by applying Notional CT to:

3.4.1 any receipts taken into account for the purposes of the Petroleum Sales Adjustment Amount; and

3.4.2 any income or other receipts taken into account for the purposes of the Non-Petroleum Receipts Adjustment Amount,

in each case to the extent the relevant receipt, income or amount is subject to (or deductible for the purposes of) CT.

3.5 Negative amounts shall be computed by applying Notional CT to any amounts taken into account for the purposes of the Payments/Expenditure Adjustment Amount (to the extent such amounts are subject to (or deductible for the purposes of) CT). The Notional CT in this paragraph shall be calculated on a Cash Basis with reference to the Payments/Expenditure Adjustment Amount and then adjusting for the movements in the working capital balances related to that Payments/Expenditure Adjustment Amount during the Interim Period.

## 4. PRT ADJUSTMENTS

4.1 The Notional PRT Adjustment Amount shall be computed by applying Notional PRT to:

4.1.1 any receipts taken into account for the purposes of the Petroleum Sales Adjustment Amount;

4.1.2 plus any income or other receipts taken into account for the purposes of the Non-Petroleum Receipts Adjustment Amount; and

4.1.3 minus any amounts taken into account for the purposes of the Payments/Expenditure Adjustment Amount,

in each case to the extent the relevant receipt, income or amount is subject to (or deductible for the purposes of) PRT.

4.2 The application of Notional PRT to any amount determined by paragraphs 4.1.1 to 4.1.3 (inclusive) above (the **"Determined Amount"**) shall, where the Determined Amount is a negative number, assume that the Determined Amount can be carried back and set against profits subject to PRT in any previous accounting in the same manner as set out in section 7(2) of the Oil Taxation Act 1975.

4.3 The Notional PRT in paragraph 4.1 shall be calculated on a Cash Basis with reference to the Payments/Expenditure Adjustment Amount and then adjusting for the movements in the working capital balances related to that Payments/Expenditure Adjustment Amount during the Interim Period.

**5. PRICE REALISATION FOR ANY RELEVANT PETROLEUM**

5.1 The price applicable to any sale of crude oil shall be taken to be the arithmetic average of the market value for Brent blend as calculated in accordance with Statutory Instrument 2006/3313 for Category 1 Crude applicable to the Month of sale;

5.2 The price applicable to any sale of NGL shall be:

5.2.1 for propane, the Argus North Sea LPG Index (ANSI) for Propane as published in the Argus International LPG Report under International Comparisons on the last Business Day of the Month prior to the Month of sale;

5.2.2 for butane, the Argus North Sea LPG Index (ANSI) for Butane as published in the Argus International LPG Report under International Comparisons on the last Business Day of the Month prior to the Month of sale; and

5.2.3 for condensate, the mean of the high and low quotations for the Month of sale for naphtha physical under the heading Naphtha CIF NEW ARA as published in Platts European Marketscan minus US$12 per metric tonne; and

5.2.4 for ethane, ("*P*") shall be calculated as follows:

$P = H - N$

Where:

*H* is the Monthly Heren Index; and

*N* are the NTS Entry Charges

5.3 The price applicable to any sale of Natural Gas ("*A*") in respect of a Day shall be calculated as follows:

$A = (DQ \times NGCP) - R$

*where:*

*DQ* *is the Delivered Quantity;*

*NGCP* *is the Natural Gas Contract Price; and*

*R* *are the Relevant Deductions*

5.4 For the purposes of this paragraph 5:

**"Argus D-1 Bid"** means, in respect of a Day that is a Business Day, the day ahead bid price for Natural Gas at the NBP for that Day in pence per Therm and in respect of a Day that is not a Business Day, the weekend bid price for Natural Gas at the NBP for that Day in pence per

Therm as published, in each case, by Argus Media Limited on the Business Day immediately preceding the relevant Day

"**Day**" means a period commencing at 06:00 hours on a day and ending at 06:00 hours on the following day

"**Delivered Quantity**" means, in respect of a Day, the aggregate quantity of the Natural Gas produced by the Magnus Interest and delivered by or on behalf of the Seller to the Delivery Point on that Day. Such quantity is to be calculated by the Seller and finally agreed in accordance with part D of this Schedule 2

"**Delivery Point**" means the last flange, weld or mark on any of the pipelines delivering Natural Gas from any of the St. Fergus Natural Gas sub-terminals to the NTS

"**Entry Capacity Price Allowance**" means any and all amounts paid by the Seller to BP Gas Marketing Limited ("**BPGM**") in order to reimburse BPGM for any NTS Entry Capacity Charges paid to the TSO in relation to any Delivered Quantity

"**Excess Cashout**" means, where the Delivered Quantity is in excess of the PNQ, the greater of:

(a) the value of the Excess Gas multiplied by the Excess Natural Gas Contract Price; and

(b) zero (0)

"**Excess Gas**" means the difference between the Delivered Quantity and the PNQ

"**Excess Natural Gas Contract Price**" means the Natural Gas Contract Price minus the System Marginal Sell Price

"**Heren D-1 Bid**" means, in respect of a Day that is a Business Day, the day ahead bid price for Natural Gas at the NBP for that Day in pence per Therm and in respect of a Day that is not a Business Day, the weekend bid price for Natural Gas at the NBP for that Day in pence per Therm as published, in each case, by ICIS Heren Ltd. in "Heren European Spot Gas Markets" on the Business Day immediately preceding the relevant Day

"**Joule**" shall have the meaning set out in ISO 1000 - 1992 (E)

"**Megajoule**" means one million (1,000,000) Joules

"**Monthly Heren Index**" means the Heren Monthly Index for gas at the NBP for the relevant Month in pence per Therm in the table 'Heren Monthly Indices' published by ICIS Heren Ltd. In "Heren European Spot Gas Markets"

"**Natural Gas Contract Price**" means the average of Heren D-1 Bid and Argus D-1 Bid

"**NBP**" means the National Balancing Point in the National Transmission System or "**NTS**"

"**NTS Entry Commodity Charges**" means any and all charges charged by the TSO to the Seller (or an Affiliate of the Seller) in respect of the NTS SO Commodity Charge and the NTS TO Entry Commodity Charge (each as defined in the UNC TPD – Section Y) and relating to the Delivered Quantity

"**NTS Entry Capacity Charges**" has the meaning given to it in the UNC TPD – Section Y

"**NTS Entry Charges**" means the sum of the NTS Entry Capacity Charges and the NTS Entry Commodity Charges as calculated by the Seller (and finally agreed in accordance with part D of this Schedule 2), converted into pence per Therm and rounded to six (6) decimal places

"**PNQ**" or "**Processed Nomination Quantity**" means the quantity of Natural Gas derived from the nomination that is made to the TSO no later than 15:00 hours on the Business Day before the Day of delivery

"**Relevant Deductions**" means the total value, per Therm, of any of the:

(a) NTS Entry Commodity Charges;

(b) Scheduling Charges;

(c) Excess Cashout or Shortfall Cashout (as relevant);

(d) Entry Capacity Price Allowance; and

(e) Service Level Fee

"**Scheduling Charges**" has the meaning given to it in the UNC TPD – Section F

"**Service Level Fee**" means zero point two three pence (£0.23) per Therm

"**Shortfall Cashout**" means, where the Delivered Quantity is less than the PNQ, the greater of:

(a) the value of the Shortfall Gas multiplied by the Shortfall Natural Gas Contract Price; and

(b) zero (0)

"**Shortfall Gas**" means the difference between the PNQ and the Delivered Quantity

"**Shortfall Natural Gas Contract Price**" means the System Marginal Buy Price minus the Natural Gas Contract Price

"**System Marginal Buy Price**" has the meaning given to it in the UNC TPD – Section F

"**System Marginal Sell Price**" has the meaning given to it in the UNC TPD– Section F

"**Therm**" means one hundred and five decimal five zero five six (105.5056) Megajoules

"**TSO**" means the Transmission System Operator from time to time, which at the date of this Agreement, is National Grid

"**UNC TPD**" means the Uniform Network Code Transmission Principal Document

**Part B**

**Completion Payment Statement**

The Completion Payment Statement shall be substantially in the form set out below:

| | |
|---|---|
| Base Consideration | US$85,000,000 |
| Provisional Adjustment Amount | [+ / -]US$[•] |
| **Completion Payment** | **[+ / -]US$[•]** |

**Part C**

**Final Completion Statement**

The Final Completion Statement shall be substantially in the form set out below:

| Item | Sub-item | Amount (US$) |
|---|---|---|
| **Part A: Actual Adjustment Amount** | | |
| Base Consideration Interest | | [•] |
| Working Capital Adjustment Amount | **Assets** | |
| | Other Assets | [•] |
| | Non-Petroleum Inventory | [•] |
| | VAT Receivable | [•] |
| | Liquid Stocks | [•] |
| | **Liabilities** | |
| | Accruals | [•] |
| | Other Liabilities | [•] |
| | VAT Payable | [•] |
| | **Total** | [•] |
| Working Capital Adjustment Amount Interest | | [•] |
| Payments/Expenditure Adjustment Amount | | [•] |
| Payments/Expenditure Adjustment Amount Interest | | [•] |
| Non-JV Transition Costs Adjustment Amount | | [•] |
| Non-JV Transition Costs Adjustment Amount Interest | | [•] |
| Non-Petroleum Receipts Adjustment Amount | | [•] |
| Non-Petroleum Receipts Adjustment Amount Interest | | [•] |
| Petroleum Sales Adjustment Amount | | [•] |
| Petroleum Sales Adjustment Amount Interest | | [•] |
| Notional PRT Adjustment Amount | | [•] |

| Item | Sub-item | Amount (US$) |
|---|---|---|
| CT Adjustments Amount | | [•] |
| Actual Adjustment Amount | | [•] |
| Provisional Adjustment Amount | | [•] |
| **Part B: Completion Consideration** | | |
| Base Consideration | | [•] |
| Actual Adjustment Amount | | [•] |
| Completion Consideration | | [•] |

## Part D
## Final Completion Statement

**Preparation of the Draft Final Completion Statement**

1. As soon as reasonably practicable, and in any event no later than ninety (90) days following Completion (not including the Completion Date), the Seller shall provide the Buyer with a draft of the Final Completion Statement (the "**Draft Final Completion Statement**"), together with reasonable supporting evidence of the Seller's calculations.

2. The Draft Final Completion Statement shall be presented in the form set out in part C of this Schedule 2 and shall be prepared in accordance with the following:

   (a) the accounting principles, policies, estimation techniques, methodologies, treatments, practices and categorisations which were applied by: (i) in respect of the Magnus Interest, the Seller (in a manner which is consistent with the accounting procedure in the Magnus Joint Operating Agreement); and (ii) in respect of the NLGP Interest, the NPS Interest or the SVT Interest, the Operator in respect of these Interests on the Economic Date;

   (b) any amounts not already expressed in US Dollars shall be converted from the relevant currency into US Dollars at the Conversion Rate on the date on which the relevant such item was paid or received; and

   (c) unless stated to the contrary in part A of this Schedule 2, all calculations shall be made on a Cash Basis in accordance with accounting principles generally accepted in the oil and gas industry in the United Kingdom at the date of this Agreement and such principles shall be consistently applied for the purposes of any and all disputes between the Parties, other than the calculation of the Working Capital Adjustment Amount which shall be done on an Accruals Basis.

3. The Draft Final Completion Statement shall be deemed to have been accepted by the Parties as the Final Completion Statement as at the expiry of a period of sixty (60) days after receipt of the Draft Final Completion Statement by the Buyer (the "**Review Period**") unless, prior to the expiry of the Review Period, the Buyer delivers to the Seller notice that the Draft Final Completion Statement is not agreed (an "**Objection Notice**") specifying: (i) the item or items disputed; (ii) a summary of its reasons for disputing such item(s); and (iii) a restatement of the Draft Final Completion Statement showing how, in the Buyer's opinion, it should be adjusted for the item(s) disputed. The Non-Petroleum Inventory Statement (or any part thereof) shall not be the subject of any dispute. Except for the disputed item(s) specified in the Objection Notice, the Buyer shall be deemed to have agreed all other item(s) in the Draft Final Completion Statement.

4. If:

   (a) the Buyer and the Seller resolve (by agreement in writing) the matters raised in the Objection Notice in the thirty (30) days following receipt of the Objection Notice (not including the date of receipt) by the Seller, the Draft Final Completion Statement (adjusted, if applicable, as agreed by the Buyer and the Seller) will be deemed to have been accepted by the Parties as the Final Completion Statement;

   (b) the Seller and the Buyer are unable to reach an agreement on any disputed item or items within thirty (30) Business Days of the Objection Notice being received by the Seller, the Seller or the Buyer may notify the other in writing (the "**Expert Determination Notice**") that the dispute concerning such item(s) of the Objection

Notice as remains in dispute ("**Disputed Matters**") shall be referred for resolution, pursuant to this paragraph and paragraphs 5 to 15 (inclusive), by a member or partner of an independent internationally recognised firm of chartered accountants (the "**Independent Accountant**"), to be appointed (in default of nomination by agreement between the Seller and the Buyer within ten (10) Business Days of the date of receipt of the Expert Determination Notice by the non-serving Party) by the President for the time being of the Institute of Chartered Accountants of England and Wales. The Independent Accountant shall have at least ten (10) years of experience of valuing international oil and gas assets at one or more internationally recognised accounting firms. The Independent Accountant shall act as an expert, and not as an arbitrator, in making his/her determination (the "**Expert Determination**") and Clauses 14.25 and 14.26 shall not apply to any dispute that arises in relation to the Draft Final Completion Statement. Neither the Arbitration Act 1996 nor any earlier or later enactments on arbitration shall apply.

5. Within ten (10) Business Days of the Independent Accountant confirming in writing his or her appointment to act as expert, the Buyer and the Seller shall:

(a) enter into an appropriate form of appointment of the Independent Accountant as soon as reasonably practicable (and in any event within ten (10) Business Days following such confirmation) acting reasonably in agreeing the terms and conditions of such appointment, including in respect of fees and any exclusions and limitations of liability where it can be reasonably demonstrated that such terms and conditions reflect market standard provisions for such appointments. In the event of any failure to agree such terms and conditions within such ten (10) Business Day period, the Seller shall be entitled to appoint the Independent Accountant on behalf of both the Buyer and the Seller and to agree such terms and conditions (to reflect customary provisions for such appointments where possible) with the Independent Accountant as it shall determine, provided that such terms and conditions do not conflict with the provisions of this part D of Schedule 2; and

(b) each prepare and deliver to the Independent Accountant (with a copy to the other Party): (i) its written statement addressing the Disputed Matters; and (ii) any documents that Party relies upon in support of its position.

6. Except to the extent the Seller and Buyer may agree otherwise, the Independent Accountant shall determine his/her own procedure, provided that the Seller and the Buyer shall procure that the Independent Accountant's procedure shall:

(a) provide for the Buyer and the Seller to make written representations to the Independent Accountant;

(b) provide that there shall be no unilateral communications between the Independent Accountant and either the Seller or the Buyer at any time during the Expert Determination;

(c) require that the Buyer and Seller provide each other with a copy of any written communications they send to the Independent Accountant;

(d) provide that the Independent Accountant, in resolving any disputed item in the Draft Final Completion Statement, does not assign a value to that item that is: (i) greater than the highest value either the Seller or the Buyer claims is payable in relation to the

item in question; or (ii) less than the lowest value either the Seller or the Buyer claims is payable in relation to the item in question;

(e) provide that the Independent Accountant shall keep all information and documents provided to him/her pursuant to the dispute confidential and shall not use the same for any purpose other than the Expert Determination; and

(f) provide that the costs of the Independent Accountant shall be apportioned between the Parties as the Independent Accountant shall decide (and if the Independent Accountant declines to make a decision on this point the Seller and the Buyer shall each pay half) but each Party shall be responsible for its own costs (including the costs and expenses of any other advisers, contractors or agents used by them, respectively) of presenting its case to the Independent Accountant.

7. The Seller and the Buyer shall cooperate with each other in order to:

(a) assist the Independent Accountant to determine his or her procedure in accordance with paragraph 5 of this part D of Schedule 2 (and the Seller and the Buyer shall provide such reasonable assistance to the Independent Accountant as the Independent Accountant may require in order to determine such procedure); and

(b) agree reasonable terms of engagement of the Independent Accountant.

8. The Seller and the Buyer shall each:

(a) make available to the Independent Accountant and to each other materially relevant documents relating to the Interests as are reasonably requested by the Independent Accountant for the purposes of the Expert Determination and shall permit the Independent Accountant and each other to take copies of such documentation; and

(b) provide the Independent Accountant and each other with reasonable access to relevant personnel of the Seller's Group or the Buyer's Group (as applicable) who have knowledge of the Disputed Matters, as reasonably requested by the Independent Accountant for the purposes of the Expert Determination.

9. A Party is not required to comply with paragraph 8 of this part D of Schedule 2 to the extent that to do so would place that Party in breach of an obligation of confidentiality owed by it to a third-party or would cause that Party to lose any benefit of legal professional privilege.

10. In making the Expert Determination, the Independent Accountant shall determine, in respect of the Disputed Matters, only:

(a) whether such disputed item in the Draft Final Completion Statement is required to be adjusted; and

(b) if such an adjustment is required, the amount of such adjustment.

11. The Independent Accountant shall not have the jurisdiction:

(a) to award any form of damages, order specific performance or grant any interim, injunctive or equitable relief; or

(b) to modify or amend any provisions of this Agreement.

12. The Independent Accountant, on his/her own initiative or at the written request of the Buyer or the Seller, may correct any mathematical or typographical errors in the decision, provided any correction is made within fourteen (14) Business Days of the written decision having been received by the Buyer and the Seller.

13. Subject to paragraph 15 of this part D of Schedule 2, the Draft Final Completion Statement, as adjusted (if necessary) to reflect the Independent Accountant's final and binding decision, will be deemed to have been accepted by the Parties as the Final Completion Statement.

14. The Buyer and the Seller agree that subject to paragraph 15 of this part D of Schedule 2, any decision of the Independent Accountant made in accordance with paragraphs 4 to 15 of this part D of Schedule 2:

    (a) shall be conclusive, final and binding on the Parties; and

    (b) may, where permitted and following the expiry of the twenty one (21) Business Days period provided for in paragraph 15 of this part D of Schedule 2, be filed in any court of competent authority and enforced as a final judgment.

15. The Buyer and the Seller may only challenge the Independent Accountant's Expert Determination decision:

    (a) for manifest error or fraud on the part of the Independent Accountant;

    (b) for failure by the Independent Accountant to disclose any relevant interest or duty that could materially prejudice the Expert Determination or materially conflict with the Independent Accountant functioning as expert; or

    (c) for the Independent Accountant having decided a matter that was not either expressly within the jurisdiction of the Independent Accountant pursuant to paragraphs 3 to 15 of this part D of Schedule 2 (inclusive), or otherwise agreed to be within the jurisdiction of the Independent Accountant in writing by the Seller and the Buyer.

    Any challenge of the Independent Accountant's Expert Determination decision must be made within twenty one (21) Business Days of the Buyer and the Seller receiving the Independent Accountant's written Expert Determination decision and Clauses 14.25 and 14.26 shall apply to challenges to the Independent Accountant's Expert Determination decision.

16. All matters concerning the process and result of the determination by the Independent Accountant shall be kept confidential among the Parties and the Independent Accountant.

## Part E
## Final Earn-out Amount

1. Once the Final Completion Statement has been agreed, deemed agreed or determined in accordance with part D of Schedule 2, if:

   (a) the Completion Payment was a negative amount (and accordingly was paid by the Seller to the Buyer at Completion) and:

      (i) the Completion Consideration is greater than the Completion Payment (both expressed as negative numbers), the Seller shall pay to the Buyer the amount of such excess in accordance with paragraph 2 of this part E of Schedule 2 and the Final Earn-out Amount shall be zero;

      (ii) the Completion Consideration is less than the Completion Payment (but is still expressed as a negative number), the Final Earn-out Amount shall be an amount equal to the Completion Consideration minus the Completion Payment (expressed as a negative) and such Final Earn-out Amount shall be recoverable by the Seller pursuant to of part G of Schedule 2;

      (iii) the Completion Consideration is a positive number, the Final Earn-out Amount shall be an amount equal to the Completion Consideration minus the Completion Payment (expressed as a negative) and such Final Earn-out Amount shall be recoverable by the Seller pursuant to of part G of Schedule 2; or

      (iv) the Completion Consideration is equal to the Completion Payment, the Seller shall not be required to make any payment to the Buyer and the Final Earn-out Amount shall be zero; and

   (b) the Completion Payment was a positive amount (and therefore there was no payment from the Seller to the Buyer or from the Buyer to the Seller on Completion) and:

      (i) the Completion Consideration is also a positive amount, the Final Earn-out Amount shall be an amount equal to the Completion Consideration and shall be recoverable by the Seller pursuant to of part G of Schedule 2;

      (ii) the Completion Consideration is a negative amount, the Seller shall pay to the Buyer an amount equal to the Completion Consideration in accordance with paragraph 2 of this part E of Schedule 2 and the Final Earn-out Amount shall be zero; or

      (iii) if the Completion Consideration is zero, the Seller shall not be required to make any payment to the Buyer and the Final Earn-out Amount shall be zero.

2. Where the Seller is required to pay an amount to the Buyer in accordance with paragraphs 1(a)(i) or 1(b)(ii) of this part E of Schedule 2, the Seller shall make such payment within ten (10) Business Days after the date upon which the Final Completion Statement (or relevant items thereof) has been agreed, deemed agreed or determined in accordance with part D of Schedule 2, together with an amount equal to interest at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on any such amount from (but excluding) the Completion Date until (but excluding) the date of payment.

3. Part G of this Schedule 2 shall determine the terms on which the Seller may recover any Final Earn-out Amount due to it, and interest thereon.

4. The Seller and the Buyer agree that any amounts paid by the Seller to the Buyer pursuant to this part E of Schedule 2 are adjustments to elements of the Completion Consideration paid for the Interests and not actual interest on any debt between the Seller and the Buyer, and agree to submit their Corporation Tax returns on that basis.

**Part F**

**Allocation of Completion Consideration**

| | (i)<br>Plant & Machinery relating to the Interests (US$) | (ii)<br>Mineral Exploration & Access relating to the Interests (US$) | (iii)<br>Balance of Interests including Licence (if relevant) (US$) | (iv)<br>Total (US$) |
|---|---|---|---|---|
| Magnus Interest | 1 | 1 | 84,999,995 | 84,999,997 |
| SVT Interest | 1 | 0 | 0 | 1 |
| NLGP Interest | 1 | 0 | 0 | 1 |
| NPS Interest | 1 | 0 | 0 | 1 |
| **Total US$** | **4** | **1** | 84,999,995 | 85,000,000 |

Subject to paragraphs 6 and 10 of Schedule 8, each of the following shall be allocated for tax purposes to the balance of Interests including Licence attributed to the Magnus Interest in column (iii) of the above table:

(a) the Completion Consideration (as adjusted);

(b) any Positive Additional Consideration Amount;

(c) any amount that becomes payable pursuant to a Buyer Claim (however satisfied by the Seller); and

(d) any amount paid under paragraph 27 of Schedule 8.

## Part G
## Post-Completion Earn-out

1. This part G of Schedule 2 shall apply on and from Completion (notwithstanding whether the Final Earn-out Amount is or is deemed to be zero).

***25% Waterfall***

2. All Interests Related Income received by the Buyer from time to time shall be applied as follows:

   (a) first, to reimburse the Seller up to an amount equal to any outstanding Accumulated Interests Seller Costs Amount (and such reimbursement shall be applied first to settle amounts of Seller Magnus Cash Call Contribution or Seller Non-Magnus JOA Billing Contribution which have been extant for the longest period);

   (b) second, to reimburse the Seller up to an amount equal to any outstanding Accumulated Post-Economic Date Cost Amount (and such reimbursement shall be applied first to settle amounts of the Post-Economic Date Cost Amount which have been extant for the longest period);

   (c) third, to pay the Seller up to an amount equal to any outstanding Final Earn-out Reimbursement Amount;

   (d) fourth, to pay Buyer Magnus Cash-Call Payments, Buyer Non-Magnus JOA Billing Payments and Buyer SPV CT Payments (to the extent such amounts are due and have not already been paid by the Buyer pursuant to paragraphs 5, 8 and/or 11 (as applicable));

   (e) fifth, to be retained by the Buyer (the **"Buyer 25% Return Amount"**),

   and any amounts owing to the Seller pursuant to this paragraph 2 shall be paid by the Buyer to the Seller in accordance with clause 7 of the Security Trust and Waterfall Deed (or, following the Security Release Date, within twenty (20) Business Days of the delivery of the relevant Monthly Cashflow Statement).

   If any amount owing to the Seller pursuant to this Agreement is not satisfied pursuant to this paragraph 2 (and, until the Security Release Date, the Security Trust and Waterfall Deed) as a consequence of (and solely as a consequence of) insufficient Interests Related Income being received by the Buyer at the relevant date for payment, non-payment of such amount shall not constitute a breach of this Agreement but shall remain due and outstanding until capable of being satisfied in accordance with this paragraph 2 (and, until the Security Release Date, the Security Trust and Waterfall Deed). If the Magnus COP Date occurs and any amounts owed to the Seller pursuant to this Agreement remain unsatisfied as a consequence of (and solely as a consequence of) insufficient Interests Related Income being received by the Buyer prior to the Magnus COP Date, the Buyer shall have no liability in respect of such amounts and shall have no obligation to pay the Seller any such amounts.

***Buyer Claim Set-off***

3. If any amount becomes finally payable (whether by settlement or judicial determination) by the Seller to the Buyer in respect of a Buyer Claim pursuant to the terms of this Agreement (a **"Buyer Claim Settlement Amount"**), the whole of any such amount shall be applied as follows:

   (a) first, to reduce any outstanding Accumulated Interests Seller Costs Amount;

(b) second, where no Accumulated Interests Seller Costs Amount is outstanding, to reduce any outstanding Accumulated Post-Economic Date Cost Amount; and

(c) third, where no Accumulated Interests Seller Costs Amount or Accumulated Post-Economic Date Cost Amount is outstanding, to reduce any outstanding Final Earn-out Reimbursement Amount,

and the excess of any amount payable in respect of a Buyer Claim which, after the application of parts (a) to (c) of this paragraph 3 has reduced the relevant amounts to zero, shall be payable by the Seller to the Buyer within ten (10) Business Days of the date of the Monthly Cashflow Statement issued for the Month during which such Buyer Claim became finally payable (whether by settlement or judicial determination).

***Monthly Cashflow Statement***

4. Subject to Clauses 14.1 and 14.2 and to any confidentiality obligations by which the Buyer is bound and to the extent permitted by applicable Law, the Buyer shall, concurrently with the issue of the Magnus Operator Statement, submit to the Seller a statement (the "**Monthly Cashflow Statement**") that shall contain the following:

(a) in respect of the Magnus Interest, the Magnus Operator Statement for the same Month;

(b) in respect of the SVT Interest, the NPS Interest and the NLGP Interest and to the extent such information is available to the Buyer, the equivalent information as provided in respect of the SVT Interest, the NPS Interest and the NLGP Interest for each such Interest in that Month;

(c) details of any SPV CT Liability paid to HMRC during the preceding Month; and

(d) as at the final day of the preceding Month:

(i) the outstanding Accumulated Interests Seller Costs Amount (if any);

(ii) the outstanding Accumulated Post-Economic Date Cost Amount (if any);

(iii) the outstanding Final Earn-out Reimbursement Amount (if any); and

(iv) the Aggregate Buyer 25% Return Amount.

***Magnus Cash Call Payments***

5. Subject to paragraph 19 of this part G of Schedule 2, on any Magnus Cash Call Issue Date, if the amount of the Aggregate Buyer 25% Return Amount is:

(a) greater than the amount of such Magnus Cash Call, the Buyer shall pay to the Magnus Operator or the Non-JOA Payment Party (as applicable) the full amount of the Magnus Cash Call by its due date (each such amount payable being a "**Buyer Magnus Cash Call Payment**"); or

(b) less than the amount of such Magnus Cash Call, the Seller shall, at the Buyer's written request and subject to paragraphs 7 and 17 below, pay to the Magnus Operator (in the case of limb (a) of the definition of "Magnus Cash Call") or the Buyer (in the case of amounts due to the Non-JOA Payment Party under limb (b) of the definition of "Magnus Cash Call") the amount of such Magnus Cash Call which exceeds the amount of the Aggregate Buyer 25% Return Amount on the Buyer's behalf by its due date (each such amount payable being a "**Seller Magnus Cash Call Contribution**") (provided that any Seller Magnus Cash Call Contribution shall exclude any amounts

for which the Seller is liable pursuant to Clause 11.1 or clause 16.5 of the Magnus Joint Operating Agreement), and the balance of any Magnus Cash Call (if any) shall be for the Buyer's account (such amount payable by the Buyer also being a "**Buyer Magnus Cash Call Payment**").

6. If the Monthly Cashflow Statement that relates to a Month in respect of which the Seller made a Seller Magnus Cash Call Contribution shows that the amount of such Seller Magnus Cash Call Contribution was:

(a) more than the actual expenditure attributable to the Magnus Interest for such Month, a credit shall arise in respect of the amount of such excess (a "**Magnus Cash Call Contribution Credit**"); or

(b) less than the actual expenditure attributable to the Magnus Interest for such Month, a debit shall arise in respect of the amount of such shortfall (a "**Magnus Cash Call Contribution Debit**"),

provided that, if a Magnus Cash Call Contribution Credit arises that is more than ten per cent. (10%) greater than the actual expenditure attributable to the Magnus Interest for such Month, the Buyer shall immediately refund to the Seller an amount equal to such excess so that the relevant Magnus Cash Call Contribution Credit remains an amount equal to ten per cent. (10%) of the actual expenditure attributable to the Magnus Interest for such Month.

7. If the Seller is requested to make a Seller Magnus Cash Call Contribution by the Buyer pursuant to paragraph 5(b) above and:

(a) a Magnus Cash Call Contribution Credit exists, the amount of such Magnus Cash Call Contribution shall be reduced by the amount of the Magnus Cash Call Contribution Credit (and, if the amount of the Magnus Cash Call Contribution Credit is greater than the relevant Magnus Cash Call, the difference shall remain as a Magnus Cash Call Contribution Credit) and the amount of the Magnus Cash Call corresponding to such Magnus Cash Call Contribution Credit shall be for the account of the Buyer; or

(b) a Magnus Cash Call Contribution Debit exists, the amount of such Seller Magnus Cash Call Contribution shall be increased by the amount of the Magnus Cash Call Contribution Debit.

***Non-Magnus JOA Billing Payments***

8. Subject to paragraph 19 of this part G of Schedule 2, on any Non-Magnus JOA Billing Issue Date, if the amount of the Aggregate Buyer 25% Return Amount is:

(a) greater than the amount of such Non-Magnus JOA Billing, the Buyer shall pay to the relevant Operator or Non-JOA Payment Party (as applicable) the full amount of the Non-Magnus JOA Billing by its due date (each such amount payable being a "**Buyer Non-Magnus JOA Billing Payment**"); or

(b) less than the amount of such Non-Magnus JOA Billing, the Seller shall, at the Buyer's written request and subject to paragraphs 9 and 17 below, pay to the relevant Operator (in the case of limb (a) of the definition of "Non-Magnus JOA Billing") or the Buyer (in the case of amounts due to the Non-JOA Payment Party under limb (b) of the definition of "Non-Magnus JOA Billing") the amount of such Non-Magnus JOA Billing which exceeds the amount of the Aggregate Buyer 25% Return Amount on the Buyer's behalf by its due date (such amount payable being a "**Seller Non-Magnus JOA Billing Contribution**") (provided that any Seller Non-Magnus JOA Billing

Contribution shall exclude any amounts for which the Seller is liable pursuant to Clause 11.1), and the balance of any Non-Magnus JOA Billing (if any) shall be for the Buyer's account (such amount payable by the Buyer also being a "**Buyer Non-Magnus JOA Billing Payment**").

9. If, in the event that the accounting procedure under an Operating Agreement (excluding the Magnus Joint Operating Agreement) is amended to a cash calling procedure, the Monthly Cashflow Statement that relates to a Month in respect of which the Seller made a Seller Non-Magnus JOA Billing Contribution shows that the amount of such Seller Non-Magnus JOA Billing Contribution was:

(a) more than the actual expenditure attributable to the NLGP Interest, NPS Interest or SVT Interest (as applicable) for such Month, a credit shall arise in respect of the amount of such excess (a "**Non-Magnus JOA Billing Contribution Credit**"); or

(b) less than the actual expenditure attributable to the NLGP Interest, NPS Interest or SVT Interest (as applicable) for such Month, a debit shall arise in respect of the amount of such shortfall (a "**Non-Magnus JOA Billing Contribution Debit**"),

provided that, if a Non-Magnus JOA Billing Contribution Credit arises that is more than ten per cent. (10%) greater than the actual expenditure attributable to the NLGP Interest, NPS Interest or SVT Interest (as applicable) for such Month, the Buyer shall immediately refund to the Seller an amount equal to such excess so that the relevant Non-Magnus JOA Billing Contribution Credit remains an amount equal to ten per cent. (10%) of the actual expenditure attributable to the NLGP Interest, NPS Interest or SVT Interest (as applicable) for such Month.

10. If the Seller is requested to make a Seller Non-Magnus JOA Billing Contribution by the Buyer pursuant to paragraph 8(b) above and:

(a) a Non-Magnus JOA Billing Contribution Credit exists, the amount of such Non-Magnus JOA Billing Contribution shall be reduced by the amount of the Non-Magnus JOA Billing Contribution Credit (and, if the amount of the Non-Magnus JOA Billing Contribution Credit is greater than the relevant Non-Magnus JOA Billing, the difference shall remain as a Non-Magnus JOA Billing Contribution Credit) and the amount of the Non-Magnus JOA Billing corresponding to such Non-Magnus JOA Billing Contribution Credit shall be for the account of the Buyer; or

(b) a Non-Magnus JOA Billing Contribution Debit exists, the amount of such Seller Non-Magnus JOA Billing Contribution shall be increased by the amount of the Non-Magnus JOA Billing Contribution Debit.

***SPV CT Liabilities***

11. Subject to paragraph 19 of this part G of Schedule 2, on a SPV CT Payment Reference Date, if the amount of the Aggregate Buyer 25% Return Amount is:

(a) greater than the amount of the relevant SPV CT Liability, the Buyer shall pay (or procure the payment of) the full amount of the SPV CT Liability to HMRC on or before the SPV CT Payment Due Date (each such amount payable being a "**Buyer SPV CT Payment**"); or

(b) less than the amount of such SPV CT Liability:

(i) the Buyer shall notify the Seller of the amount by which the SPV CT Liability exceeds the Aggregate Buyer 25% Amount on such Reference Date (the

"**Seller SPV CT Contribution Amount**") in writing at least fifteen (15) Business Days before the SPV CT Payment Due Date, including reasonable supporting evidence of such amount;

(ii) the Seller shall pay to the Buyer the Seller SPV CT Contribution Amount not less than three (3) Business Days before the SPV CT Payment Due Date (or, if later, ten (10) Business Days from receipt of notification from the Buyer) (each such amount payable being a "**Seller SPV CT Contribution**"), and the balance of any SPV CT Liability (if any) shall be for the Buyer's account (such amount payable by the Buyer also being a "**Buyer SPV CT Payment**").

12. Following receipt of a Seller SPV CT Contribution, the Buyer shall pay (or procure the payment of) the full amount of the SPV CT Liability to which such contribution relates to HMRC as soon as reasonably practicable and in any event by the SPV CT Payment Due Date (if possible).

13. If a Monthly Cashflow Statement shows that the amount of a Seller SPV CT Contribution exceeded:

(a) the amount actually paid to HMRC in respect of the relevant SPV CT Liability; less

(b) any Buyer SPV CT Payment relating to such SPV CT Liability,

the Buyer shall immediately pay to the Seller an amount equal to such excess, and the amount of the Seller SPV CT Contribution shall be deemed to have been reduced accordingly.

14. The Buyer shall use all reasonable endeavours to minimise the amount of any SPV CT Liabilities, including without limitation using any Tax Relief arising in the Buyer to the fullest extent possible, and where possible having regard to law and any pre-existing contractual arrangements (or replacement arrangements of a similar nature) procuring the surrender to the Buyer of any available Tax Relief from other members of the Buyer's Group that will reduce an SPV CT Liability.

15. Paragraphs 11 to 14 above are subject to the provisions of Clause 11.1.4 and Schedule 8, which shall (to the extent that there is any conflict) take precedence over the provisions of paragraphs 11 to 14 above.

16. All contributions made under paragraphs 5, 8 and 11 of Part G of Schedule 2 are to be treated as loans and are to only be repayable in accordance with the provisions of this Part G of Schedule 2 and in no other circumstances.

***Audit***

17. Without prejudice to its rights of audit pursuant to any Operating Agreement, the Seller shall have the right to audit the accounts and records of the Buyer relating to the Interests for each twelve (12) Month period following the Completion Date, including the contents of each Monthly Cashflow Statement relating to such period, and to obtain all necessary information for such purposes, before the end of the twenty-fourth (24th) Month following the end of such period. The Seller shall give at least sixty (60) days' notice to the Buyer of its intention to conduct an audit. The Seller shall appoint one of Ernst & Young, PwC, Deloitte or KPMG as an independent expert to undertake any such audit (the "**Auditor**"). Paragraphs 5(a), 8, 9, 10, 11, 12, 14, 15 and 16 of part D of this Schedule 2 shall apply to the Auditor's appointment mutatis mutandis (and references in such paragraphs to "Independent Accountant" shall be replaced by "Auditor", and "Disputed Matters" shall be replaced by "relevant Monthly Cashflow Statements").

***Interpretation and Definitions***

18. On the date that:

(a) any Interests Related Income is received by the Buyer; or

(b) any Magnus Cash Call or Non-Magnus JOA Billing is paid (either by the Buyer or by the Seller to the relevant Operator); or

(c) any SPV CT Liability is paid (either by the Buyer to HMRC or the Seller to the Buyer),

any amounts comprising the same shall, if not already so denominated, be converted into US Dollars at the applicable Conversion Rate on that date.

19. If a Magnus Cash Call Issue Date, a Non-Magnus JOA Billing Issue Date and/or a SPV CT Payment Reference Date is the same day, the Parties shall calculate first: (a) whether a Buyer Magnus Cash Call Payment needs to be made pursuant to paragraph 5 of this part G of Schedule 2; followed by (b) whether a Buyer Non-Magnus JOA Billing Payment needs to be made pursuant to paragraph 8 of this part G of Schedule 2 (and in such calculation, any Buyer Magnus Cash Call Payment made pursuant to paragraph 19(a) shall be taken into account in the definition of Aggregate Buyer 25% Return Amount); followed by (c) whether a Buyer SPV CT Payment needs to be made pursuant to paragraph 11 of this part G of Schedule 2 (and in such calculation, any Buyer Magnus Cash Call Payment made pursuant to paragraph 19(a) and any Buyer Non-Magnus JOA Billing Payment made pursuant to paragraph 19(b) shall be taken into account in the definition of Aggregate Buyer 25% Return Amount).

20. For the purposes of this part G of Schedule 2:

"**Accumulated Post-Economic Date Cost Amount**" means at the relevant date the sum of (if any):

(a) the total cumulative Post-Economic Date Cost Amounts accruing on or before the relevant date (together with interest thereon (to the extent still extant) applied at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) on each such Post-Economic Date Cost Amount for the period since the date such Post-Economic Date Cost Amount arose to the relevant date); plus

(b) any amounts paid by the Seller to the Buyer in respect of Excess SVT WCF Account Fees; minus

(c) the amount of any outstanding Buyer Claim Settlement Amount to be deducted pursuant to paragraph 3 of this part G of Schedule 2 (and any such amount shall be applied first to settle the Post-Economic Date Cost Amount which has been extant for the longest period); minus

(d) any amounts reimbursed to the Seller on or before the relevant date pursuant to paragraph 2(b) of this Part G of Schedule 2

"**Accumulated Interests Seller Costs Amount**" means at the relevant date the sum of (if any):

(a) the total cumulative: (i) Seller Magnus Cash Call Contributions; (ii) Seller Non-Magnus JOA Billing Contributions; and (iii) Seller SPV CT Contributions, which have been paid by the Seller on behalf of the Buyer (or, in the case of Seller SPV CT Contributions, paid to the Buyer) on or before the relevant date (excluding any amounts for which the Seller is liable pursuant to Clause 11.1 of this Agreement or clause 16.5 of the Magnus Joint Operating Agreement) (together with interest thereon (to the extent still

extant) applied at the Agreed Interest Rate on each such Contribution for the period since the date each such Contribution was made to the relevant date); minus

(b) the amount of any outstanding Buyer Claim Settlement Amount to be deducted pursuant to paragraph 3 of this part G of Schedule 2 (and any such amount shall be applied first to settle the Seller Magnus Cash Call Contribution or Seller Non-Magnus JOA Billing Contribution which has been extant for the longest period); minus

(c) any amounts reimbursed to the Seller on or before the relevant date pursuant to paragraph 2(a) of this part G of Schedule 2

"**Aggregate Buyer 25% Return Amount**" means at the relevant date the aggregate amount of the Buyer 25% Return Amount less (if not paid directly from Interests Related Income pursuant to paragraph 2(d) above) the aggregate amount of: (i) all Buyer Magnus Cash Call Payments made pursuant to paragraph 5; (ii) all Buyer Non-Magnus JOA Billing Payments made pursuant to paragraph 8; (iii) all Buyer SPV CT Payments made pursuant to paragraph 11; and (iv) all Positive Additional Consideration Amounts paid by the Buyer to the Seller, in each case as at such date

**"Buyer 25% Return Amount"** has the meaning given in paragraph 2 of this part G of Schedule 2

"**Buyer Magnus Cash Call Payment**" has the meaning given in paragraph 5 of this part G of Schedule 2

"**Buyer Non-Magnus JOA Billing Payment**" has the meaning given in paragraph 8 of this part G of Schedule 2

"**Buyer SPV CT Payment**" has the meaning given in paragraph 11 of this Part G of Schedule 2

"**Contribution**" means a Seller Magnus Cash Call Contribution or a Seller Non-Magnus JOA Billing Contribution (as the context requires)

"**Excess SVT WCF Account Fees**" means the amount of any excess as described in paragraph 3.3 of schedule 8 of the SVT Transfer of Operatorship Agreement;

"**Final Earn-out Reimbursement Amount**" means at the relevant date the sum of (if any):

(a) the Final Earn-out Amount; minus

(b) the amount of any outstanding Buyer Claim Settlement Amount to be deducted pursuant to paragraph 3 of this part G of Schedule 2; minus

(c) any amounts reimbursed to the Seller pursuant to paragraph 2(c) of this part G of Schedule 2,

together with interest on the resulting amount applied at the Agreed Interest Rate (calculated on a simple basis on the accumulated daily balances) from the Completion Date to on or before the relevant date

"**Interests Related Income**" means the aggregate amount, from time to time, of the:

(a) Petroleum Sales Receipts; plus

(b) Non-Petroleum Income; plus

(c) Positive Audit Adjustments; plus

(d) SPV CT Receipts

"**Magnus Decommissioning Cash Call**" means any cash call issued by the Magnus Operator in respect of the Magnus Interest pursuant to the terms of the Magnus Joint Operating Agreement that relates to Decommissioning

"**Magnus Cash Call**" means (a) a cash call properly issued by the Magnus Operator in respect of the Magnus Interest pursuant to the terms of the Magnus Joint Operating Agreement (except for Magnus Decommissioning Cash Calls), plus (b) any costs and expenses reasonably anticipated to be paid by the Buyer in the next Month's operations in respect of the Magnus Interest by the Buyer in respect of (i) Transportation and Demurrage Costs and (ii) insurance premia which have not been taken into account through the cash call procedure or set out in the Magnus Joint Operating Agreement (as notified by the Buyer to the Seller in writing on the relevant Magnus Cash Call Issue Date)

"**Magnus Cash Call Contribution Credit**" has the meaning given in paragraph 6(a) of this part G of Schedule 2

"**Magnus Cash Call Contribution Debit**" has the meaning given in paragraph 6(b) of this part G of Schedule 2

"**Magnus Cash Call Issue Date**" means the date that the Magnus Operator issues a Magnus Cash Call

"**Magnus COP Date**" has the meaning given to it in the Magnus Joint Operating Agreement

"**Magnus Operator**" means the Buyer in its capacity as Operator under the Magnus Joint Operating Agreement

"**Magnus Operator Statement**" means the account statement produced each Month by the Operator pursuant to clause 4.1 of schedule 1 to the Magnus Joint Operating Agreement

"**Monthly Cashflow Statement**" has the meaning given in paragraph 4 of this part G of Schedule 2

"**Negative Audit Adjustments**" means any amounts that are paid by or otherwise cause a loss to the Buyer arising in connection with the audit of an Operator's accounts or accounting history under an Operating Agreement

"**Non-JOA Payment Party**" means a Person to which the Buyer reasonably anticipates being required to pay costs and expenses in respect of the Interests in respect of Transportation and Demurrage Costs and insurance premia under limbs (b) of the definition of "Magnus Cash Call" and "Non-Magnus JOA Billing" (as applicable)

"**Non-Magnus JOA Billing**" means (a) any invoice or other billing (or, in the event that the accounting procedure under the relevant Operating Agreement is amended to a cash calling procedure, a cash call) properly issued by the Operator in respect of the SVT Interest, the NPS Interest and the NLGP Interest under the relevant Operating Agreement, plus (b) any costs and expenses reasonably anticipated to be paid by the Buyer in the next Month's operations by the Buyer in respect of the SVT Interest, the NPS Interest and the NLGP Interest in respect of (i) Transportation and Demurrage Costs and (ii) insurance premia which have not been taken into account through the billing (or, if applicable, cash call) procedure under the relevant Operating Agreement (as notified by the Buyer to the Seller in writing on the relevant Non-Magnus JOA Billing Issue Date)

"**Non-Magnus JOA Billing Issue Date**" means the date that the relevant Operator issues a Non-Magnus JOA Billing

"**Non-Petroleum Income**" means all income and other receipts of any kind, including third party tariff and similar income, and any amount received by the Buyer in or towards the settlement of claims under any applicable insurance policies in respect of the Interests to the extent that such have not been applied by the Buyer towards reinstatement, but excluding any amount that is included in the Petroleum Sales Amount or that relates to a Seller Retained Claim, received by the Buyer in respect of the Interests (on a Cash Basis) from time to time

"**Petroleum Sales Receipts**" means all actual receipts under or in connection with any contract or arrangements for the sale and/or supply of Petroleum received by or credited to the Buyer in respect of the Interests (on a Cash Basis) from time to time

"**Positive Audit Adjustments**" means any amounts that are paid to or that otherwise benefit the Buyer in respect of the Interests arising in connection with the audit of an Operator's accounts or accounting history under an Operating Agreement

"**Post-Economic Date Benefit Amount**" means any amount that is paid by the Seller pursuant to Clause 11.8.1(c)

"**Post-Economic Date Cost Amount**" means any amount that is recoverable by the Seller pursuant to Clause 11.8.2(c)

"**Security Release Date**" has the meaning given to it in the Security Trust and Waterfall Deed

"**Seller Magnus Cash Call Contribution**" has the meaning given in paragraph 5 of this part G of Schedule 2

"**Seller Non-Magnus JOA Billing Contribution**" has the meaning given in paragraph 8 of this part G of Schedule 2

"**Seller SPV CT Contribution**" has the meaning given in paragraph 11 of this part G of Schedule 2

"**SPV CT Liability**" means an amount of CT payable to HMRC by the Buyer in respect of any income deriving from the Interests (including where such amount is an instalment required to be paid pursuant to the Corporation Tax (Instalment Payments) Regulations 1998 (the "**Regulations**"), in which case the amount of such SPV CT Liability shall be the amount calculated in accordance with the Regulations and the normal and reasonable accounting practices of the Buyer's Group), taking into account the availability of any Tax Reliefs and excluding (i) any fine, penalty or other measure of a similar nature payable to HMRC or (ii) interest payable to HMRC (other than interest charged as a result of an instalment calculated as described above subsequently proving to have been lower than the amount required by the Regulations). Notwithstanding any other provision of this Agreement or of any other Transaction Document, following any novation of the Interests pursuant to clause 2.1 of the Security Trust and Waterfall Deed, for the purposes of this definition SPV CT Liabilities shall continue to relate only to amounts payable by the Buyer as described above, and not to any CT or other amount payable by EHL or any other Person

"**SPV CT Payment Due Date**" means, in relation to an SPV CT Liability, the last day on which such SPV CT Liability may be paid to HMRC without a fine, penalty or interest being incurred

"**SPV CT Payment Reference Date**" means the date twenty (20) Business Days before an SPV CT Payment Due Date

"**SPV CT Receipts**" means all amounts paid by HMRC in relation to the Interests (including without limitation any refund, rebate, repayment or interest) to:

(a) the Buyer; or

(b) any other member of the Buyer's Group, where such payment relates to Tax paid by the Buyer in relation to the Interests,

in either case, on a Cash Basis and from time to time

"**Transportation and Demurrage Costs**" means the costs of transportation and demurrage relating to Petroleum that are incurred prior to the time at which such Petroleum either:

(a) in the case of crude oil only, is lifted from SVT; or

(b) in the case of any Petroleum (including crude oil if occurring prior to the lifting referred to in (a)), ceases to be owned by the Buyer,

excluding any such costs that are separately accounted for in any sales receipts received by the Buyer

## Part H
## Positive Additional Consideration Amounts

### 1. DEFINITIONS

1.1 For the purposes of this part H of Schedule 2:

"**Net Cashflow Cap**" means the total Buyer 25% Return Amount retained by the Buyer in the period from the Completion Date until the relevant PACA Trigger Date, minus the aggregate amount of any Buyer Magnus Cash Call Payments and Buyer Non-Magnus JOA Billing Payments made by the Buyer in the same period, provided that if the Buyer has not retained any Buyer 25% Return Amounts or if such calculation results in a negative number, the Net Cashflow Cap shall be deemed to be zero Dollars (US$0)

"**PACA Trigger Date**" has the meaning given to it in paragraph 2.1 of this part H of Schedule 2

"**Positive Additional Consideration Amount**" means an amount in US Dollars equal to thirty per cent. (30%) of the amount equal to:

(a) the amount of the relevant Seller Decommissioning Payment; less

(b) an amount equal to the notional Tax Relief that may be claimed by the Seller in respect of such Seller Decommissioning Payment (calculated at the rates of relief prevailing at the time such Seller Decommissioning Payment is made or if greater any payments to which the Seller would be entitled pursuant to a decommissioning relief agreement as defined in section 80(2) Finance Act 2013 in respect of the Seller Decommissioning Payment (but in respect of the first £X of such Seller Decommissioning Payment (where X is the amount of the Seller's pre-Completion PRT profit that was subject to the 0% PRT rate in force from 1 January 2016) the PRT rate to be used in calculating the notional Tax Relief shall be 0%)))

"**Seller Decommissioning Payment**" means any payment made by the Seller to or on behalf of the Buyer pursuant to Clause 11.1 in respect of the Existing Property (excluding all or part of such payment to the extent it relates to the Seller P&A Wells, the SVT Tanks, the MEOR Facilities and the Magnus Phase 3 Property), and any amounts comprising the same shall, if not already so denominated, be converted into US Dollars at the applicable Conversion Rate on the date of payment

### 2. PAYMENT OF POSITIVE ADDITIONAL CONSIDERATION AMOUNTS

2.1 Subject to paragraph 2.2 below, within thirty (30) Business Days of the date on which either: (i) the Buyer receives evidence of a Seller Decommissioning Payment (in the event that the Seller makes a Seller Decommissioning Payment to the relevant Operator); or (ii) any Seller Decommissioning Payment is received by the Buyer (in the event that the Seller makes a Seller Decommissioning Payment to the Buyer), (in either case referred to as the "**PACA Trigger Date**") the Buyer shall make payment of the corresponding Positive Additional Consideration Amount to the Seller.

2.2 The Buyer shall not be liable to make payment of a Positive Additional Consideration Amount to the Seller if Completion has not occurred pursuant to Clause 6. Following Completion, the Buyer shall not be liable to make a payment of any Positive Additional Consideration Amount to the Seller on a PACA Trigger Date, to the extent that:

2.2.1 on the relevant PACA Trigger Date, part or all of such payment, when aggregated with any previous Positive Additional Consideration Amount(s) paid by the Buyer to the

Seller, would exceed the Net Cashflow Cap on the relevant PACA Trigger Date. If this paragraph 2.2.1 applies, the Buyer shall notify the Seller accordingly, and shall provide all reasonable evidence to the Seller in support of its calculation of the Net Cashflow Cap;

2.2.2 the Seller has received an NPS Withdrawal Amount in respect of Decommissioning Liabilities of Existing Property forming part of the NPS Interest, and the relevant Seller Decommissioning Payment relates to those liabilities;

2.2.3 the Seller has received an SVT Withdrawal Amount in respect of Decommissioning Liabilities of Existing Property forming part of the SVT Interest, and the relevant Seller Decommissioning Payment relates to those liabilities; or

2.2.4 the Seller Decommissioning Payment relates to a liability for the Decommissioning of the Existing Property or any part thereof in respect of which the Buyer has received payment from a Relevant Third Party and has paid such amount to the Seller in accordance with Clause 7.6;

2.3 The Parties agree that no part of any Positive Additional Consideration Amount is or shall be treated as a direct or indirect reimbursement of any Decommissioning Liabilities borne by the Seller under Clause 11.1.

2.4 The Parties acknowledge that, because the Buyer is required to make payments of Positive Additional Consideration Amounts as and when the Seller makes a Seller Decommissioning Payment in accordance with paragraph 2.1 (and prior to the final Net Cashflow Cap being ascertained in relation to the Interests), the Buyer may end up paying to the Seller a Positive Additional Consideration Amount which it would not have had to if the final Net Cashflow Cap had been finally ascertained. To address this, within forty (40) Business Days of the final PACA Trigger Date, the Parties shall calculate the Net Cashflow Cap as at such date and if the aggregate amount of Positive Additional Consideration Amounts paid by the Buyer at such date exceeds the Net Cashflow Cap as at such date, the Seller shall within twenty (20) Business Days of the date of calculation pay to the Buyer an amount equal to such excess.

## SCHEDULE 3
## PERIOD BETWEEN SIGNING AND COMPLETION

**(Clause 5)**

### 1. SELLER'S UNDERTAKINGS IN RESPECT OF THE PERIOD BETWEEN SIGNING AND COMPLETION

1.1 During the period from the date of this Agreement up to and including the Completion Date the Seller shall (to the extent it is permitted to do so under the Interests Documents and subject to any confidentiality obligations by which it is bound or legal privilege, and to the relevant provisions of any of the Transfer of Operatorship Agreements) in relation to the Interests:

1.1.1 carry on its affairs in relation to the Interests in the ordinary course of business and in accordance with good oil and gas field practice with the intention of protecting and maintaining the Interests;

1.1.2 comply with its obligations under, and not (by act or omission) breach any of the provisions of, the Interests Documents, any applicable Law, any material licences, permits, approvals and other authorisations required for carrying out operations in accordance with the Interests Documents and any previously agreed decisions of any operating committees in relation to the Interests;

1.1.3 not without the Buyer's prior written approval (not to be unreasonably withheld or delayed) amend, novate, terminate or give any consents or waivers under, or agree to amend, novate, terminate or give any consents or waivers under, any of the Interests Documents (other than as part of routine third-party transfers or novations);

1.1.4 not trade, sell, pledge, transfer, assign, charge, mortgage or create or grant any Encumbrance over any part of the Interests (or agree to do any of the foregoing) without the prior written approval of the Buyer (not to be unreasonably withheld or delayed);

1.1.5 consult with the Buyer in relation to any material decision in connection with the Interests and take account of the reasonable representations of the Buyer, provided that nothing in this paragraph 1.1 shall operate to fetter the discretion of the Seller in exercising its votes in respect thereto;

1.1.6 use its reasonable endeavours to enable the Buyer to attend, as an observer, any meetings of the relevant management or other committee under any Operating Agreement, subject to the consent of the other parties thereto;

1.1.7 be entitled to approve any work programme, budget, expenditure or capital commitment relating to the Interests and pay all expenses including cash calls relating to the Interests as they become due, only to the extent that such approval or payment:

(a) is covered by any budget approved prior to the date of this Agreement that has been Disclosed to the Buyer;

(b) is covered in the Agreed WP&B; or

(c) relates to expenditure which the Buyer has given its prior written approval for (not to be unreasonably withheld or delayed);

1.1.8 not propose, approve or participate in any sole risk operation with respect to the Interests without the prior written consent of the Buyer (not to be unreasonably withheld or delayed);

1.1.9 not agree to voluntarily relinquish all or any part of any area held under the Licence, or to withdraw from the Licence or any Operating Agreement, without the prior written consent of the Buyer (not to be unreasonably withheld or delayed);

1.1.10 ensure that pending Completion the Buyer is kept informed of all material matters in relation to the Interests (including: (a) any event or series of events which causes any failure of or physical damage to or destruction of any of the Facilities comprising any Interest; and (b) any event or series of events which causes or is likely to cause production attributable to the Magnus Field and/or the Magnus South Field to be shut in or curtailed; and (c) any event or circumstance that arises which means that the Seller would be in breach of one or more of the Warranties set out in paragraphs 1.1, 1.2, 1.3, 1.4 and 1.10 of Schedule 5 were the Seller to repeat such Warranties by reference to the facts, matters and circumstances existing at any time after such event or circumstance arose);

1.1.11 co-operate with the Buyer in good faith so as to ensure an efficient handover of the Interests, and to the extent applicable operatorship, on Completion;

1.1.12 in respect of such policies of insurance as are maintained by the Seller in respect of the Interests and are in force at the date of this Agreement (except in respect of insurance cover for loss of production income and/or business interruption):

(a) maintain the same in full force and effect and pay all premia in respect thereof; and

(b) use reasonable endeavours to make and pursue all claims which can be made under such policies in respect of any loss of or damage to the Interests;

1.1.13 make available or allow the Buyer access to material information and Data relating to the Interests (including authorisations for expenditure, work programmes and budgets, operating committee minutes and agenda) reasonably requested by the Buyer from time to time;

1.1.14 not enter into, or agree to enter into, any new agreements in relation to the Interests without the prior written consent of the Buyer (not to be unreasonably withheld or delayed);

1.1.15 at the request of the Buyer following at least five (5) Business Days prior written notice, allow representatives of the Buyer access to such property and Facilities that relate to the Interests for the purposes of inspecting the assets comprised in the Interests, subject to the Buyer entering into any mutual hold harmless arrangement as may be required by the Seller or the Seller's Group;

1.1.16 progress discussions with the relevant counterparties in relation to the West of Shetland GSAs based on the terms and conditions set out in the West of Shetland GSA Term Sheet. The Seller shall not agree to any material change to the terms and conditions set out in the West of Shetland GSA Term Sheet or enter into the West of Shetland GSAs on terms which are materially different to the terms and conditions set out in the West of Shetland GSA Term Sheet without the prior written consent of the

Buyer. The Parties agree that a material change to, or material difference in, the terms and conditions set out in the West of Shetland GSA Term Sheet shall include an amendment or variation to: (a) the 2023 termination date set out in the West of Shetland GSA Term Sheet; (b) the reasonable endeavours obligation on the parties to the West of Shetland GSAs to continue providing the service after the 2023 termination date; or (c) the basis on which prices under the West of Shetland GSAs are set;

1.1.17 if it becomes aware of any changes to the Seller's Staffing Information prior to Completion, update such information with the relevant changes and provide a new version of the Seller's Staffing Information to the Buyer within five (5) Business Days of the Seller becoming aware of such changes;

1.1.18 not take any action in relation to the Infill Wells set out in the Agreed WP&B, except in consultation with and approved by the well planning team seconded by the Buyer to the Seller pursuant to the Magnus Transfer of Operatorship Agreement; and

1.1.19 subject to the status of each of the following Projects as at the date of this Agreement, shall either (i) continue to plan for (ii) commence and / or (iii) continue to carry out the Magnus Riser Project and the Magnus Rig-Recertification Project in accordance with good oil and gas field practice and the terms of the Magnus Transfer of Operatorship Agreement.

1.2 Save as permitted by applicable Law, nothing in paragraph 1.1 shall place any requirement on the Seller to consult with the Buyer (and to take its reasonable requirements into account) if to do so may: (i) place such Seller in breach of any Interests Document; (ii) cause a breach of such Seller's health, safety and environmental policies; or (iii) in the opinion of such Seller, acting reasonably, bring the Seller's reputation into disrepute.

1.3 Nothing in paragraph 1.1 shall prevent the Seller from:

1.3.1 making any expenditure or commitments for expenditure or taking any actions it deems necessary in respect of the Interests in the case of the safeguarding of lives or property or the prevention of pollution or other damage to the Environment;

1.3.2 subject to an ongoing obligation to keep the Buyer informed of all progress in respect of the MEOR Carve-out, taking any action in connection with the MEOR Carve-out (including the discussion, negotiation and entry into the MEOR Carve-out Agreements by the Parties and/or any MEOR Counterparties);

1.3.3 subject to an ongoing obligation to keep the Buyer informed of all material progress in respect of the establishment of the new office at SVT and its operations, taking any action (including preparatory steps) and providing any approvals or instructions to Relevant Third Parties to proceed with the establishment of a new office in relation to SVT and its operations, where such actions are within the terms of its role as set out in the SVTOA; and

1.3.4 subject to an ongoing obligation to keep the Buyer fully informed of all relevant proposed actions, taking any action (including preparatory steps) in order to apply for an extension and/or renewal of the Licence.

1.4 To the extent that any action to be taken by the Seller that is set out in paragraph 1.1 requires the Buyer's prior consent (written or otherwise), such consent shall be deemed to be given if the Seller receives no response from the Buyer to a notice given in accordance with this Agreement

requesting such consent within twenty (20) Business Days of the date of receipt by the Buyer of such request.

## SCHEDULE 4
## COMPLETION OBLIGATIONS

**(Clause 6)**

### 1. SELLER'S COMPLETION OBLIGATIONS

1.1 On the Completion Date the Seller shall:

1.1.1 if the Completion Payment is a negative amount, pay to the Buyer's Nominated Account an amount equal to the Completion Payment; and

1.1.2 deliver or procure the delivery to the Buyer (to the extent not already delivered prior to Completion):

(a) counterparts of those of the Novation Agreements duly executed by all parties thereto other than the Buyer;

(b) a copy of all the documents comprising the Secretary's consent;

(c) a copy of other relevant consents, guarantees, approvals, releases, confirmations or waivers, if any, referred to in Clause 4 and obtained by or on behalf of the Seller;

(d) counterparts of the: (i) Magnus Joint Operating Agreement; (ii) MEOR Carve-out Agreements (provided that the MEOR Condition has not been waived) to which the Seller is a party; (iii) NDA Termination Deed; and (iv) Thistle Amendment Agreement (provided the Thistle Condition has not been waived), in each case duly executed by all the parties thereto other than the Buyer;

(e) if a Permitted Novation:

(i) has not occurred under the Security Trust and Waterfall Deed, counterparts of the: (i) Account Bank Agreement; (ii) Bond and Floating Charge; (iii) Debenture; (iv) Parent Share Charge; and (v) Subordination Deed duly executed by all the parties thereto other than the Buyer; or

(ii) has occurred under the Security Trust and Waterfall Deed, counterparts of the: (i) Agreed Form Novation Agreement(s); (ii) Transaction Assets Security Agreement; (iii) the EHL Bond and Floating Charge; (iv) Account Bank Agreement; and (v) EHL Loan Agreement, duly executed by all the parties thereto other than EHL; and

(f) a copy, certified as a true copy and in full force and effect by a director or the secretary of the Seller of: (i) a resolution of the board of directors of the Seller authorising its entry into the Transaction, and authorising a person or persons to sign this Agreement and all other relevant agreements contemplated by this Agreement on behalf of the Seller; and, if relevant, (ii) a power of attorney authorising a person or persons to sign this Agreement, and all other relevant agreements contemplated by this Agreement on behalf of the Seller.

## 2. BUYER'S COMPLETION OBLIGATIONS

2.1 On the Completion Date, the Buyer shall deliver or procure the delivery to the Seller (to the extent not already delivered prior to Completion):

2.1.1 a copy of the relevant consents, guarantees, approvals, releases, confirmations or waivers, if any, referred to in Clause 4 and obtained or provided by or on behalf of the Buyer;

2.1.2 a copy, certified as a true copy and in full force and effect by a director or the secretary of the Buyer of: (i) a resolution of the board of directors of the Buyer authorising its entry into the Transaction, and authorising a person or persons to sign this Agreement and all other relevant agreements contemplated by this Agreement on behalf of the Buyer; and, if relevant, (ii) a power of attorney authorising a person or persons to sign this Agreement, and all other relevant agreements contemplated by this Agreement on behalf of the Buyer;

2.1.3 counterparts of those of the Novation Agreements to which it is a signatory duly executed by the Buyer;

2.1.4 counterparts of the: (i) Magnus Joint Operating Agreement; (ii) MEOR Carve-out Agreements (provided the MEOR Condition has not been waived) to which the Buyer is a party; (iii) NDA Termination Deed; and (iv) Thistle Amendment Agreement (provided the Thistle Condition has not been waived), in each case duly executed by the Buyer; and

2.1.5 if a Permitted Novation:

(a) has not occurred under the Security Trust and Waterfall Deed, counterparts of the: (i) Account Bank Agreement; (ii) Bond and Floating Charge; (iii) Debenture; (iv) Parent Share Charge; and (v) Subordination Deed duly executed by the Buyer; or

(b) has occurred under the Security Trust and Waterfall Deed, counterparts of the: (i) Agreed Form Novation Agreement(s); (ii) Transaction Assets Security Agreement; (iii) the EHL Bond and Floating Charge; (iv) Account Bank Agreement; and (v) EHL Loan Agreement, duly executed by EHL.

## 3. GENERAL

3.1 All documents and items delivered at Completion pursuant to this Schedule 4 shall be held by the recipient to the order of the Person delivering the same until such time as Completion shall be deemed to have taken place. Simultaneously with delivery of all documents and all items required to be delivered at Completion (or waiver of its delivery by the Person entitled to receive the relevant document or item) the documents and items delivered in accordance with this Schedule 4 shall cease to be held to the order of the Person delivering them and Completion shall be deemed to have taken place.

## SCHEDULE 5
## SELLER'S WARRANTIES

**(Clause 8.1)**

### 1. TITLE AND AUTHORITY WARRANTIES

1.1 The Seller is a licensee of the Licence and the sole beneficial owner of the Interests.

1.2 Following fulfilment of the Conditions, the Seller will have the right to transfer and assign full legal and beneficial ownership of the Interests to the Buyer.

1.3 Subject to the provisions of the Interests Documents, no Encumbrance is in existence and in force over the Interests nor, subject as aforesaid, is there in effect any agreement or commitment to create the same.

1.4 The Licence is in full force and effect.

1.5 The Seller is duly incorporated with limited liability and validly existing under the laws of England and Wales.

1.6 The Seller has the requisite corporate power and authority to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document to be executed by it pursuant to this Agreement.

1.7 All necessary corporate action has been taken on the part of the Seller to authorise, execute and deliver this Agreement and the other Transaction Documents to be executed by the Seller pursuant to this Agreement and to perform the Transaction and this Agreement constitutes, and the other Transaction Documents to be executed by the Seller will, when executed, constitute, valid and binding obligations of the Seller in accordance with their respective terms.

1.8 Subject to the fulfilment of the Conditions, no consent, authorisation, licence or approval of, or notice to, the Seller's shareholders or any governmental, administrative, judicial or regulatory body, authority or organisation, is required (or will be required as a result of this Agreement) to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement, or the performance by the Seller of its obligations under this Agreement.

1.9 The Seller is solvent under the laws of its jurisdiction of incorporation and is able to pay its debts as they fall due. There are no proceedings in existence or proposed in relation to any compromise or arrangement with creditors or any winding-up, bankruptcy or insolvency proceedings concerning the Seller (or analogous proceedings in any jurisdiction) and, so far as the Seller is aware, no events have occurred which would justify such proceedings. So far as the Seller is aware, no steps have been taken to enforce any security over the assets of the Seller and no event has occurred which would give the right to enforce such security.

1.10 No act or omission of the Seller has occurred which would entitle the Secretary to revoke the Licence and no notice has been given to the Seller by the Secretary of any intention to revoke the Licence.

1.11 The signing and delivery of this Agreement and, subject to fulfilment of the Conditions, the performance of the Transaction will not materially contravene or constitute a material default under any provision contained in any agreement, instrument, law, judgment, order, licence, permit or consent by which the Seller or any member of the Seller's Group or their respective assets is bound or affected.

1.12 The consummation of the Transaction shall not cause the Seller to be in breach of any such licences, permits, authorisations or qualifications held by the Seller in respect of the Interests or for any of the same to be terminated.

(The foregoing Seller's Warranties in this paragraph 1 being the "**Title and Authority Warranties**").

## 2. BUSINESS WARRANTIES

2.1 Neither the Seller nor any of its Associated Persons has directly or indirectly, in connection with the Interests or the Transaction:

2.1.1 authorised, offered, promised or given any financial or other advantage (including any payment, loan, gift or transfer of anything of value), directly or indirectly, to or for the use of any Government Official (or to another Person at the request of or with the assent or acquiescence of any Government Official) or any other Person in order to:

(a) improperly obtain or retain business for or with any Person;

(b) improperly direct business to any Person;

(c) secure any improper advantage; or

2.1.2 engaged in any other activity, practice or conduct in violation of any applicable anti-bribery and corruption and anti-money laundering laws and regulations.

2.2 Within the period of three (3) years prior to the date of this Agreement, the Seller has not received any notices asserting force majeure pursuant to the force majeure clause included in any of the Interests Documents.

2.3 None of the licensees to the Licence or the parties to any Operating Agreement has given any notice of surrender or withdrawal from the Licence or any Operating Agreement.

2.4 So far as the Seller is aware, no member of the Seller's Group is involved as a party in any material litigation, arbitration or contentious administrative proceedings in relation to the Interests which by itself or together with any such other proceedings (having such effect) have a material adverse effect on the Seller's business or assets (taken together as a whole) and which would materially and adversely affect its ability to perform its obligations under this Agreement and no such proceedings have been threatened in writing by or against any member of the Seller's Group.

2.5 The Seller has not in the three (3) years prior to the date of this Agreement, received from any Government Entity or third-party any written notice of any alleged material contravention of or material liability under any Environmental Laws in respect of a matter concerning the Interests, and, so far as the Seller is aware, there are no circumstances which are reasonably likely to give rise to any such notice.

2.6 No written threat by an Environmental Authority to vary, revoke or suspend any environmental permit or licence required in relation to operations in respect of the Interests has been received by the Seller in the three (3) years prior to the date of this Agreement, and so far as the Seller is aware, no circumstances exist which are reasonably likely to give rise to such variation, revocation or suspension.

2.7 In the three (3) years prior to the date of this Agreement, the Seller has not received any notice from any relevant Government Authority or any other party to the Interests Documents notifying the Seller of any major personnel health and safety incidents having occurred in respect of the

Interests nor any notice prohibiting or suspending the activities of the Seller as Operator of the Interests pursuant to any legislation regulating health and safety in respect of the Interests.

2.8 In the three (3) years prior to the date of this Agreement, the Seller has not received any notice from any Environmental Authority or any other party to the Interests Documents notifying the Seller that there has been any significant unauthorised release, migration, leakage, spill, discharge, entry, deposit or emission in connection with operations carried out under the Interests Documents of any Hazardous Substances.

2.9 In the three (3) years prior to the date of this Agreement, the Seller has not received any notice from any relevant Government Entity or any other party to the Interests Documents, that any Well to the extent comprised within the Interests which has been plugged and abandoned has not been plugged and abandoned in accordance with all requirements under Law (as in force at the time of such plugging and abandonment) and the relevant Interests Documents.

2.10 The Secretary has not given notice to the Seller of any intention to call for the submission of or to impose an abandonment or decommissioning programme in respect of the Interests or security for the same.

2.11 Save as contemplated by this Agreement and the Transaction, so far as the Seller is aware, no vote to remove the Seller in its capacity as Operator is pending or has been proposed, and the Seller, in its capacity as Operator, has not intimated that it intends to resign as such.

2.12 Since 1 January 2016, the Seller has carried on its business in relation to the Interests in the normal course and without any material alteration in the nature or manner of its business in relation to the Interests.

2.13 The Seller is not in breach of any Operating Agreement as would permit the other parties to such agreement to remove it as Operator pursuant to the relevant provisions of the Operating Agreement. The Seller has not given any notice to resign as Operator.

2.14 The Seller has not committed any material breach of the Licence or any of the other Interests Documents and the Seller has not received notice that any of the parties to any of the Interests Documents is in breach thereof, which breach, at the date of making this statement, is of a material nature and is subsisting, and so far as the Seller is aware, no event has occurred which with the giving of notice and/or lapse of time and/or a relevant determination could constitute a material contravention or default by the Seller under any agreement or instrument by which the Seller is bound or affected in respect of the Interests.

2.15 In each case, save as in relation to Environmental Law:

2.15.1 the Seller has never, by any act or omission in relation to the Interests, committed any criminal act or breach of criminal law or applicable regulation;

2.15.2 the Seller has at all relevant times held all regulatory licences necessary for the Seller to own and (as relevant) operate the Interests;

2.15.3 the Seller holds and at all times has complied with all material licences, permits, approvals and other authorisations required for carrying out operations in accordance with the Interests Documents and applicable Law and the Seller has not received any written notice alleging a material breach of any of such licences, permits, approvals and authorisations;

2.15.4 the Seller has not received any written notice from an Government Entity in the three (3) years prior to the date of this Agreement alleging that it does not have any material

licence, permission, authorisation (public or private) or consent required for carrying on the business of the Interests effectively in the places and in the manner in which it is carried out at the date of this Agreement in accordance with all applicable Laws and regulations or that it has committed any material breach of any such licence, permission, authorisation or consent;

2.15.5 so far as the Seller is aware, in the three (3) years prior to the date of this Agreement, there has been no default by any member of the Seller's Group under any order, decree or judgment of any court or any governmental or regulatory authority in the jurisdiction in which it is incorporated in relation to the Interests; and

2.15.6 the Seller has not committed any material breach of any of the Interests Documents nor has it received written notice that any of the parties to any of the above mentioned documents is in breach thereof where such breach is of a material nature and is subsisting.

2.16 The work obligations under the Licence have been duly fulfilled and discharged and there is no outstanding work obligation to be fulfilled.

2.17 The Interests Documents and the Seller Retained Agreements are the only documents which govern or relate to the creation, existence or validity of the Interests.

2.18 The Seller is not under an obligation to enter into any further material agreements in relation to the Interests.

2.19 The Data Room Disclosed Documents and Information contains copies of all of the Interests Documents and the copies of the Interests Documents in the Data Room Disclosed Documents and Information are true and up to date copies of the originals.

2.20 No claim is outstanding under any policy of insurance which is maintained by the Seller in respect of the Interests.

(The foregoing Seller's Warranties in this paragraph 2 being the "**Business Warranties**").

## 3. TAX WARRANTIES

3.1 The Seller is registered for VAT in the United Kingdom under a group VAT registration of which Britoil is the representative member.

3.2 The Magnus Field received development consent prior to 16 March 1993.

3.3 HMRC has not operated or agreed to operate any special arrangement (being an arrangement which is not based on relevant legislation or published practice) in relation to any of the Interests (other than in relation to those matters set out in the letter from HMRC to the Seller dated 3 August 2000, a copy of which is included in the Data Room Disclosed Documents and Information).

3.4 HMRC is not currently in dispute with the Seller in respect of the Interests nor, so far as the Seller is aware, is there any reason why such a dispute should arise in respect of any event prior to the Completion Date.

3.5 No action has been taken by the Seller in respect of which any consent or clearance from HMRC was required in respect of the Interests save in circumstances where such consent or clearance was validly obtained and where any conditions attaching thereto were and will, immediately following Completion, continue to be met.

3.6 All VAT payable in respect of the acquisition of goods and all excise and other import charges or duties payable to any assets used in connection with the Interests have been paid or provided for in full.

## 4. EMPLOYMENT WARRANTIES

4.1 The Data Room Disclosed Documents and Information contains copies of all of the standard terms and conditions, staff handbooks and policies which apply to the Transferring Employees to the extent that they are sufficient and necessary for the Transferee to comply with its obligations under the Transfer of Operatorship Agreements.

4.2 The Data Room Disclosed Documents and Information contains accurate details of all remuneration and other benefits provided, or which any member of the Seller Group is bound as of the date of this Agreement to provide (whether now or in the future), to the Transferring Employees and such information includes particulars of all profit sharing, incentive, bonus, commission, medical, permanent health insurance, travel, company car, redundancy and other benefit scheme (whether contractual or discretionary).

4.3 The details of the Transferring Employees in the Transfer of Operatorship Agreements are accurate in all material respects.

(The foregoing Seller's Warranties in this paragraph 4 being the "**Employment Warranties**").

## 5. PENSIONS WARRANTIES

For the purposes of this paragraph 5:

"**Flex Plan**" means the Seller Group flexible benefits plan contained in the Data Room Disclosed Documents and Information

"**GPP**" means the group personal pension plan administered by Aegon and provided under the Flex Plan contained in the Data Room Disclosed Documents and Information

"**Rules**" means the rules, dated 27 June 2016, governing the Seller Pension Scheme contained in the Data Room Disclosed Documents and Information

"**Seller Group Pension Fund**" means the pension fund of the Seller Group contained in the Data Room Disclosed Documents and Information which is governed by the Trust Deed and applies (inter alia) to the Transferring Employees

"**Seller Pension Scheme**" means the section of the Seller Group Pension Fund, relating to the pensions scheme of the Seller, as governed by the Rules and the Trust Deed

"**TUPE**" means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) and references to TUPE shall, where deemed to be relevant, be deemed to include a reference also to the Transfer of Employment (Pension Protection Regulations) 2005 (as amended)

"**Trust Deed**" means the Disclosed trust deed, dated 10 November 2016, governing the Seller Group Pension Fund

5.1 Save under the Seller Pension Scheme, the early retirement practice for offshore employees (as Disclosed), and the GPP contained in the Data Room Disclosed Documents and Information (the "**Schemes**"), no Transferring Employee has any entitlement to any retirement benefits as defined in section 255(5) of the Pensions Act 2004 (the "**Relevant Benefits**") in relation to their employment with the Seller.

5.2 The GPP provides only money purchase benefits (as defined in section 181 of the Pension Schemes Act 1993).

5.3 No undertaking, proposal, promise or assurance (whether legally binding or not) has been made or given by the Seller to or in respect of any Transferring Employee as to the introduction, continuation, increase, improvement or enhancement (including the enhancement of existing entitlements set out in the documentation of the Schemes) of any Relevant Benefits.

5.4 The Data Room Disclosed Documents and Information contain accurate details of the nature of the Relevant Benefits and death benefits payable to and in respect of the Transferring Employees.

5.5 All contributions and premiums, fees, charges and expenses which have become payable or due, under or in relation to the Schemes by or in respect of the Transferring Employees have been duly paid.

5.6 No Transferring Employee has the right as a result of a previous TUPE transfer to any retirement benefits payable on or after Completion other than those relating to old age, invalidity or survivorship under the Schemes.

(The foregoing Seller's Warranties in this paragraph 5 being the "**Pensions Warranties**").

## SCHEDULE 6
## LIMITATIONS ON SELLER'S LIABILITY

### Part A
### Limitations on Liability

**(Clause 9)**

### 1. LIMITATION ON QUANTUM

1.1 The Seller shall not be liable in respect of a Buyer Claim (other than a Buyer Indemnity Claim), unless and until:

1.1.1 the amount of each such claim exceeds two hundred and fifty thousand US Dollars (US$250,000); and

1.1.2 the aggregate amount of all such claims exceeds one million US Dollars (US$1,000,000), in which case the Seller shall be liable for the whole amount of such claims.

1.2 Notwithstanding paragraph 1.1, the Seller's total liability for all Buyer Claims (excluding a Buyer Indemnity Claim) shall be limited to eighty-five million US Dollars (US$85,000,000).

1.3 The Buyer acknowledges and agrees that the aggregate amount of its costs and expenses (including legal costs) associated with pursuing any Buyer Claim shall be excluded from the sums set out in paragraph 1.1.

1.4 The Buyer and the Seller further acknowledge and agree that for the purposes of paragraph 1.2 the amount of any such Buyer Claim shall be converted, where relevant, from Pounds Sterling into US Dollars by reference to the Conversion Rate on the date of the occurrence of the matter or circumstance giving rise to such alleged breach.

### 2. TIME LIMIT FOR BRINGING A CLAIM

2.1 The Seller shall not be liable for:

2.1.1 a Buyer Claim for breach of the Business Warranties unless the Buyer has given the Seller written notice of that claim by no later than eighteen (18) Months after Completion; or

2.1.2 a Buyer Claim (excluding a Buyer Claim for breach of the Business Warranties and excluding a Buyer Indemnity Claim), unless the Buyer has given the Seller written notice of that claim by no later than five (5) years after Completion.

in each case, stating in reasonable detail the nature of the Buyer Claim and the Buyer's then best estimate of the amount so claimed.

2.2 Any Buyer Claim (excluding a Buyer Indemnity Claim) shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn on the expiry of nine (9) Months after the date on which notice of such Buyer Claim was served, if legal proceedings have not been issued on the Seller within such period.

2.3 Where the matter or default giving rise to a Buyer Claim is capable of remedy, the Buyer may not bring a Buyer Claim unless notice of the Seller's breach is given to the Seller as soon as reasonably practicable after the Buyer becoming aware of the matter or default, and the matter or default is not remedied to the satisfaction of the Buyer (acting reasonably) within thirty (30)

days after the date on which such notice is given. Where the matter or default giving rise to a Seller Claim is capable of remedy, the Seller may not bring a Seller Claim unless notice of the Buyer's breach is given to the Buyer as soon as reasonably practicable after the Seller becoming aware of the matter or default, and the matter or default is not remedied to the satisfaction of the Seller (acting reasonably) within thirty (30) days after the date on which such notice is given.

## 3. ACTS OF THE BUYER

3.1 The Seller shall not be liable to make payments in respect of a Buyer Claim (other than a Buyer Indemnity Claim) to the extent that the matter giving rise to, or the loss arising from, the claim:

3.1.1 would not have arisen or occurred but for an act, omission or transaction on the part of the Buyer or any member of the Buyer's Group or any of their respective directors, employees or agents after the date of this Agreement, otherwise than as required by Law;

3.1.2 occurs as a result of or is otherwise attributable to or is increased as a result of:

(a) the Buyer or any member of the Buyer's Group disclaiming any part of the benefit of any Relief claimed or proposed to be claimed on or before the date of this Agreement; or

(b) the Buyer or any other member of the Buyer's Group failing to claim after Completion any part of the benefit of any Relief which is available to set off or otherwise mitigate the liability that is the subject of the Buyer Claim; and

3.1.3 would not have arisen but for any change in ownership, reorganisation, amalgamation, restructuring, intra-group reorganisation, transfer of business, assets or Liabilities, cessation of trade or change in the nature or conduct of trade of the Buyer or any member of the Buyer's Group on or after Completion.

For the purposes of this paragraph 3:

"**Profits**" means income, profits or gains (including capital gains) of any description or from any source and shall include profits deemed to have been or treated as earned, accrued or received for Taxation purposes; and

"**Relief**" means loss, allowance, exemption, set-off, deduction, credit or other relief relating to any Taxation or to the computation of Profits for the purposes of any Taxation or any repayment, or right to a repayment, of Taxation.

## 4. ACCOUNTING

4.1 The Seller shall not be liable to make payments in respect of a Buyer Claim to the extent that the matter giving rise to, or the loss arising from, the claim results from or is increased by a change in the accounting policies or practices of the Buyer or any member of the Buyer's Group introduced or having effect on or after Completion.

## 5. CHANGES IN LEGISLATION

5.1 The Seller shall not be liable to make payments in respect of a Buyer Claim (other than a Buyer Indemnity Claim) to the extent that the matter giving rise to, or the loss arising from, the claim occurs as a result of or is otherwise attributable to or is increased as a result of:

5.1.1 any change in any rate of Taxation or any change in legislation (whether relating to Tax or otherwise) made after the date of this Agreement or any change to, or withdrawal of, any previously published practice or concession of any Taxation Authority after Completion; or

5.1.2 any legislation not in force at the date of this Agreement or any change of Law or administrative practice having retrospective effect which comes into force after Completion.

## 6. RIGHT TO RECOVERY

6.1 Where the Buyer is entitled to recover from any Person any amount in respect of any fact, matter or circumstance which is likely to give rise to a Buyer Claim, the Buyer shall use reasonable endeavours to procure the recovery of that amount before any steps are taken against the Seller in respect of such Buyer Claim. The Buyer shall keep the Seller fully and promptly informed of the conduct of such recovery. Any amount recovered by the Buyer (less any out of pocket expenses incurred in recovering the amount) will reduce the amount of the Buyer Claim by an equivalent amount. If recovery is delayed until after the Buyer Claim has been satisfied by the Seller, the Buyer shall repay to the Seller the amount so recovered from the third party (less any out of pocket expenses incurred in recovering the amount) within ten (10) Business Days of receipt of such amount. If the amount recovered by the Buyer exceeds the amount satisfied by the Seller, the Buyer shall be entitled to retain the excess.

## 7. AGREED MATTERS

7.1 The Seller shall not be liable to make payments in respect of a Buyer Claim to the extent that the matter giving rise to, or the loss arising from, the claim arises as a consequence of any act or omission pursuant to and in compliance with the terms of this Agreement or any other Transaction Document, by reason or in consequence of the execution and performance of this Agreement or any other Transaction Document, or at the written request, or with the written approval, of the Buyer or any member of the Buyer's Group.

## 8. PROVISIONS

8.1 The Seller shall not be liable to make payment in respect of a Buyer Claim to the extent that:

8.1.1 the matter giving rise to, or the loss arising from, the claim is taken into account in the Completion Payment Statement and/or the Final Completion Statement; or

8.1.2 the full amount of the Buyer Claim is satisfied under paragraph 3 of part G of Schedule 2.

## 9. KNOWN OR DISCLOSED MATTERS

9.1 The Seller shall not be liable to make payments in respect of a Buyer Claim relating to a breach by the Seller of a Seller's Warranty if and to the extent that:

9.1.1 the matter (and the consequences and impact of the matter on the value of the Interests) was actually known to the Buyer before the date of this Agreement. For the purposes of this paragraph 9.1, the Buyer's knowledge shall be limited to the actual knowledge of Faysal Hamza, Paul Bowden, Andy Lane, Sandy Fettes, Michele Eaves, Graeme Cook, Pamela Thomson, Salman Malik, Craig Stewart, Paul Massie, Shaun Potter, David Povey, Ali Talpur, Victoria Presly, Stefan Ricketts, Andrew Evans (up to the date on which he ceased to be employed by a member of the Buyer's Group),

Steven Butler and John Cowie, and having made reasonable enquiries of the legal advisers engaged by the Buyer (or any member of the Buyer's Group) in relation to the Transaction and the other Transaction Documents; or

9.1.2 the matter giving rise to, or the loss arising from, the claim arises in respect of any matter Disclosed.

## 10. NO DUPLICATION OF LIABILITY

The Buyer agrees with the Seller that, in respect of any matter which may give rise to a liability under this Agreement or any other Transaction Document (including a Buyer Claim), no such liability shall be met by the Seller's Group more than once.

## 11. CALCULATING LIABILITY

11.1 If, after the Seller has made any payment in respect of a Buyer Claim, the recipient of that payment recovers from a third-party (including any Taxation Authority) (whether by payment, discount, credit, relief or otherwise) a sum which is referable to that payment (a "**Recovery Amount**"), then the Buyer shall forthwith repay to the Seller (or procure the repayment of) an amount equal to the lesser of the Recovery Amount (less all proper costs, fees and expenses paid by the Buyer in recovering the Recovery Amount and any Taxation paid by the Buyer thereon) and the sum paid by the Seller.

## 12. MITIGATION

12.1 The Buyer shall (and shall procure that each member of the Buyer's Group shall) mitigate any loss suffered by it, and each member of the Buyer's Group which would, could or might reasonably result in a Buyer Claim.

## 13. NO LIMITATION

13.1 Notwithstanding any other provision of this Agreement, the provisions of this part A of Schedule 6 shall not apply to any claim made against the Seller in the case of any fraud, dishonesty, wilful misstatement, wilful misconduct or wilful omission by or on behalf of the Seller.

## Part B
## Third Party Claims

1. For the purposes of this Agreement, "**Third Party Claim**" means any matter which might give rise to a claim by a third-party against:

   (a) the Buyer or any member of the Buyer's Group (a "**Buyer Entity**") which claim would or might give rise to a Buyer Claim; or

   (b) the Seller or any member of the Seller's Group (a "**Seller Entity**") which claim would or might give rise to a Seller Claim,

   in each case the Party against which the Third Party Claim is made being the "**Primary Defendant Party**" and the other Party or Parties being the "**Secondary Defendant Party/ies**".

2. The Primary Defendant Party shall, upon becoming aware of a Third Party Claim, give written notice (containing reasonable details of the Third Party Claim) to the Secondary Defendant Party/ies of the matter promptly and in any event within ten (10) Business Days after receiving notice of the Third Party Claim.

3. The Primary Defendant Party shall not, and shall procure that no Buyer Entity or Seller Entity, as applicable, shall, enter into any judgment, make any admission of liability in respect of a Third Party Claim, or compromise or settle a Third Party Claim, without the prior written consent of the Secondary Defendant Party/ies. Upon request, the Primary Defendant Party shall provide to the Secondary Defendant Party/ies details of all amounts recovered in respect of a Third Party Claim or shall confirm that there are none.

4. The Primary Defendant Party shall provide, and shall procure that each Buyer Entity or Seller Entity, as applicable, shall provide, the Secondary Defendant Party/ies and its/their professional advisers with reasonable access to premises, personnel and to all relevant documents, records, correspondence, accounts and other information within the power, possession or control of any Buyer Entity or Seller Entity, as applicable, reasonably necessary or conducive to the proper defence of the Third Party Claim, subject to the Secondary Defendant Party/ies and their professional advisers agreeing to keep the same confidential and to use the same only in connection with the Third Party Claim.

5. Upon the Buyer or the Seller becoming aware of a Buyer Claim or a prospective Buyer Claim, or Seller Claim or prospective Seller Claim, as the case may be, the Buyer or the Seller, as applicable, shall, and shall procure that each Buyer Entity or Seller Entity, as applicable, shall, retain and preserve all relevant documents, records, correspondence, accounts and other information within the power, possession or control of any such Persons which are or would reasonably be considered relevant in connection with any Third Party Claim which has given or may give rise to such actual or prospective Buyer Claim or Seller Claim, as applicable, for so long as any such actual or prospective Buyer Claim or Seller Claim, as applicable, remains outstanding.

6. The Primary Defendant Party shall be entitled to copies of any of the documents, records and information referred to in paragraph 5 or, in the event that it wants to insure against its Liabilities in respect of any actual or prospective Buyer Claim or Seller Claim, as applicable, any information that a prospective insurer may reasonably require before effecting such insurance, subject to the Primary Defendant Party and its insurer agreeing to keep the same confidential and to use the same only in connection with assessing whether to provide insurance in respect of the Liabilities.

7. The Primary Defendant Party shall, and shall procure that each Buyer Entity or Seller Entity, as applicable, shall:

   (a) take such action and institute such proceedings, and give such information and assistance, as the Secondary Defendant Party/ies acting reasonably may request to dispute, resist, appeal, compromise, defend, remedy or mitigate a Third Party Claim or to enforce against any Person (other than the Secondary Defendant Party/ies) the rights of any Buyer Entity or Seller Entity, as applicable, in relation to a Third Party Claim, and more generally co-operate with the Secondary Defendant Party/ies and its/their professional advisers, in each case save in circumstances where such actions would have a material adverse effect on the business or reputation of the Primary Defendant Party; and

   (b) in connection with any proceedings related to a Third Party Claim (other than against the Secondary Defendant Party/ies) use professional advisers nominated by the Secondary Defendant Party/ies and, if the Secondary Defendant Party/ies so request(s), permit the Secondary Defendant Party/ies to have exclusive conduct of the negotiations and/or proceedings.

8. Notwithstanding the provisions of this part B of Schedule 6, the Secondary Defendant Party/ies shall be entitled at any stage and in its/their sole direction to settle, or to require the Primary Defendant Party to settle, any Third Party Claim provided that the Secondary Defendant Party/ies shall, where practicable, notify the Buyer in advance of its decision to settle such Third Party Claim.

9. The Secondary Defendant Party/ies shall indemnify the relevant Buyer Entity or Seller Entity, as applicable, against any reasonable costs and expenses incurred by it pursuant to its obligations under paragraphs 7 and 8.

10. Notwithstanding the provisions of this part B of Schedule 6, no Buyer Entity or Seller Entity shall be required to provide any documents, records, correspondence, accounts and other information under this part B of Schedule 6 to the extent that to do so would place that Buyer Entity or Seller Entity in breach of an obligation of confidentiality owed by it to a third-party or would cause it to lose any benefit of legal professional privilege.

## SCHEDULE 7
## BUYER'S WARRANTIES

**(Clause 10)**

1. The Buyer is duly incorporated with limited liability and validly existing under the laws of England and Wales.

2. The Buyer has the requisite corporate power and authority to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document to be executed by it pursuant to this Agreement.

3. All necessary corporate action has been taken on the part of the Buyer to authorise, execute and deliver this Agreement and the other Transaction Documents to be executed by the Buyer pursuant to this Agreement and to perform the Transaction and this Agreement constitutes, and the other Transaction Documents to be executed by the Buyer will, when executed, constitute, valid and binding obligations of the Buyer in accordance with their respective terms.

4. The signing and delivery of this Agreement and, subject to fulfilment of the Conditions, the performance of the Transaction will not materially contravene or constitute a material default under any provision contained in any agreement, instrument, law, judgment, order, licence, permit or consent by which the Buyer or any member of the Buyer's Group (including EnQuest Parent) or their respective assets is bound or affected.

5. The Buyer and each member of the Buyer's Group (including EnQuest Parent) is solvent under the laws of its jurisdiction of incorporation and is able to pay its debts as they fall due. There are no proceedings in existence or proposed in relation to any winding up, bankruptcy or other insolvency proceedings concerning the Buyer or any member of the Buyer's Group or analogous proceedings in any jurisdiction) and, so far as the Buyer is aware, no events have occurred which would justify any such proceedings. So far as the Buyer is aware, no steps have been taken to enforce any security over the assets of the Buyer or any member of the Buyer's Group and no event has occurred which would give the right to enforce such security.

6. Subject to the fulfilment of the Conditions, no consent, authorisation, licence or approval of, or notice to the Buyer's shareholders or any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the Buyer of its obligations under this Agreement.

7. So far as the Buyer is aware, no member of the Buyer's Group is involved as a party in any material litigation, arbitration or contentious administrative proceedings which have a material adverse effect on the Buyer's business or assets (taken together as a whole) and which would materially and adversely affect its ability to perform its obligations under this Agreement and no such proceedings have been threatened in writing by or against any member of the Buyer's Group.

8. The consummation of the Transaction shall not cause the Buyer to be in breach of any such licences, permits, authorisations or qualifications held by the Buyer or for any of the same to be terminated.

9. The Buyer has not incurred any liability in connection with any broker's or finder's fees which may impose liability or responsibility on the Seller.

10. Neither the Buyer nor any of its Associated Persons has directly or indirectly, in connection with the Interests or the Transaction:

10.1 authorised, offered, promised or given any financial or other advantage (including any payment, loan, gift or transfer of anything of value), directly or indirectly, to or for the use of any Government Official (or to another Person at the request of or with the assent or acquiescence of any Government Official) or any other Person in order to:

(a) improperly obtain or retain business for or with any Person;

(b) improperly direct business to any Person; or

(c) secure any improper advantage; or

10.2 engaged in any other activity, practice or conduct in violation of any applicable anti-bribery and corruption and anti-money laundering laws and regulations.

11. The Buyer has applied, or will before Completion apply, to be registered for VAT in the United Kingdom with effect from a date on or before the date of Completion under a group VAT registration of which EHL is the representative member.

**SCHEDULE 8**
**TAX**

**(Clause 12)**

1. The Buyer and its agents, officers or employees shall give the Seller or its agents all such assistance as may reasonably be required to enable the Seller to comply with its own Taxation obligations or facilitate the settlement or management of their own Taxation affairs in relation to the Interests, including providing access to the personnel, books, accounts and records, and providing copies of relevant documentation.

2. Upon request from the Buyer, the Seller shall provide the Buyer in a timely fashion with copies of all records and tax returns relating to periods prior to the Completion Date and relating wholly to the Interests which are reasonably required by the Buyer for the purposes of completing and filing any Tax return relating to the Interests.

3. All sums payable by the Buyer under this Agreement are exclusive of any value added tax or equivalent sales or turnover tax (if applicable), which will be added where applicable and will be payable by the Buyer on presentation of a valid invoice.

4. In respect of the Interests, the Seller shall indemnify the Buyer in respect of any amounts payable pursuant to any notice issued under Part 7A of the Taxes Management Act 1970 received by the Buyer after the Economic Date provided that the income which gave rise to such assessment was in respect of work performed before the Economic Date and in relation to the Interests.

5. In respect of the Interests, the Buyer shall indemnify the Seller in respect of any amounts payable pursuant to any notice issued under Part 7A of the Taxes Management Act 1970 received by the Buyer after the Economic Date provided that the income which gave rise to such assessment was in respect of work performed after the Economic Date and in relation to the Interests.

***Capital Allowances***

6. The Seller and the Buyer acknowledge that, except as provided in paragraph 7 of this Schedule 8, the Base Consideration represents expenditure incurred by the Buyer in acquiring Plant & Machinery comprised within the Interests only to the extent shown by the allocations set out in part F of Schedule 2. The Seller agrees to submit its CT returns on the basis that the said allocated expenditure on Plant & Machinery together with any increased allocation under paragraph 7 of this Schedule 8 is classed as disposal proceeds for the purposes of sections 60 and 61 of the Capital Allowances Act 2001. The Buyer agrees that it will treat such amount and only such amount as capital expenditure incurred for the purposes of Part 2 of the Capital Allowances Act 2001.

7. Insofar as the Base Consideration is increased pursuant to Clause 3, 6 and Schedule 2 by reference to expenditure qualifying for capital allowances under Part 2 of the Capital Allowances Act 2001 for the Seller, the allocation of the Base Consideration to expenditure incurred by the Buyer in relation to the Interests in acquiring Plant & Machinery shall be increased by a corresponding amount.

8. The Seller and the Buyer acknowledge that it is not just and reasonable to attribute any part of the Base Consideration to allowable scientific research expenditure or research and development expenditure except to the extent of the amounts set out in Schedule 2, and the Seller and the Buyer undertake to submit to HMRC computations of liability to CT on that basis

and not on any basis which is inconsistent therewith and for the purposes of this paragraph, the expression "**scientific research expenditure and research and development**" shall have the same meaning as in Part VI and Part 6 respectively, of the Capital Allowances Acts 1990 and 2001.

9. Additionally the Seller and the Buyer acknowledge that, except as provided in paragraph 10 of this Schedule 8, it is not just and reasonable to attribute any part of the Base Consideration to allowable Mineral Exploration & Access expenditure except to the extent of the amounts set out in Schedule 2, and the Seller and the Buyer undertake to submit to the HMRC computations of liability to CT on that basis and not on any basis which is inconsistent therewith.

10. Insofar as the Base Consideration is increased pursuant to Clauses 3, 6 and Schedule 2 by reference to expenditure qualifying for capital allowances under Part 5 of the Capital Allowances Act 2001 incurred by the Seller, the allocation of the Base Consideration to expenditure incurred by the Buyer in relation to the Interests in acquiring an asset representing capital expenditure on mineral exploration and access shall be increased by a corresponding amount.

11. No part of the Base Consideration as adjusted pursuant to this Agreement shall be treated as a direct reimbursement of expenditure that the Seller has incurred.

***Reallocation of Completion Consideration***

12. If HMRC disputes and does not agree the allocation of the Completion Consideration as set out in part F of Schedule 2, as adjusted, the Buyer and the Seller shall jointly negotiate in good faith an allocation acceptable to HMRC as close as possible to the allocation set out in Part F of Schedule 2, as adjusted.

13. Should the final allocation of Completion Consideration to expenditure on Plant & Machinery and expenditure on Mineral Exploration and Access qualifying for relief under Part 5 of CAA 2001 agreed with HMRC be higher than the total allocation to Plant & Machinery and Mineral Exploration & Access as provided for in Part F to Schedule 2 to this Agreement (the date of such agreement between the Seller and HMRC being the "**Qualifying Expenditure Realisation Date**"), as adjusted, then:

    (a) to the maximum extent permitted by law, the Seller hereby undertake to resubmit its CT returns for the period in which Completion takes place on the basis that the said allocated expenditure on Plant & Machinery and Mineral Exploration & Access are classed as disposal proceeds for the purposes of sections 60 and 61 of the Capital Allowances Act 2001 (in respect of expenditure on Plant & Machinery) and sections 421 and 423 of the Capital Allowances Act 2001 (in respect of Mineral Exploration & Access);

    (b) to the maximum extent permitted by law, the Buyer hereby undertakes to resubmit its CT returns for the period in which Completion takes place to treat such amount as capital expenditure incurred for the purposes of Part 2 and Part 5 of the Capital Allowances Act 2001; and

    (c) the Buyer shall make a payment to the Seller to increase the Completion Consideration in accordance with paragraphs 14 and 15 below, provided that the Buyer shall not be required to make a payment to the Seller under this paragraph 13(c) to the extent that the Buyer is out of time or otherwise prevented by law from amending its CT returns in the manner prescribed by paragraph 13(b) above.

14. The Buyer shall make the payment to the Seller pursuant to paragraph 13(c) within thirty (30) days of the date on which the Discounted Notional CT Rate is finally agreed between the Buyer and the Seller. If the Buyer and the Seller do not agree any adjustment in the manner prescribed in the definition of "Discounted Notional CT Rate" within ninety (90) days of the Qualifying Expenditure Realisation Date, the matter shall be settled by an Expert Determination in accordance with paragraph 4(b) of part D of Schedule 2.

15. The amount of the payment to be made by the Buyer to the Seller in satisfaction of paragraph 13(c) shall be the amount determined as P in the Reallocation Payment Formula.

***PRT***

16. The Seller shall prepare and the Buyer and the Seller shall deliver to HMRC (within two (2) Months from the end of the chargeable period for PRT purposes within which the Completion Date falls) a notice under Paragraph 3 of Schedule 17 of the Finance Act 1980 in respect of the transfer of the Interests, and shall not make application under Paragraph 4 of the said schedule for the provisions of Parts 2 and 3 of that Schedule not to apply. The notice delivered in respect of such Paragraph 3 shall where necessary take into account a partial transfer of interests in accordance with Paragraph 5 of Schedule 17 of the Finance Act 1980.

17. In relation to the Interests, the Seller agrees that, if so requested by the Buyer, the Seller shall make a joint election with the Buyer under the provisions of Paragraph 14 of Schedule 17 of the Finance Act 1980, where applicable, to enable losses arising to the Buyer to be surrendered to the Seller up to an amount provided for in such Paragraph 14.

18. Notwithstanding any other provisions of this Agreement, the Seller shall retain access to all books and records, and Operators' information in relation to PRT income and claims under Schedules 5 and 6 of the OTA in relation to the Interests for all periods including the periods in which the Completion Date falls for a period of four (4) years from the Completion Date. The Buyer shall use reasonable endeavours to provide to the Seller, as soon as reasonably practicable, all material documentation relating to any PRT assessments, returns or claims issued by the Operator to the Buyer in respect of such periods.

19. The Parties acknowledge that this Agreement has been agreed on the basis that the rate of PRT applied to profits will be 0% with effect from 1st January 2016 and continue at such level for the remaining life of the assets. In the event any future legislation increases the PRT rate on profits (or having increased it, subsequently reduces it), the Parties will meet within sixty (60) days to agree an appropriate adjustment to the Base Consideration to ensure neither Party is any worse off or better off than would have been the case had there been no change in the rate of PRT. If the Parties do not agree any adjustment in accordance with the provisions of this paragraph 19 within sixty (60) days, the matter shall be settled by an Expert Determination in accordance with paragraph 4(b) of Part D of Schedule 2.

***VAT***

20. Subject to paragraphs 22 and 23 of this Schedule 8, any amounts expressed to be payable under this Agreement by either the Seller or the Buyer shall be exclusive of any VAT which may be chargeable thereon and the amount of any such value added tax shall be payable in addition thereto upon presentation of a valid VAT invoice.

21. The Parties consider that the transfer hereunder is a transaction that is outside the scope of VAT either by virtue of Article 5 of the Value Added Tax (Special Provisions) Order 1995 or the transfer contemplated hereby is of a right over land outside the United Kingdom and shall use

all reasonable endeavours to secure that the transfer is treated as neither a supply of goods nor a supply of services for VAT purposes.

22. Notwithstanding that the Parties consider that the sale and transfer hereunder is a transaction which is outside the scope of VAT, in the event that a Party is advised in writing by the Taxation Authority after full disclosure of all material facts that the sale and transfer hereunder is subject to VAT, the Buyer undertakes that, if called upon to do so by the Seller, it will pay to the Seller on presentation by the Seller of a valid VAT invoice any amounts properly due in respect of VAT set out in such invoice within thirty (30) days of demand.

23. Reimbursement pursuant to Clause 11.4 is not regarded as a consideration for supplies for VAT purposes and therefore the payment thereof shall be exclusive of VAT. Notwithstanding that the Parties consider that the reimbursement is outside the scope of VAT in the event that a Party is advised in writing by the Taxation Authority after full disclosure of all material facts that the reimbursement hereunder is subject to VAT, the Buyer undertakes that, if called upon to do so by the Seller, it will pay to the Seller on presentation by the Seller of a valid VAT invoice any amounts properly due in respect of VAT set out in such invoice within thirty (30) days of demand.

24. Following the repeal of Section 49(1)(b) of the Value Added Tax Act 1994, the Parties agree that all business records prior to the Completion Date remain the sole property of the Seller. For the purposes of Section 49(5) Value Added Tax Act 1994 the Parties agree that the term "reasonably requires" shall be taken as being thirty (30) days' notice in writing from the Buyer to the Seller requesting the Seller provide either information specified by the Buyer or copies of specified documents required by the Buyer for the purpose of complying with the Buyer's duties under the Value Added Act 1994.

25. Any Actual Adjustment Amount pursuant to Clause 3 or payments or reimbursements pursuant to Clause 11.4 shall follow VAT treatment as specified in paragraphs 20 to 24 of this Schedule 8.

26. Notwithstanding any other provision of this Agreement, the Seller shall retain access to all books and records and Operators' information in relation to VAT for all periods including the period in which the Completion Date falls for a period of six (6) years from the Completion Date. The Buyer shall use reasonable endeavours to provide the Seller, as soon as reasonably practicable, all material documentation relating to any VAT assessments, returns or claims issued by any Operator to the Buyer in respect of such periods.

***Brownfield allowances***

27. If, following the Completion Date, an event occurs (the date of such event being the "**BFA Activation Date**") which activates any unactivated amount of Brownfield Allowance that was held by the Seller in respect of its expenditure on MLXP and was treated pursuant to Paragraph 7 of Schedule 12 to Finance Act 2015 as an amount of unactivated investment allowance (the "**BFA Amount**") then the Buyer shall make a payment to the Seller to increase the Total Consideration in accordance with paragraphs 28 to 30 below.

28. The Buyer shall make the payment to the Seller pursuant to paragraph 27 within thirty (30) days of the date on which the amount to be paid by the Seller in accordance with paragraphs 29 and 30 is finally agreed between the Buyer and the Seller. If the Buyer and the Seller cannot agree such amount within sixty (60) days of the BFA Activation Date the matter shall be settled by an Expert Determination in accordance with paragraph 4(b) of part D of Schedule 2.

29. The amount of the payment to be made by the Buyer to the Seller in satisfaction of paragraph 27 shall (subject to application of the NPV Formula pursuant to paragraph 29) be an amount equal to the reduction in SCT to which the Buyer is entitled in respect of the BFA Amount (and such reduction shall be calculated using the rate of SCT as at the BFA Activation Date).

30. The amount payable by the Buyer as calculated in accordance with paragraph 29 shall be reduced (if applicable) to an amount equal to A in the NPV Formula where, for the purposes of such formula:

**X** = the amount payable pursuant to paragraph 29; and

**Y** = the number of years between (i) the BFA Activation Date and (ii) the earliest date on which the Buyer and Seller agree (acting in good faith) that the Buyer's Group will be in a position to benefit from any reduction in its liability to SCT in respect of the BFA Amount provided that the Buyer shall be entitled to assume any other actual Tax asset or Tax Relief of the Buyer or any member of the Buyer's Group would be utilised in priority to any Tax Relief to which the Buyer is entitled in respect of the BFA Amount.

## SCHEDULE 9
## AGREED FORM DOCUMENTS

Agreed form documents:

A. Magnus Joint Operating Agreement

B. Buyer Financial and Technical Capability Case

C. Vendor Loan Facility Agreement

D. Thistle Amendment Agreement

E. MEOR Agreed Form Documents:

   a. GSSA Novation and Amendment

   b. EOSPS Specified Pipe and Interface Agreement

   c. Amendment of MEOR Study Letter Agreement (9 June 2016) – MEOR Enhancements (Safety)

   d. Amendment of MEOR Study Letter Agreement (9 June 2016) – MEOR Enhancements (Expansion)

   e. Sublease

F. MEOR Term Sheets:

   a. WoS GSA Term Sheet

   b. SVT CULA Amendment

G. NDA Termination Deed

H. Agreed Form Novation Agreement(s)

**DATED** **2017**

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**JOINT OPERATING AGREEMENT**
**FOR**
**UKCS LICENCE NO. P. 193**
**BLOCKS 211/7A ALL (MAGNUS FIELD),**
**211/12A ALL (MAGNUS SOUTH FIELD) &**
**ASSOCIATED INFRASTRUCTURE**

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**BETWEEN**

**BP EXPLORATION OPERATING COMPANY LIMITED**

**AND**

**ENQUEST NNS LIMITED**

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**THIS AGREEMENT** is made **AS A DEED** on the day of 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED**, a company incorporated in England & Wales (company number 00305943), having its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP ("**BP**"); and

(2) **ENQUEST NNS LIMITED**, a company incorporated in England & Wales (company number 10573715) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR ("**EnQuest**")

**WHEREAS:**

(A) On [●], BP and EnQuest entered into the SPA, pursuant to which BP agreed to transfer an interest in (inter alia) the Licence and the Joint Property (subject to the terms and conditions contained therein). Accordingly, as of the date of this Agreement, the Participants are the present holders of the Licence.

(B) This Agreement is entered into by the Participants for the purposes of regulating operations under the Licence, and to define the Participants' respective rights, interests, duties and obligations in connection with the Licence throughout each of the Magnus Phases.

(C) BP and EnQuest have agreed the Agreed WP&B.

(D) The Secretary has, in a document dated [ ], granted approval to this Agreement through the petroleum e-business assignments and relinquishment system (more commonly known as PEARS).

(E) The Participants acknowledge that this Agreement supersedes and replaces any previous joint operating agreement relating to the Licence, including the joint operating agreement for the Licence dated 3 January 1989, as it was applicable to (but not limited to) Block 211/7a All (Magnus Field) and Block 211/12a All (Magnus South Field).

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement, where the context admits:

"**Accounting Procedure**" means the procedure set out in Schedule 1.

"**Acquiring Party**" has the meaning assigned to it in clause 9.10.1(e).

"**Accruals Basis**" means that basis of accounting under which costs and benefits are regarded as applicable to the period on which the cost is incurred or the right to the benefit arises, regardless of when invoiced, paid or received.

"**Acts**" means the Petroleum Act 1998 and the Continental Shelf Act 1964 and any regulations issued under them.

"**AFE**" means authority for expenditure.

"**Affiliate**" means:

(a) if the Participant is a subsidiary of another company, the Participant's ultimate holding company and any subsidiary (other than the Participant itself) of the Participant's ultimate holding company; or

(b) if the Participant is not a subsidiary of another company, any subsidiary of the Participant.

"**Agency Personnel**" means secondees or other individuals performing work or services ordinarily performed by employees where such secondees or other individuals are under the direction and control of a Participant or its Affiliate.

"**Agreed WP&B**" means the three (3) year work programme and budget for the calendar years 2017-2019 (inclusive) set out at Schedule 4.

"**Agreement**" means this agreement and includes its recitals and the Schedules.

"**Applicable Anti-Bribery Law**" means any laws, regulations and other legally binding measures relating to bribery, corruption or similar activities of: (i) the United Kingdom, including the Bribery Act 2010; (ii) any country or countries in which any of the obligations of this Agreement are performed; and/or (iii) for each Participant, any country or countries of such Participant's (but for the avoidance of doubt, not of any other Participant's) place of incorporation, principal place of business, and/or place of registration as an issuer of securities and/or any country or countries of such Participant's ultimate parent company's place of incorporation, principal place of business, and/or place of registration as an issuer of securities.

"**Approved Decommissioning Plan**" has the meaning assigned to it in clause 13.1.7.

**"Associated Agreement"** means the agreements listed in Schedule 3 together with any other agreement executed by all of the Participants in their capacity as such (or the Operator on behalf of all of the Participants) and one or more third parties (including a Participant acting in a capacity other than as a Participant), in which the Operator acts on behalf of all the Participants and which the Participants agree shall be brought within the scope of this Agreement as an Associated Agreement;

"**Associated Infrastructure**" means EOSPS and the Main Oil Line.

"**Association**" has the meaning assigned to it in clause 8.2.1.

"**Benefits**" means income, revenue, receipts, rebates, credits and other benefits of whatsoever nature and howsoever arising.

"**Bribe**" means to do anything that would amount to an offence under Applicable Anti-Bribery Law (including anything which would be an offence under the Bribery Act 2010 if the person concerned were subject to the jurisdiction of the UK courts); and "Bribes", "Bribed", "Bribery", "Bribing" and other variants of "Bribe" shall be construed accordingly.

"**BP Nominated Account**" means the BP account as notified to EnQuest for the purposes of clause 16.4.5.

"**BP Decommissioning Notice**" has the meaning assigned to it in clause 2.9.2.

"**BP Phase 3 Notice**" has the meaning assigned to it in clause 2.7.2.

"**BP Phase 4 Notice**" has the meaning assigned to it in clause 2.9.1.

"**Buyer Guarantee**" means the guarantee provided by EnQuest PLC in respect of EnQuest's obligations under the SPA and this Agreement dated [●] 2017.

"**Call Option Deed**" means the call option deed between BP and EnQuest dated [●] 2017 in respect of, inter alia, an additional interest in the Licence and the Joint Property.

"**Cash Call**" means any request for payment of cash in advance made by the Operator to the Participants in connection with the Joint Operations pursuant to clause 16 and paragraph 4 of Schedule 1.

"**Chairman**" has the meaning assigned to it in clause 9.3.

"**Change in Control**" means, in relation to the Buyer, the acquisition by a Person (or Persons acting in concert) of a Controlling Interest in the Buyer or in any holding company of the Buyer, except if such Change in Control is a result of the acquisition of all or a majority of the issued equity share capital of either:

(a) EnQuest Parent; or

(b) EHL or any holding company of EHL other than EnQuest Parent, provided that in the case of (b) only, any outstanding Accumulated Interest Seller Costs Amount, Accumulated Post-Economic Date Cost Amount and Final Earn-out Reimbursement Amount (each as defined under the SPA) and any outstanding amounts due under the Vendor Loan Facility Agreement (excluding any amount of Incremental Interest (as defined in the Security Trust and Waterfall Deed) which has accrued and not yet been paid to the BP Payment Account (as defined in the Security Trust and Waterfall Deed) on the date of the relevant acquisition (and any such amount of Incremental Interest shall remain due and payable in accordance with the provisions of the Net Cashflow Share Deed and the Security Trust and Waterfall Deed)) have been be repaid prior to completion of such acquisition of shares in such company.

"**Competent Authority**" means (i) any person having legal, executive and/or regulatory authority and/or enforcement powers (including any public body or authority responsible for the investigation and/or prosecution of criminal offences) over a Participant or any of its Affiliates providing services in connection with Joint Operations; and/or (ii) any court of law or tribunal with jurisdiction over a Participant or any of its Affiliates providing services in connection with Joint Operations.

"**Consequential Loss**" means any indirect or consequential loss howsoever caused or arising whether under contract, by virtue of any fiduciary duty, in tort or delict (including negligence), as a consequence of breach of any duty (statutory or otherwise) or under any other legal doctrine or principle whatsoever whether or not recoverable at common law or in equity. "Consequential Loss" shall be deemed to include, without prejudice to the foregoing generality, the following to the extent to which they might not otherwise constitute indirect or consequential loss:

(a) loss or damage arising out of any delay, postponement, interruption or loss of production, any inability to produce, deliver or process hydrocarbons or any loss of or anticipated loss of use, profit or revenue;

(b) loss or damage incurred or liquidated or pre-estimated damages of any kind whatsoever borne or payable, under any contract for the sale, exchange, transportation, processing, storage or other disposal of hydrocarbons;

(c) losses associated with business interruption including the cost of overheads incurred during business interruption;

(d) loss of bargain, contract, expectation or opportunity;

(e) damage to any reservoir, geological formation or underground strata or the loss of hydrocarbons from any of them; and

(f) any other loss or anticipated loss or damage whatsoever in the nature of or consequential upon the foregoing.

"**Controlling Interest**" in relation to an undertaking means:

(a) the ownership or control (directly or indirectly) of more than fifty per cent. (50%) of the fully diluted voting share capital of the undertaking;

(b) the ability to direct the casting of more than fifty per cent. (50%) of the fully diluted votes exercisable at general meetings of the undertaking on all, or substantially all, matters; or

the right to appoint or remove directors of the undertaking holding a majority of the voting rights at meetings of the board of directors on all, or substantially all, matters.

"**Conversion Rate**" means the rate published for the relevant date by the Bank of England on its "Statistical Interactive Database - daily spot rates against Sterling" (or any replacement Bank of England database), or if no such rate is provided for the relevant date, for the latest date prior to the relevant date for which a rate is provided.

"**Decommissioning**" means the decommissioning, dismantling, demolition, removal, making safe, and/or disposal of any Joint Property and/or any site restoration, site remediation, clean up, treatment or decontamination of any land in, on, under or to the extent comprised within the Licence Area, including the plugging, replugging, and abandoning of wells, site clearance, removal of debris and any operations carried out in connection with or in contemplation of the foregoing (including planning, acquiring long-lead items in respect of and maintenance of such Joint Property).

"**Decommissioning Budget**" means a budget forming part of a Proposed Decommissioning Plan to be approved in accordance with clause 13 to provide for the Decommissioning of Joint Property and the provision for the necessary Liabilities associated with facilities not wholly removed.

"**Decommissioning Programme**" means a programme forming part of a Proposed Decommissioning Plan to be approved in accordance with clause 13 to provide for the Decommissioning of Joint Property and performance of the Liabilities associated with facilities not wholly removed.

"**Default Notice**" has the meaning assigned to it in clause 17.2.

"**Defaulting Participant**" has the meaning assigned to it in clause 17.2.

"**Discovery**" means any discovery of reserves of Petroleum.

"**Dispute**" has the meaning given to it in clause 29.1.

"**End Date**" has the meaning assigned to it in clause 2.1.

"**EnQuest COP Notice**" has the meaning assigned to it in clause 2.5.

"**EnQuest Insolvency Event**" means:

(a) EnQuest becomes insolvent or unable or admits inability to pay its debts as they fall due or is adjudicated bankrupt or declares (or has declared in respect of it) a

moratorium on the payment of, or suspends the payment, of all or a substantial part of its debts;

(b) any execution, distress, attachment, expropriation, sequestration or other legal process which affects a material part of the assets of EnQuest and is not discharged within twenty-one (21) days;

(c) EnQuest ceases to carry on its business;

(d) EnQuest is:

(i) dissolved or enters into liquidation, administration, administrative receivership, receivership, a company voluntary arrangement, a scheme of arrangement with creditors or other reorganisation by reason of actual or anticipated financial difficulties, or any analogous or similar procedure in any jurisdiction or any other form of procedure relating to insolvency, insolvent reorganisation or dissolution in any jurisdiction; or

(ii) any formal corporate action, legal proceedings or other similar procedure or step is taken by any person with a view to any of the matters listed in (d)(i) above, save for the presentation of a winding-up petition that is frivolous or vexatious and that is discharged, stayed or dismissed within twenty-one (21) days of commencement and in any event before advertisement.

"**EnQuest Material Adverse Event**" means: (i) a Change in Control of EnQuest; or (ii) an EnQuest Insolvency Event.

"**EnQuest Nominated Account**" means the EnQuest account as notified to BP for the purposes of clause 16.4.5.

"**EnQuest Parent**" means EnQuest PLC, a company incorporated in England & Wales (company number 07140891) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR

"**Environmental Liabilities**" has the meaning given to it in the SPA.

"**EOSPS**" means the twenty inch (20") trunkline used for the transportation of natural gas commonly known as the East of Shetland Pipeline System (but excluding the EOSPS Specified Pipe).

"**EOSPS Specified Pipe**" means the onshore natural gas pipeline controlled by BP (in its capacity as the operator and owner of the Sweetening Facilities) forming part of the Sweetening Facilities, from a point immediately downstream of the Sweetening Facilities, to the point at which the EOSPS Specified Pipe crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands.

"**Existing Property**" means (i) any property in existence immediately prior to the date of this Agreement that would have qualified as Joint Property at such time if this Agreement was in force; (ii) the Infill Wells; and (iii) Replacement Property, but excluding the Seller P&A Wells.

"**Good Oilfield Practice**" means the application of those methods and practices customarily used in good and prudent oil and gas field practice in the UKCS with that degree of diligence and prudence reasonably and ordinarily exercised by experienced operators engaged in the UKCS in a similar activity under similar circumstances and conditions.

"**Group**" means in relation to any Participant, the Participant, its Affiliates and any of the directors, officers, employees and/or Agency Personnel of the Participant or its Affiliates.

"**Infill Wells**" means the three (3) infill Wells (named MP57 (also known as MP62FT), WAG09 and PME-P04) which are planned to be drilled as part of the Agreed WP&B, or any alternative wells which are drilled as Joint Operations and which target the same targets or have substantially similar aims (provided that there shall never be more than three (3) Infill Wells for the purposes of this Agreement).

"**Intellectual Property**" means literary and artistic works (including but not limited to designs, manuals, computer programmes, databases, scientific and technical information) inventions, mask works, semiconductor topographies, know-how and other material protected by law.

"**Intellectual Property Rights**" means patents, design rights, copyright, database rights, utility models, semiconductor topography rights, rights in know-how and confidential information whether registered or unregistered anywhere in the world, and applications for any of the foregoing, and any other form of protection afforded by law to a person to allow such person to prevent the use of Intellectual Property owned by such person without consent.

"**Interest Rate**" means the London interbank offered rate for one (1) month for the currency in question as published electronically by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) applicable on the first day of the relevant period in respect of which the interest or incremental amount is to be calculated. If the first day of the relevant period is not a Working Day then the rate to be used is that for the most recent Working Day preceding the first day of the relevant period. For periods longer than one Month, the Interest Rate will be reset Monthly on the numerically corresponding day in each subsequent Month except that if the numerically corresponding day in a subsequent Month is not a Working Day, the Interest Rate will be reset on the next Working Day in that Month if there is one, or if there is not, on the immediately preceding Working Day.

"**Joint Account**" means the account established and maintained by the Operator pursuant to the Accounting Procedure.

"**Joint Operations**" means all operations which are conducted by the Operator on behalf of all of the Participants in accordance with this Agreement on and after the date of commencement of this Agreement as provided in clause 2.

"**Joint Operating Committee**" means the committee established pursuant to clause 9.1.

"**Joint Petroleum**" means all Petroleum won and saved under the Joint Operations.

"**Joint Property**" means all property acquired or held for use in connection with the Joint Operations, including the Existing Property and the Associated Infrastructure (but excluding all of the facilities set out in schedule 5 of the Magnus Enhanced Oil Recovery / Sullom Voe Terminal Gas Sale and Service Agreement dated 6 September 2000).

"**Legally Required Announcement**" has the meaning given to it in clause 20.2.

"**Legislation**" means the Acts and all other relevant international treaties binding in the United Kingdom, national and local laws, by-laws, regulations, decisions and judgments of any Competent Authority.

"**Liabilities**" means costs, charges, expenses, liabilities and obligations of whatsoever nature and howsoever arising.

"**Licence**" means the United Kingdom Petroleum Production Licence No. 193 dated 20 July 1972 and effective as of 15 March 1972 issued by the Secretary as amended, supplemented or extended from time to time and shall include any other licence issued to the Participants in substitution or partial substitution for it.

"**Licence Area**" means the area for the time being covered by the Licence excluding any area in which the Participants have no beneficial interest and which has become subject to a separate joint operating agreement pursuant to clause 9.10.2.

"**Magnus COP Date**" means the actual date of permanent cessation of production of the Magnus Field.

"**Magnus Field Platform**" means the offshore installation and associated equipment currently located on Block 211/12a for the production and processing of petroleum from the Licence Area.

"**Magnus Phase**" means Magnus Phase 1, Magnus Phase 2, Magnus Phase 3 or Magnus Phase 4 and "**Magnus Phases**" shall be construed accordingly.

"**Magnus Phase 1**" has the meaning assigned to it in clause 2.3.1.

"**Magnus Phase 2**" has the meaning assigned to it in clause 2.3.2.

"**Magnus Phase 2 Commencement Date**" has the meaning assigned to it in clause 2.3.2.

"**Magnus Phase 3**" has the meaning assigned to it in clause 2.3.3.

"**Magnus Phase 3 Benefits**" means all Benefits which are attributable (on an Accruals Basis) to the Joint Property during Magnus Phase 3.

"**Magnus Phase 3 Commencement Date**" has the meaning assigned to it in clause 2.7.2.

"**Magnus Phase 3 Default End Date**" means the date falling three (3) Years after the Magnus Phase 3 Commencement Date (or such later date as may be agreed in writing by BP and EnQuest).

"**Magnus Phase 3 Costs**" means all Liabilities which are attributable (on an Accruals Basis) to the Joint Property during Magnus Phase 3, save for:

(a) any such amounts which relate to Decommissioning, which shall be borne as set out in clause 16.5.2; and

(b) any Environmental Liabilities which are not directly attributable to: (i) the provision of the Magnus Up and Over Service; or (ii) the continued production under the Licence pursuant to an election by BP under clause 2.8 (other than those arising due to the Wilful Misconduct of the Operator), which shall be borne in proportion to the Percentage Interests of the Participants in respect of Magnus Phase 3 as set out in Clause 4.

"**Magnus Phase 3 Property**" means any Joint Property that comes into existence during Magnus Phase 3.

"**Magnus Phase 4**" has the meaning assigned to it in clause 2.3.4.

"**Magnus Phase 4 Commencement Date**" means:

(a) if Magnus Phase 3 has not occurred, the earlier to occur of: (i) the Magnus COP Date; and (ii) the date specified in the BP Decommissioning Notice serviced pursuant to clause 2.9.2; or

(b) if Magnus Phase 3 has occurred, the earlier to occur of: (i) the Magnus Phase 3 Default End Date; and (ii) the date specified in the BP Phase 4 Notice served pursuant to clause 2.9.1.

"**Magnus Up and Over Service**" means the continued purchase of natural gas pursuant to and in accordance with the terms of some or all of the WoS GSAs including for the purposes of operational use on the Magnus Field Platform, for onward sale to third parties for offshore fuel gas and other operational purposes and/or the transportation and processing of such natural gas for sale to the markets.

"**Magnus Riser Project**" means any work that is undertaken by BP or, if clause 16.1 of the Magnus Transfer of Operatorship Agreement applies, EnQuest in respect of the NLGP riser and its dead weight support structure that is necessary (in the opinion of BP, acting in accordance with Good Oilfield Practice) to remedy or mitigate the effects of the corrosion and/or related fatigue of such riser which has been identified as at the date of this Agreement and disclosed to EnQuest.

"**Main Oil Line**" means a pipeline transporting liquids from Magnus Field Platform to the Ninian Central Platform including a 24" riser and all topdeck equipment connecting with the Ninian Pipeline at the flange of the main oil manifold.

"**Material**" means property, facilities, equipment or supplies.

"**Month**" means a calendar month (and "**Monthly**" shall be interpreted accordingly).

"**Net Cashflow Share Deed**" means the net cashflow share deed to be entered into by BP and EnQuest under the Call Option Deed at completion under the Call Option Deed.

"**New Area**" means:

(a) that part of the Licence Area in respect of which a Participant proposes to transfer all or part of its Percentage Interest without transferring all of its Percentage Interest in the remainder of the Licence Area; or

(b) at any given time, any part of the Licence Area, being delimited by surface area but applying only to that interpreted closure of any geological structure or stratigraphic trap in which the reservoir or reservoirs exist, which is subject to development by less than all Participants and in which the entire Percentage Interest is owned by those of the Participants carrying out the development.

"**New Area JOA**" has the meaning assigned to it in clause 9.10.2.

"**New Area JOA Participants**" has the meaning assigned to it in clause 9.10.2.

"**Ninian Central Platform**" means the offshore installation and associated equipment currently located on Block 3/3 for the production and processing of petroleum from Ninian Field.

"**Ninian Pipeline**" means the thirty six inch (36") outside diameter pipeline which begins at Ninian Central Platform and extends 175 km to the Sullom Voe Terminal.

"**NLGP**" means the Northern Leg Gas Pipeline.

"**NLGP Operating Services Agreement**" means the operating services agreement dated [x] supplemental to the Northern Leg Gas Pipeline Participants Agreement.

"**Non-Defaulting Participant**" has the meaning assigned to it in clause 17.3.

"**Non-Operator**" means a Participant other than the Operator.

"**Northern Leg Gas Pipeline Participants Agreement**" means the Northern Leg Gas Pipeline Participants Agreement dated 23rd December 1981.

"**Notified Address**" has the meaning assigned to it in clause 30.3.

"**Oil and Gas UK**" means that representative organisation trading as Oil and Gas UK.

"**Operating Participant's Petroleum Receipts**" has the meaning assigned to it in clause 18.2.

"**Operator**" means the Participant for the time being designated as such under clause 5, acting in that capacity and not as the owner of a Percentage Interest.

"**Operator Group**" has the meaning assigned to it in clause 6.2.4(a).

"**OPOL**" has the meaning assigned to it in clause 8.2.1.

"**Other Property**" means any Joint Property that comes into existence on or after the date of this Agreement that is not Existing Property, Seller P&A Wells or Magnus Phase 3 Property.

"**Other Property Register**" means the register of Other Property that is to be maintained by the Operator pursuant to clause 13.1 (which shall reflect whether Joint Property is Existing Property or Other Property).

"**Outgoing Operator**" has the meaning assigned to it in clause 5.7.1.

"**Parent Share Charge**" shall have the meaning given to it in the Security Trust and Waterfall Deed.

"**Participant**" means a party to this Agreement and its respective permitted successors and assigns.

"**Percentage Interest**" means for each of the Participants the undivided percentage interest held by it in the Licence from time to time pursuant to this Agreement in so far as it relates to the Licence Area or, where the context so requires, in any New Area.

"**Permitted Method**" has the meaning assigned to it in clause 30.2.

"**Petroleum**" has the meaning assigned to it under the Licence.

"**Phase 3 Operator Group**" has the meaning assigned to it in clause 6.2.4(b).

"**Policies and Procedures**" means an anti-Bribery policy and any related procedures as amended, varied or supplemented from time to time, including policies, procedures and controls relating to accounting, approval and recording of financial transactions; risk assessment and mitigation; training of personnel; due diligence on third-party engagements/contracts; gifts and hospitality, promotional expenditures, sponsorship and charitable donations; and promoting and monitoring compliance.

"**Pounds**" or "**£**" means pounds sterling of the United Kingdom.

"**Programme and Budget**" means any programme and budget of Joint Operations, excluding those in respect of Decommissioning.

"**Proposed Decommissioning Plan**" has the meaning assigned to it in clause 13.1.1.

"**Proposing Participant**" has the meaning assigned to it in clause 9.10.1(a).

"**Protected Period**" has the meaning assigned to it in schedule 5 of the TOA.

"**Quarter**" means a period of three Months ending on 31st March, 30th June, 30th September or 31st December in any Year and "**Quarterly**" shall be construed accordingly.

"**Reasonable and Prudent Operator**" means a person, company, firm or body corporate acting in good faith to perform its contractual obligations and in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and conditions.

"**Receipts**" means all Benefits received by the Operator relating to the Licence, including grants received from any governmental agency or body in the United Kingdom or of the European Union and monies (or the monetary value of other consideration) arising from the sale of Joint Property.

"**Relevant Transfer Activity**" has the meaning assigned to it in schedule 4 of the TOA.

"**Remaining Area**" means that part of the Licence Area which is not a New Area.

"**Remaining Area JOA**" has the meaning assigned to it in clause 9.10.2(b).

"**Remaining Area JOA Participants**" has the meaning assigned to it in clause 9.10.2(b).

"**Replacement Property**" means any component of the Joint Property that replaces Existing Property only if:

(a) such replacement is performed in the ordinary course of Joint Operations and such replacement property is not materially different (in form and/or function and/or service) as the Existing Property replaced by it, and the expenditure incurred in making such replacement represents revenue expenditure for CT purposes; and

(b) none of the expenditure incurred when making such replacement is treated as a Decommissioning Liability of BP pursuant to clause 11.1 of the SPA.

"**Reserved Matters**" has the meaning assigned to it in clause 9.8.6.

"**Retained Expenditure**" has the meaning given to it in the SPA.

"**Secretary**" means in relation to the Licence, the "Minister" as defined therein, or, in relation to the exercise of functions under the Acts, the person designated to exercise such functions, as the case may be.

"**Security Document**" shall have the meaning given to it in the Security Trust and Waterfall Deed.

"**Security Trust and Waterfall Deed**" means the deed of the same name entered into by, inter alia, BP and EnQuest dated [●] 2017.

"**Security Trustee**" shall have the meaning given to it in the Security Trust and Waterfall Deed.

"**Seller P&A Wells**" means those wells located under the Licence identified as 211/12A-17 (otherwise known as D4), 211/12A-11Z (otherwise known as D5), 211/7A-3 (otherwise known as D6), 211/12A-21 (otherwise known as D9), 211/12A-23 (otherwise known as F9) and 211/12A-193 (otherwise known as F10).

"**Seller Retained Claims**" has the meaning given to it in the SPA.

"**Senior Managerial Personnel**" means in relation to any Participant, any person employed by it or any of its Affiliates as a director or other corporate officer or senior manager. For the purposes of this definition, "senior manager" shall mean only:

(a) in relation to the Operator, any person having direct responsibility for the conduct of the Joint Operations; and

(b) in relation to any Non-Operator, any person having direct responsibility for enforcing the rights and fulfilling the responsibilities of such Non-Operator under this Agreement.

"**SPA**" means the sale and purchase agreement entered into by BP and EnQuest dated [●] 2017 in respect of, inter alia, the sale and purchase of an interest in the Licence and the Joint Property.

"**Sullom Voe Terminal**" means the petroleum receiving, treatment, storage and tanker loading complex located at Sullom Voe, Shetland.

"**Sweetening Facilities**" means the onshore facilities located adjacent to the Sullom Voe Terminal which are intended to receive, meter, analyse and process natural gas delivered from the West of Shetland Pipeline System.

"**TOA**" means the transfer of operatorship agreement entered into by BP and EnQuest dated [●] 2017 relating to the Magnus Field and Magnus South Field.

"**Transaction Documents**" has the meaning given to it in the Security Trust and Waterfall Deed.

"**Transfer JOA**" means the form of joint operating agreement set out in Schedule 5 Agreed Form Transfer JOA to this Agreement.

"**Transferred Interest**" has the meaning assigned to it in clause 9.10.1(d).

"**Transferee Group**" has the meaning assigned to it in schedule 4 of the TOA.

"**UKCS**" means the United Kingdom Continental Shelf.

"**Up and Over Service Termination Date**" means the date on which all WoS GSAs expire, have expired, have terminated and/or or may be terminated in accordance with their terms.

"**Vendor Loan Facility Agreement**" means the agreement in agreed form to be entered into between a BP Affiliate and EnQuest in order to facilitate completion under the Call Option Deed setting out the terms on which a BP Affiliate will loan certain amounts to EnQuest to fulfil its payment obligations under the Call Option Deed.

"**Wilful Misconduct**" means an intentional or reckless disregard by Senior Managerial Personnel of Good Oilfield Practice or any of the terms of this Agreement in utter disregard of avoidable and harmful consequences but shall not include any act, omission, error of judgement or mistake made in the exercise in good faith of any function, authority or discretion vested in or exercisable by such Senior Managerial Personnel and which in the exercise of such good faith is justifiable by special circumstances, including safeguarding of life, property or the environment and other emergencies.

"**Working Day**" means a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London (England).

"**Work Obligations**" means any conditions prescribed by the Secretary for the continuation of the Licence, including those referred to in clause 9.9.1.

"**WoS Fields**" means together the Schiehallion Field, the Loyal Field, the Clair Field, the Clair Ridge Field and the Foinaven Field, each located on the UKCS.

"**WoS GSAs**" means the gas sales agreements to be entered into between EnQuest and BP (each in their capacity as a gas buyer), and each of the owners of the WoS Fields.

"**WoS Required Property**" means any Joint Property identified in the BP Phase 3 Notice.

"**Year**" means a calendar year.

1.2 **Interpretation**

In this Agreement, unless the context otherwise requires:

1.2.1 all references to clauses and Schedules are, unless otherwise expressly stated, references to clauses of and schedules to this Agreement;

1.2.2 references to this Agreement or any other document or to any specified provision of this Agreement or any other document are to this Agreement, that document or that provision as from time to time amended, novated and/or supplemented in accordance with the terms of this Agreement or that document or, as the case may be, amended, novated and/or supplemented with the agreement of the relevant parties;

1.2.3 the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;

1.2.4 unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing a gender include every gender;

1.2.5 unless otherwise specified, references to time are to London (England) time;

1.2.6 the rule known as the *ejusdem generis* rule shall not apply and accordingly words introduced by words and phrases such as "include", "including", "other" and "in particular" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.7 any reference to "writing" or "written" includes faxes and any legible reproduction of words delivered in permanent and tangible form (including e-mail);

1.2.8 references in this Agreement to any statute, statutory provision or other legislation include a reference to that statute, statutory provision or legislation as amended, extended, re-enacted, consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any order, regulation, instrument or other subordinate legislation made under the relevant statute, statutory provision or legislation;

1.2.9 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England shall be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;

1.2.10 this Agreement was negotiated in English and, to be valid, all certificates, communications and other documents made in connection with it shall be in English. If all or any part of this Agreement or any such certificate, communication or other document is for any reason translated into any language other than English the English text shall prevail; and

1.2.11 a company is a "subsidiary" of another company, its "holding company", if that other company:

(a) holds a majority of voting rights in it; or

(b) is a shareholder of it and has the right to appoint a majority of its board of directors; or

(c) is a shareholder of it and controls alone, or pursuant to an agreement with other shareholders, a majority of the voting rights in it; or

(d) is a subsidiary of a company that is itself a subsidiary of that other company,

and in interpreting this Clause 1.2.11 for the purposes of this Agreement, a company is to be treated as a shareholder of a subsidiary even if its shares are registered in the name of (a) a nominee, or (b) a person holding security over those shares, or that secured party's nominee.

## 2. DURATION AND PHASES

2.1 This Agreement shall commence on the date of this Agreement and shall, subject to clauses 2.2 and 19, continue for so long as the Licence remains in force and until all Joint Property has been disposed of, Decommissioning has been completed and final settlement has been made between the Participants in accordance with their respective rights and obligations hereunder (the "**End Date**").

2.2 If Liabilities arising out of the existence of Joint Property are in the opinion of the Operator likely to exist beyond the End Date:

(a) the Operator shall give notice to the Participants of the relevant circumstances and this Agreement shall remain in full force and effect and its provisions (as would have been in effect during Magnus Phase 4) shall apply mutatis mutandis to the requirement of the Participants to meet such Liabilities; and

(b) this Agreement shall, for such purposes, survive the surrender of the Licence Area or the determination of the Licence and in such event, the Percentage Interests of the Participants for such purposes shall be deemed to be the Percentage Interests as they were at the date of such surrender or determination.

Magnus Phases

2.3 BP and EnQuest agree that Joint Operations will be conducted in the following phases (if relevant):

2.3.1 the period commencing on the date of this Agreement and ending on the earlier to occur of:

(a) the Magnus Phase 2 Commencement Date;

(b) the Magnus Phase 3 Commencement Date; and

(c) the Magnus Phase 4 Commencement Date,

("**Magnus Phase 1**");

2.3.2 the period commencing on the Completion Date as defined under and pursuant to the Call Option Deed (the "**Magnus Phase 2 Commencement Date**") and ending on the earlier to occur of:

(a) the Magnus Phase 3 Commencement Date; and

(b) the Magnus Phase 4 Commencement Date,

("**Magnus Phase 2**");

2.3.3 the period commencing on the Magnus Phase 3 Commencement Date and ending on the Magnus Phase 4 Commencement Date ("**Magnus Phase 3**"); and

2.3.4 the period commencing on the Magnus Phase 4 Commencement Date and ending on the End Date ("**Magnus Phase 4**").

2.4 The Participants acknowledge that Magnus Phase 2 and Magnus Phase 3 are contingent on certain events or the exercise of optional rights and therefore may or may not occur under this Agreement. More particularly, Magnus Phase 2 shall only occur if the Completion Date occurs under and pursuant to the Call Option Deed and Magnus Phase 3 shall only occur in the circumstances set out in clauses 2.5 to 2.8 below.

Magnus Phase 3 Commencement Date and end of Magnus Phase 3

2.5

2.5.1 Subject to clause 2.5.2, without prejudice to the provisions of clause 13.1.1, if the Completion Date specified in the Call Option Deed has occurred, and if EnQuest intends to permanently cease production under the Licence, then EnQuest shall serve a notice on BP (the "**EnQuest COP Notice**") advising of its intention to cease production and the date on which such cessation of production is expected to occur (the "**Planned COP Date**"), provided that the Planned COP Date may not be any earlier that 1 January 2022. The EnQuest COP Notice shall be accompanied by a statement confirming that, in EnQuest's opinion, on the Planned COP Date it will no longer be commercially viable to continue producing Petroleum under the Licence. The EnQuest COP Notice shall be served not less than twelve (12) Months prior to the Planned COP Date. At the same time as EnQuest serves the EnQuest COP Notice, EnQuest shall also give written notice to the seller(s) under the WoS GSAs notifying such seller(s) of EnQuest's intention to cease production.

2.5.2 If the Completion Date specified in the Call Option Deed has not occurred, the Planned COP Date specified in any EnQuest COP Notice may not be any earlier than the Up and Over Service Termination Date.

2.6 BP and EnQuest shall, following service of the EnQuest COP Notice and the accompanying statement, work together to discuss and agree whether the Magnus Up and Over Service should continue to be provided following the Planned COP Date and, if so, on what basis. As part of this process, EnQuest shall provide all relevant information to BP around discussions with the WoS Field owners and use reasonable endeavours to allow the WoS Field owners to attend and participate in any such discussions.

2.7 Magnus Phase 3 shall commence on the Planned COP Date if:

2.7.1 by the date two (2) Months prior to the Planned COP Date, EnQuest has confirmed in writing to BP that it does not wish to continue providing the Magnus Up and Over Service under the WoS GSAs (under the regime applicable to Magnus Phase 1 or Magnus Phase 2 (as applicable) or on such other basis as may be agreed between the Participants); and

2.7.2 BP has notified EnQuest that either: (i) it wishes the Magnus Up and Over Service to be provided beyond the Planned COP Date; or (ii) the Participants are obliged under

the WoS GSAs or otherwise to continue to provide the Magnus Up and Over Service to the WoS Field Owners (the "**BP Phase 3 Notice**"),

(such date being the "**Magnus Phase 3 Commencement Date**").

2.8 In the event that the Magnus Phase 3 Commencement Date occurs:

2.8.1 EnQuest shall be required to continue to operate the WoS Required Property in order to provide the Magnus Up and Over Service until the Magnus Phase 4 Commencement Date occurs, and BP shall be entitled to elect to require that production under the Licence continue during Phase 3, on or after the Planned COP Date; and

2.8.2 For the duration of Magnus Phase 3, EnQuest shall cancel all liftings of Petroleum in respect of its Percentage Interest share of Petroleum, and in accordance with clause 16.4, BP shall have the benefit of and be entitled to lift all Petroleum. Notwithstanding the foregoing, EnQuest shall be entitled to lift its Percentage Interest share of any Petroleum produced prior to the Magnus Phase 3 Commencement Date which is available for lifting but has not been lifted prior to the Magnus Phase 3 Commencement Date.

**2.9 Magnus Phase 4**

2.9.1 If Magnus Phase 3 has occurred and BP wishes Magnus Phase 3 to end prior to the Magnus Phase 3 Default End Date, BP shall serve a notice specifying the date on which it requires Magnus Phase 4 to commence (a "**BP Phase 4 Notice**").

2.9.2 If neither Magnus Phase 2 nor Magnus Phase 3 has occurred, and BP wishes to permanently cease production under the Licence, BP shall be entitled to serve a notice specifying the date on which it requires Magnus Phase 4 to commence (a "**BP Decommissioning Notice**"), provided that : (i) such date is not earlier than the Up and Over Service Termination Date; and (ii) at such date, in BP's opinion , it is no longer commercially viable to continue production under the Licence. Following service of a BP Decommissioning Notice, EnQuest shall be obliged to permanently cease production under the Licence on and from the date specified in the BP Decommissioning Notice (subject to all necessary Secretary and other regulatory consents). If Magnus Phase 2 has occurred, BP shall have no right to serve a BP Decommissioning Notice.

## 3. SCOPE AND UNDERSTANDING

**3.1 Scope**

3.1.1 The scope of this Agreement shall extend to:

(a) the exploration for, and the appraisal, development and production of, Petroleum under the Licence;

(b) without prejudice to clause 18, the treatment, storage and transportation of Petroleum using Joint Property;

(c) without prejudice to clause 18, the consideration of technical and operational issues in connection with the treatment, storage and transportation of Petroleum using third party infrastructure;

(d) the consideration of technical and operational issues in connection with the use of Joint Property by third parties;

(e) the Decommissioning or other disposal of Joint Property; and

(f) the administration of the Associated Agreements and the performance of the functions thereunder ascribed to the Operator as Magnus operator.

3.1.2 Without prejudice to clause 3.1.3 and clause 3.1.1(f), this Agreement shall not extend to:

(a) any joint financing arrangements or any joint marketing or joint sales of Petroleum; or

(b) the consideration of any commercial terms in connection with the treatment, storage and transportation of Petroleum under the Licence using third party infrastructure; or

(c) the consideration of any commercial terms in connection with the use of Joint Property by third parties.

3.1.3 Where the Operator represents the Participants in relation to any Associated Agreement, unless otherwise agreed in such Associated Agreement;

(a) the responsibility and liability of the Operator in relation to such Associated Agreement shall be in accordance with this Agreement; and

(b) the liability of the Participants under any Associated Agreement shall be apportioned in accordance with their Percentage Interests.

3.2 **Understanding**

This Agreement, together with the relevant terms of the Transaction Documents, represents the entire understanding of and agreement between the Participants in relation to the matters dealt with in this Agreement, and supersedes all previous understandings and agreements, whether oral or written, relating to such matters. Each Participant agrees that it has not been induced to enter into this Agreement in reliance upon any statement, representation, warranty or undertaking other than as expressly set out in this Agreement, and to the extent that any such representation, warranty or undertaking has been given, the relevant Participant unconditionally and irrevocably waives all rights and remedies which it might otherwise have had in relation to it. Nothing in this clause shall however operate so as to exclude any right any Participant may have in respect of statements fraudulently made or fraudulent concealment.

## 4. INTERESTS OF THE PARTICIPANTS

4.1 Subject to: (i) the provisions of this Agreement; (ii) the Licence; (iii) the SPA; and (iv) the Call Option Deed, all Joint Property, all Joint Petroleum and all Liabilities incurred in, and all Benefits arising out of, the conduct of the Joint Operations shall be owned and borne by the Participants in proportion to their respective Percentage Interests which shall be as follows:

Magnus Phase 1

BP seventy five per cent (75%)

EnQuest twenty five per cent (25%)

Magnus Phase 2

BP nought per cent (0%)

EnQuest one hundred per cent (100%)

Magnus Phase 3

If the Completion Date specified in the Call Option Deed has not occurred:

BP seventy five per cent (75%)

EnQuest twenty five per cent (25%)

OR

If the Completion Date specified in the Call Option Deed has occurred:

BP nought per cent (0%)

EnQuest one hundred per cent (100%)

Magnus Phase 4

If the Completion Date specified in the Call Option Deed has not occurred:

BP seventy five per cent (75%)

EnQuest twenty five per cent (25%)

OR

If the Completion Date specified in the Call Option Deed has occurred:

BP nought per cent (0%)

EnQuest one hundred per cent (100%)

## 5. THE OPERATOR

### 5.1 Designation

EnQuest is hereby designated and agrees to act as the Operator under this Agreement.

### 5.2 Resignation

The Operator shall not be entitled to resign without the prior written agreement of all of the Participants.

### 5.3 Removal

5.3.1 The Operator may be removed at the end of any Month by any Non-Operator giving not less than sixty (60) days' notice to it if:

(a) the Non-Operator(s) (acting unanimously) determine that the Operator has committed any material breach of, or failed to observe or perform any material obligation on its part contained in, this Agreement and such breach or failure has not been remedied to the reasonable satisfaction of the Non-Operator(s) within twenty-eight (28) days of receipt by the Operator of a notice from the Non-Operator(s) requiring the Operator to remedy the breach or failure, or within such longer period as may be specified in the said notice;

(b) the aggregate Percentage Interest of the Operator and any Affiliate of the Operator falls to less than ten per cent (10%).

5.3.2 The Operator may be removed forthwith upon any Non-Operator giving notice to it if:

(a) an EnQuest Insolvency Event occurs and, following such occurrence, EnQuest (acting as Operator) is in breach of clause 5.3.1(a); or

(b) the Operator and its Affiliate(s) cease to hold any Percentage Interest; or

(c) the Secretary withdraws his approval of the Operator; or

(d) the Operator has committed an act of Wilful Misconduct.

5.4 The Operator shall have no claim against the Participants as a consequence of the resignation or removal of the Operator but such resignation or removal shall be without prejudice to any Benefits or Liabilities which accrued during the period when the Operator acted as such. If the Operator resigns or is removed, it shall be entitled to charge to the Joint Account such costs and expenses incurred in connection with the change of operatorship as may be approved by the Non-Operator(s) (such approval not to be unreasonably withheld), provided that the Operator shall not be entitled to charge such costs to the Joint Account where it is removed pursuant to clause 5.3.1.

5.5 **Election of Successor**

As soon as practicable after notice is duly given as to the resignation or removal of the Operator under clauses 5.2 or 5.3, a new Operator shall, subject to its acceptance of the position under the terms of this Agreement and subject to any necessary approval of the Secretary, be selected by the Non-Operator(s) (acting unanimously) to assume the position of the Operator upon the effective date of the resignation or removal. If by the effective date of any resignation or removal of the Operator under clauses 5.2 or 5.3, no such selection shall have been made, the Non-Operator having the largest Percentage Interest and willing to assume the position of Operator (and in the event of two or more such Non-Operators with identical Percentage Interests that Non-Operator having held such Percentage Interest for the longest time) shall be appointed and assume the position of Operator, subject to any necessary approval of the Secretary.

5.6 If no Non-Operator is willing to assume the position of Operator or no Non-Operator is approved as Operator by the Secretary, the Participants shall be deemed to have decided to abandon the Joint Operations and to surrender the Licence in so far as it relates to the Licence Area. In such event:

5.6.1 in the case of the resignation of the Operator, the Operator that has resigned; or

5.6.2 in the case of the removal of the Operator, the Non-Operator having the largest Percentage Interest (and in the event of two or more such Non-Operators that Non-Operator having held such Percentage Interest for the longest time);

shall be the Operator for the purpose of effecting such surrender and administering the disposal of Joint Property and due settlement in accordance with the Benefits and Liabilities of the Participants under this Agreement.

5.7 **Transfer of Responsibilities**

5.7.1 Except where clause 5.6 applies, upon the effective date of resignation or removal of the Operator (the "**Outgoing Operator**") under clauses 5.2 or 5.3, the Outgoing Operator shall hand or deliver to, or relinquish custody in favour of, the new Operator selected or appointed to succeed it under clause 5.5, all funds relating to the Joint

Accounts, all Joint Property, all Joint Petroleum and all books, records and inventories relating to the Joint Operations other than those books, records and inventories maintained by the Outgoing Operator as the owner of a Percentage Interest. The Outgoing Operator shall further use its reasonable endeavours to transfer to the aforesaid new Operator, effective as of the effective date of such resignation or removal, its rights as the Operator under all contracts exclusively relating to the Joint Operations and the aforesaid new Operator shall assume all obligations of the Outgoing Operator under them. The new Operator and the Outgoing Operator shall co-operate to ensure a smooth transition of operatorship. Pending such transfer and in relation to all other contracts relating to the Joint Operations (to the extent such so relate) the Outgoing Operator shall hold its rights and interests as the Operator from such effective date for the account and to the order of the new Operator.

5.7.2 Without prejudice to any liability of the Outgoing Operator arising prior to such effective date (subject always to clause 6.2.4), the Outgoing Operator shall, from such effective date, no longer have any responsibility or authority as Operator.

5.7.3 Any Participant shall have the option to order an audit of the Joint Account and an inventory of all Joint Property and all Joint Petroleum and, if conducted, such inventory shall be used in the return of and the accounting for the said Joint Property and Joint Petroleum by the Outgoing Operator for the purposes of the transfer of responsibilities under this clause 5.7. Such option shall be exercised as soon as practicable after the date on which the Outgoing Operator is required to transfer its responsibilities as provided in clause 5.7.1 by notice given by the relevant Participant. All costs and expenses incurred in connection with such audit and inventory shall be for the Joint Account (except where the Outgoing Operator is removed pursuant to clause 5.3.1 in which case such costs and expenses shall be borne by the Outgoing Operator).

## 6. AUTHORITIES AND DUTIES OF THE OPERATOR

### 6.1 Rights

6.1.1 Subject to all the provisions of this Agreement and to EnQuest's obligations pursuant to schedules 4 and 5 of the TOA, the Operator has the right and is obliged to conduct the Joint Operations by itself, its agents or its contractors under the overall supervision and control of the Joint Operating Committee.

6.1.2 If the Operator does not conduct any of the Joint Operations itself, it shall nevertheless remain responsible for such operations as the Operator as and to the extent provided under this Agreement.

### 6.2 Responsibilities

6.2.1 Subject to the overall supervision of the Joint Operating Committee, the responsibilities of the Operator in relation to Joint Operations shall include, but not be limited to:

(a) the preparation of Programmes and Budgets and AFEs;

(b) the implementation of such Programmes and Budgets as shall, together with the relevant AFEs, have been approved by the Joint Operating Committee;

(c) the prompt provision to each of the Participants of reports, data and information including all information required to allow BP to make nominations under each of its Petroleum sales agreements;

(d) the planning for and obtaining of all requisite services and Material;

(e) the direction and control of statistical and accounting services;

(f) the provision of all technical and advisory services required for the efficient performance of the Joint Operations;

(g) the preparation of a Decommissioning Programme and its submission to the Secretary; and

(h) acting as the Magnus Field Group Operator pursuant to the Northern Leg Gas Pipeline Participants Agreement and the NLGP Operating Services Agreement.

6.2.2 The Operator shall:

(a) conduct the Joint Operations in a proper and workmanlike manner in accordance with Good Oilfield Practice;

(b) conduct the Joint Operations in compliance with the requirements of the Acts, the Licence and any other applicable Legislation;

(c) do or cause to be done, with due diligence, all such acts and things within its control as may be necessary to keep and maintain the Licence in force and effect; and

(d) save as may otherwise be expressly provided under this Agreement (including the Accounting Procedure), neither gain nor suffer a loss in such capacity as a result of acting as Operator in the conduct of Joint Operations.

6.2.3 The Operator shall establish and maintain appropriate business standards, procedures and controls including those necessary to avoid any conflict between the interests of its employees, contractors and agents, and the interests of the Participants in the conduct of Joint Operations.

6.2.4 **Liability of the Operator**

(a) During Magnus Phase 1, Magnus Phase 2 or Magnus Phase 4 (as applicable), the Operator shall not be liable for and each Participant (including for the avoidance of doubt the Participant designated as Operator) shall defend, indemnify and hold the Operator, its Affiliates and any of the directors, officers and employees or Agency Personnel of the Operator or its Affiliates (together the "**Operator Group**") harmless:

(i) to the extent of the indemnifying Participant's Percentage Interest from and against any loss, damage or claim by or liability to any person, whether a Participant or not, (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) which arises, whether directly or indirectly, out of the performance, non-performance or

misperformance by any member of the Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement, irrespective of negligence and/or breach of duty (whether statutory or otherwise) on the part of any member of the Operator Group, except only for any loss, damage, claim or liability resulting from or arising out of:

(aa) the Wilful Misconduct of the Operator; or

(bb) the failure of the Operator to obtain or maintain any insurance which it is required to obtain and maintain under clause 8.1.1, except where the Operator has used all reasonable endeavours to obtain or maintain any such insurance but has been unable to do so and has promptly notified the Participants participating or proposing to participate therein;

(ii) from and against any Consequential Loss which such Participant may suffer or incur arising, directly or indirectly, out of the performance, non-performance or misperformance by any member of the Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement even in the event of its negligence and/or breach of duty (whether statutory or otherwise) and/or Wilful Misconduct of the Operator.

(b) During Magnus Phase 3, the Operator shall not be liable for and BP shall defend, indemnify and hold the Operator, its Affiliates and any of the directors, officers and employees or Agency Personnel of the Operator or its Affiliates (together the "**Phase 3 Operator Group**") harmless:

(i) from and against any loss, damage or claim by or liability to any person, whether a Participant or not, (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) which arises, whether directly or indirectly, out of the performance, non-performance or misperformance by any member of the Phase 3 Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement, irrespective of negligence and/or breach of duty (whether statutory or otherwise) on the part of any member of the Phase 3 Operator Group, except only for any loss, damage, claim or liability resulting from or arising out of:

(aa) the Wilful Misconduct of the Operator; or

(bb) the failure of the Operator to obtain or maintain any insurance which it is required to obtain and maintain under clause 8.1.1, except where the Operator has used all reasonable endeavours to obtain or maintain any such

insurance but has been unable to do so and has promptly notified the Participants participating or proposing to participate therein;

(ii) from and against any Consequential Loss which BP may suffer or incur arising, directly or indirectly, out of the performance, non-performance or misperformance by any member of the Phase 3 Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement even in the event of its negligence and/or breach of duty (whether statutory or otherwise) and/or Wilful Misconduct of the Operator.

6.3 **Liens and Encumbrances**

The Operator shall, in so far as it may be within its control, keep all Joint Property and all Joint Petroleum free from all liens, charges and encumbrances which might arise by reason of the conduct of the Joint Operations.

6.4 **Employees and Contract Personnel**

Subject to the provisions of any approved Programme and Budget, the Operator shall determine the number of employees employed, and persons hired under contracts for services, by the Operator in connection with the Joint Operations. Subject to the provisions of clause 6.11, the Operator shall also determine their selection, hours of work and remuneration.

6.5 **Commitments for Material and Services**

6.5.1 The entire provisions of this clause 6.5 shall remain subject always to clause 6.10.2. Where this clause 6.5 provides that the agreement, approval or consent of the Joint Operating Committee is required, such agreement, approval or consent shall not be unreasonably withheld or delayed.

6.5.2 In connection with work to be carried out pursuant to an approved Programme and Budget or AFE:

(a) subject to clause 6.5.2(b) the Operator, or any Affiliate of the Operator, may supply necessary Material and services whether owned, leased or otherwise, from its own resources and shall charge the costs to the Joint Account in accordance with the Accounting Procedure;

(b) in the event that the Operator, or any Affiliate of the Operator, proposes to supply Material and/or services from its own resources which it estimates will cost more than seven hundred and fifty thousand Pounds (£750,000) the Operator shall obtain the approval of the Joint Operating Committee prior to supplying such Material and/or services;

(c) to the extent that the Operator, or any Affiliate of the Operator, does not supply Material or services from its own resources, it shall award the contract for the supply of such Materials and services to third parties subject, where applicable, to the procedures hereafter set out in this clause 6.5.

6.5.3 The Operator or any of its Affiliates shall have the authority to obtain Materials and/or services for Joint Operations pursuant to contracts awarded or to be awarded to a

third party where the Materials and/or services to be provided will be provided to more than one field and/or more than one operator. For any such contract, in the event that the cost to the Joint Account will or is likely to exceed one million Pounds (£1,000,000) per annum or is likely to exceed two million Pounds (£2,000,000) over its expected duration the Operator shall obtain the approval of the Joint Operating Committee prior to the obtaining of such Materials and/or services. The Operator shall not be obliged to divulge to the Joint Operating Committee details which it reasonably considers to be of a commercially sensitive nature (for example and without limitation, itemised rates, prices, price-structures and incentives) in relation to any such multi-field and multi-operator agreements under which it requires to obtain Materials and/or services and which it considers are confidential between itself and its contractors provided that such details may be audited under paragraph 7 of the Accounting Procedure to ensure that all Liabilities and Benefits have been apportioned as expressly agreed by the Joint Operating Committee, or in the absence of any such agreement, in a fair and equitable manner across all fields and/or operators who are using the Materials and/or services under the relevant contract.

6.5.4 Subject to clause 6.5.3, in the case of any proposed contract to be awarded to a third party where the commitment will or is likely to exceed two million Pounds (£2,000,000) per annum or is likely to exceed four million Pounds (£4,000,000) over its expected duration the Operator shall unless the Joint Operating Committee otherwise decides:

(a) upon request supply the Non-Operators with copies of tender documents;

(b) put out such contracts to competitive tender;

(c) report details of all bids received, and promptly provide the Non-Operators (when requested) with copies of the terms of any recommended contract(s);

(d) obtain the approval of the Joint Operating Committee prior to the award of a contract provided that any Participant who fails to respond to the Operator's request for such approval within twenty (20) Working Days shall be deemed to have given such approval; and

(e) promptly supply the Non-Operators (when requested) with conformed copies of the contract and of any subsequent revisions to it.

6.5.5 With respect to any proposed contract to be awarded to a third party not falling under clauses 6.5.3 or 6.5.4, the Operator shall obtain competitive tenders except where the Operator considers that it is impractical or inefficient to do so.

6.5.6 The Operator shall use its reasonable endeavours to ensure that any contract entered into by it can be freely assigned to any successor Operator in the event of the resignation or removal of the Operator under clauses 5.2 and 5.3.

6.5.7 The Operator shall act as agent of the Participants in dealings with contractors and shall use reasonable endeavours to include in all contracts made pursuant to this Agreement, a provision which ensures that the Operator makes the contract on behalf of all the Participants. The Operator shall use reasonable endeavours to include in all such contracts provisions in the following or similar form for which purpose

"COMPANY" refers to the Operator and "CO-VENTURERS" refers to the Non-Operators:

"The COMPANY enters into the CONTRACT for itself and as agent for and on behalf of the other CO-VENTURERS. Notwithstanding the above:

(a) the CONTRACTOR agrees to look only to the COMPANY for the due performance of the CONTRACT and nothing contained in the CONTRACT will impose any liability upon, or entitle the CONTRACTOR to commence any proceedings against any CO-VENTURER other than the COMPANY;

(b) the COMPANY and only the COMPANY is entitled to enforce the CONTRACT on behalf of all CO-VENTURERS as well as for itself. For that purpose the COMPANY shall commence proceedings in its own name to enforce all Liabilities of the CONTRACTOR and to make any claim which any CO-VENTURER may have against the CONTRACTOR; and

(c) all losses, damages, costs (including legal costs) and expenses recoverable by the COMPANY pursuant to the CONTRACT or otherwise shall include the losses, costs (including legal costs) and expenses of the COMPANY's CO-VENTURERS and AFFILIATES except that such losses, damages, costs (including legal costs) and expenses shall be subject to the same limitations or exclusions of liability applicable to the COMPANY or the CONTRACTOR under the CONTRACT."

6.6 **Representation of the Participants**

6.6.1 Unless otherwise directed by the Joint Operating Committee, the Operator shall represent the Participants regarding any matters or dealings with the Secretary and other governmental authorities or third parties in so far as they relate to the Joint Operations, provided that there is reserved to each Participant the unfettered right to deal with the Secretary or any other governmental authorities in respect of matters relating to its own Percentage Interest. Save for any routine correspondence which the Operator is obliged by legislation to submit to the Secretary and other governmental authorities, the Operator shall provide to each Participant in advance a copy of any material correspondence which it proposes to provide to the Secretary or any other governmental authorities or any third parties in relation to the Joint Operations and shall obtain the consent of each Participant to the content of any such correspondence which purports to represent the views of such Participant.

6.6.2 Where the Operator has been informed or has reason to believe that matters of material importance to the Participants are to be discussed at a meeting, it shall give as much advance notice as is reasonably practicable to the Participants of such meeting together, where practicable, with any agenda, briefing papers or presentation materials and shall consult with the Participants in relation to such meeting and report promptly thereafter. Any Participant shall be entitled to attend such meeting.

6.7 **Records**

The Operator shall prepare and maintain separate books, records and inventories of the Joint Operations which shall be kept in compliance with the Accounting Procedure and with due regard to the requirements of the Acts, the Licence, and all applicable Legislation.

6.8 **Reports**

6.8.1 The Operator shall:

(a) promptly provide each Participant with daily drilling reports and daily production reports or access to real time information regarding production of Joint Petroleum and such other reports as the Joint Operating Committee may decide and, at the sole cost of the Participant requesting them, such additional reports as such Participant may reasonably request; and

(b) make all reports concerning the Joint Operations to the appropriate governmental authorities in a timely manner as required under the Acts and the Licence and, concurrently therewith, furnish copies of all such reports to all the Participants.

6.9 **Consultation and Information**

6.9.1 The Operator shall freely consult with the Participants and keep them informed of matters concerning the Joint Operations.

6.9.2 Without prejudice to the generality of clause 6.9.1, the Operator shall:

(a) inform each Participant of all logging, coring, testing and such other Joint Operations as the Joint Operating Committee may decide with such advance notice as is practicable in the circumstances, so that each Participant may, subject to clause 7.3, have one or more representatives present on location during the conduct of such operations; and

**(b)** subject to the terms of any contract under which they were procured, promptly provide each Participant with any and all seismic data, access to core samples, copies of all well logs and core analyses relating to the Joint Operations and with such other data and information (including but not limited to, engineering, geological, geophysical and technical data) relating to the Joint Operations as the Joint Operating Committee may decide and, in addition, at the sole cost of the Participant requesting same, such additional data and information as such Participant may reasonably request.

6.10 **Expenditures and Actions**

6.10.1 The Operator is authorised to make such expenditures, incur such commitments for expenditures and take such actions as may be authorised by the Joint Operating Committee in accordance with clauses 12 to 14 provided that nothing contained in this clause 6.10.1 shall derogate from the Operator's duties under clause 6.5.

6.10.2 The Operator is also authorised to make any expenditures or incur commitments for expenditures or take actions it deems necessary in the case of emergency for the safeguarding of lives or property or the prevention of pollution. The Operator shall

promptly notify all the Participants of any such circumstances and the amount of expenditures and commitments for expenditure so made and incurred and actions so taken.

6.11 **Secondment**

6.11.1 The Participants agree that in certain circumstances a collaborative effort between them may be beneficial to Joint Operations. Such collaborative effort may include the secondment by a Non-Operator of personnel to the Operator's organisation:

(a) to work on a term assignment as a member of a project team; or

(b) to fill organisational positions,

in respect of Joint Operations. The length of any assignment shall be agreed between the Non-Operator and the Operator. Notwithstanding the foregoing, the Non-Operator shall have the right on giving three (3) Months' notice, to withdraw its employee from any such assignment. The Operator shall have the right to require the removal of any person seconded to its organisation for reasonable cause.

6.11.2 In respect of any person seconded to the Operator's organisation under clause 6.11.1 for and in respect of the period of such secondment:

(a) such person shall remain the employee of the Participant who seconded him and such Participant shall remain responsible for all the legal obligations of an employer associated with such employment;

(b) all Liabilities associated with the employment of such person (including salary and employee Benefits) and all costs associated with his secondment to the organisation of the Operator shall be chargeable to the Joint Account; and

(c) all work undertaken by such person shall be Joint Operations and accordingly the Operator shall retain overall responsibility for such work and such person (and the Participant who seconded him) shall benefit from all indemnities and limitations of liability applying to the Operator hereunder, including those set forth in clause 6.2.4 in relation to such work.

6.12 **Health, Safety and Environment**

6.12.1 Not later than 30th November in each Year, the Operator shall each Year prepare and submit to the Joint Operating Committee for its approval a plan of health, safety and environment ("**HSE**") matters containing the policies which will govern the Joint Operations and the objectives and targets for the following Year. Such HSE plan will take into account any policies, objectives and targets decided by the Joint Operating Committee and will include an assessment of the health, safety and environmental impact of the Joint Operations.

6.12.2 The Operator shall report regularly on the implementation of the HSE plan referred to above and shall promptly advise the Joint Operating Committee of any matter arising out of or in connection with Joint Operations which may affect such plan such as an occurrence that could have a negative impact on the environment or could cause any serious illness, injury or death.

6.12.3 The Operator shall prepare and submit to the Joint Operating Committee for its approval a programme for regular HSE audits to be performed by the Operator. Each Participant shall have the right to join such audit upon reasonable notice given to the Operator. The costs of conducting an HSE audit shall be charged to the Joint Account.

6.13 The Operator shall establish and maintain an alcohol and drugs policy and enforcement procedure, which prohibits employees and agents, contractors and subcontractors and invitees in any area in which Joint Operations are being undertaken from:

(a) performing services while under the influence of alcohol or any controlled substance;

(b) misusing legitimate drugs or possessing, using, distributing or selling illicit or unprescribed controlled substances; or

(c) save in limited circumstances under arrangements approved by the Operator's management possessing, using, distributing or selling alcoholic beverages.

**6.14 Relevant Transfer Activity**

6.14.1 Without prejudice to EnQuest's obligations under the provisions of schedule 4 of the TOA:

(a) any decision which may result in the Transferee Group or any of its successors engaging in Relevant Transfer Activity at a point in time which is after the end of the Protected Period, but during Magnus Phase 1, shall be a decision requiring the affirmative vote of both EnQuest and BP; and

(b) any decision which may result in the Transferee Group or any of its successors engaging in any further Relevant Transfer Activity at a point in time which is after the end of the Protected Period but during Magnus Phase 3 or Magnus Phase 4, shall be a decision to be determined by the Joint Operating Committee pursuant to clause 9.8.4(a) (during Magnus Phase 3) or clauses 9.8.5(a) or 9.8.5(b) (as applicable) (during Magnus Phase 4).

## 7. RIGHTS OF THE PARTICIPANTS

### 7.1 Reservation of Rights

Subject as otherwise provided in this Agreement, each Participant reserves all its rights under the Licence.

### 7.2 Inspection Rights

Without prejudice to the provisions of paragraph 7 of the Accounting Procedure, each Participant shall have the right to inspect, at all reasonable times during normal business hours, all books, records and inventories of any kind or nature maintained by or on behalf of the Operator and relating to the Joint Operations other than those books, records and inventories maintained by the Operator in its capacity as the owner of a Percentage Interest, provided that such Participant gives the Operator not less than thirty (30) Working Days prior notice of the date upon which it desires to make such inspection and identified the person or persons to

conduct such inspection. Each Participant shall have the right to make copies of such books, records and inventories at the sole cost of such Participant.

7.3 **Access Rights**

7.3.1 Each Participant shall have the right, at all reasonable times and at its sole risk and expense, of access to the Licence Area and/or the Joint Operations and/or the place of storage of samples obtained as a result of Joint Operations provided such Participant gives the Operator reasonable notice of the date such access is required and identifies the representative or representatives to whom such access is to be granted. If any Participant wishes access to be given to more than one representative at a time the Operator shall not be required to grant such access for the additional representatives if, and to the extent that, the granting of such access will interfere with the conduct of the Joint Operations.

7.3.2 In the case of access to offshore operations:

(a) the Participant shall provide evidence that any representative wishing to gain access holds a current and valid certificate fully compliant with statutory and regulatory requirements for individuals travelling to an offshore installation and, where applicable, staying overnight; and

(b) the Operator shall, at the cost of the Joint Account, provide facilities to gain such access in transportation engaged thereon and also provide accommodation offshore in so far as the provision of such facilities and accommodation shall not interfere with the conduct of the Joint Operations.

7.3.3 The Participants shall procure that their representatives shall comply with all safety procedures notified to the Participants by the Operator which are implemented from time to time by the Operator whilst at the relevant location of Joint Operations.

## 8. INSURANCE AND LITIGATION

8.1 **Insurance**

8.1.1 The Operator shall obtain and maintain, in respect of the Joint Operations and the Joint Property, all insurance required under the Licence or any other applicable law or as may be required by any contract entered into by the Operator in furtherance of Joint Operations and such other insurance as the Joint Operating Committee may from time to time determine. Except in respect of any insurance which the Operator must take out in its own name, and subject to clause 8.1.3, any Participant may elect not to participate in the insurance to be taken out by the Operator under this clause provided such Participant gives notice to that effect to the Operator and does nothing which may interfere with the Operator's negotiations for such insurance for the other Participants. The cost of insurance in which any of the Participants are participating shall be charged to the Participants so participating in proportion to their respective Percentage Interests. The Operator shall, in respect of all insurance obtained pursuant to this clause 8.1.1:

(a) upon request from any Participants provide to such Participants a copy of the levels of coverage and the general conditions of the relevant policies when they are issued;

(b) (except for employer's liability or similar insurance) arrange for the Participants participating in it, according to their respective Percentage Interests, to be named as co-insureds on the relevant policies with waivers of subrogation in favour of the Participants with respect to Joint Operations; and

(c) duly file all claims and take all necessary and proper steps to collect any Benefits and, if all the Participants are participating in it, credit them to the Joint Account or, if less than all the Participants are participating in it, credit them to the participating Participants.

8.1.2 Any of the Participants may obtain such other insurance as it deems advisable for its own account at its own expense. In the arranging of such other insurance that Participant shall ensure it does not interfere with nor prejudice the arrangement of any insurance by the Operator or any other Participant. Such insurance shall contain a waiver of subrogation by the insurer in favour of the Operator and/or the other Participants.

8.1.3 Each of the Participants electing not to participate in those insurances in respect of which non-participation is permitted pursuant to clause 8.1.1 shall, in respect of its Percentage Interest share of any liability which may arise in connection with the Joint Operations and/or Joint Property, obtain and maintain equivalent insurance (to include waivers of subrogation in favour of the other Participants), or produce such evidence of financial responsibility, as may from time to time be reasonably required by the Joint Operating Committee. Each of the Participants shall, as and when required by the Joint Operating Committee produce to it such evidence as it may reasonably require to establish:

(a) that such insurance or other evidence of financial responsibility is being maintained; and

(b) the security and creditworthiness of such insurance or financial responsibility.

8.1.4 The Operator shall promptly on request provide such details relating to the Joint Operations and/or Joint Property as a Participant may reasonably require in order to arrange any insurances pursuant to clauses 8.1.2 and/or 8.1.3.

8.1.5 The Operator shall take reasonable steps to ensure that all contractors (including sub-contractors) performing work in respect of the Joint Operations and the Joint Property obtain and maintain all insurance required under the Acts, the Licence or any other applicable Legislation and such other insurances as the Joint Operating Committee may from time to time determine. The Operator shall in respect of all insurance obtained by such contractors (including sub-contractors):

(a) if requested by any Participant, supply such Participant with evidence that it has been effected and is being maintained; and

(b) take reasonable steps to arrange for such contractors (including sub-contractors) to obtain from their insurers a waiver of subrogation in favour of the Participants.

8.1.6 The Operator shall, without prejudice to any other obligations of the Operator or rights of the Participants hereunder, give prompt notice to the Participants of and shall allow

the Participants or their insurers to investigate, subject to the provisions of clause 7.3, any incident that has resulted in a fatality, serious injury, material pollution incident or a material loss.

8.1.7 The Operator shall provide all information requested by any Participant effecting separate insurance to assist such Participant's insurers' investigation of any claims notified pursuant of clause 8.1.6.

8.2 **OPOL**

8.2.1 The Operator as a party to the Offshore Pollution Liability Agreement dated 4 September 1974 (as amended from time to time) ("**OPOL**") and as a member of the Offshore Pollution Liability Association Limited (the "**Association**"), agrees that it, as the Operator for the Joint Operations, will be bound by and will comply with the provisions from time to time of OPOL, the memorandum and articles of association and the rules of the Association.

8.2.2 The Operator shall make OPOL applicable to such Offshore Facilities (as defined in OPOL) as are used for the purpose of the Joint Operations.

8.2.3 Any payments made by the Operator under clause IV of OPOL and/or under article 7 of the articles of association of the Association, as well as under any other provisions of either OPOL or of the memorandum or articles of association or the rules of the Association which arise out of the foregoing provisions of this clause 8.2 and fall due while it remains the Operator shall be for the Joint Account.

8.2.4 The Non-Operators hereby agree to execute and promptly provide to the Operator such forms (including the Non-Operator's Verification of Insurance) and provide such information for establishing their obligations and financial responsibility to meet their Percentage Interest share of claims under OPOL as may be required by the Operator from time to time.

8.2.5 Any release obtained by the Operator from Claimants (as defined in OPOL) shall include a release of the Non-Operators as well as the Operator.

8.3 **Litigation**

8.3.1 The Operator shall promptly notify the Participants of:

(a) any incidents, accidents or circumstances causing damage to Joint Property, the costs of which may exceed five hundred thousand Pounds (£500,000);

(b) any serious injury or fatality in connection with the Joint Operations; and

(c) any claim, litigation, demand or judgement relating to the Joint Operations where the total amount in dispute and/or the total amount of damages together with any costs are estimated to exceed five hundred thousand Pounds (£500,000), or such other amount as may from time to time be determined by the Joint Operating Committee.

8.3.2 The Operator shall have the authority to pursue, defend or settle any claim, litigation, lien, demand or judgement relating to the Joint Operations (other than as between the Participants) provided that:

(a) in the case of any litigation (irrespective of the estimated amount of damages and costs) to be prosecuted or defended otherwise than in any court in the United Kingdom the Operator shall have no such authority without the prior approval of all the Participants except such authority as may be necessary:

(i) to prevent judgement being given against the Joint Account while full authority by the Participants is being sought; and

(ii) solely to enable the Operator to contest the exercise by the relevant court of jurisdiction in the matter, provided that the Operator first obtains legal advice in the relevant jurisdiction from an appropriate reputable legal practitioner that the contest itself would not constitute submission by the Operator to such jurisdiction; and

(b) where the total amount in dispute and/or the total amount of damages together with any costs are estimated to exceed five hundred thousand Pounds (£500,000), or such other amount as may from time to time be determined by the Joint Operating Committee, the Operator shall have no such authority, save as set out in clause 8.3.2(a), without the prior approval of the Joint Operating Committee.

8.3.3 Any Non-Operator shall promptly notify the other Participants of any claim, litigation, lien, demand or judgement relating to or which may affect the Joint Operations. In so far as such claim, litigation, lien, demand or judgement relates to a matter in respect of which such Non-Operator wishes to be indemnified pursuant to clause 22.2 such Non-Operator shall defend or settle it in accordance with the directions of the Joint Operating Committee (or, in default of any direction from the Joint Operating Committee, at its own discretion acting reasonably and taking into account the interests of the other Participants). Where the Non-Operator is entitled to be indemnified pursuant to clause 22.2, such costs, expenses and damages as are payable pursuant to such defence or settlement so relating shall be for the Joint Account except where such defence or settlement arises in respect of an encumbrance granted by such Participant, in which case it shall be liable for all costs, expenses and damages incurred in respect of it.

8.3.4 Notwithstanding the foregoing provisions of this clause 8.3, each Participant having a potential liability in respect thereof shall have the right to participate in any prosecution, defence or settlement conducted in accordance with clause 8.3.2 or 8.3.3 at its sole cost and expense provided that such participation shall not prejudice the interests of the other Participants.

## 9. THE JOINT OPERATING COMMITTEE

### 9.1 Establishment and Powers

9.1.1 There is hereby established a Joint Operating Committee which shall exercise overall supervision and control of all matters pertaining to the Joint Operations. Without limiting the generality of the foregoing, but subject as otherwise provided in this Agreement, the powers and duties of the Joint Operating Committee shall include:

(a) the consideration and determination of all matters in general relating to policies, procedures and methods of operation hereunder with the intent that all such operations should be undertaken in a manner consistent with Good Oilfield Practice and in compliance with best practice standards in respect of health and safety and of the environment; and

(b) the consideration, and, if so required, determination of inter alia the following:

(i) exploration, appraisal, development and production strategies;

(ii) contract strategy;

(iii) decisions as to cessation of production, strategies for Decommissioning and the disposal of Joint Property; and

(iv) any other matter relating to the Joint Operations which may be referred to it by the Participants or any of them (other than any proposal to amend this Agreement) or which is otherwise designated under this Agreement for reference to it; and

(c) the approval of Programmes and Budgets; and

(d) the amendment of the monetary limits set out in this Agreement from time to time either generally or in respect of particular operations or particular phases of operations, to take account of the general level of inflation and (if appropriate) the prevailing costs of relevant goods and services, at the request of the Operator or any Participant.

9.2 **Representation**

The Joint Operating Committee shall consist of one representative appointed by each of the Participants provided always that more than one of the Participants may appoint the same representative who shall represent them separately. Each Participant shall, as soon as possible after the date of this Agreement, give notice to all the other Participants of the name of its representative and of an alternate on the Joint Operating Committee. Such representative may be replaced from time to time, by like notice. Representatives may bring to meetings of the Joint Operating Committee such advisers as they consider necessary. The representative of a Participant or, in the absence of the representative, his alternate, shall be deemed authorised to represent and bind such Participant with respect to any matter which is within the powers of the Joint Operating Committee.

9.3 **Chairman**

The representative of the Participant who is the Operator shall be the chairman of the Joint Operating Committee (the "**Chairman**").

9.4 **Meetings**

9.4.1 The Joint Operating Committee shall hold meetings:

(a) during Magnus Phase 1, Magnus Phase 3 and Magnus Phase 4 (as applicable), at least once every Quarter;

(b) during Magnus Phase 2, at least once every other Quarter; or

(c) at such other regular intervals as may be decided by the Joint Operating Committee,

at the Operator's designated office or at such other place as may be determined by the Joint Operating Committee. The Operator shall call such meetings and shall give at least twenty (20) days' notice of the time and date of each meeting, together with an agenda and appropriate data and information relating to the matters to be considered at that meeting. By notice to all the other Participants, any Participant can advise of additional matters which such Participant desires to be considered at the meeting, and provided such notice is given at least ten (10) days before the date of the meeting, those matters will be considered.

9.4.2 The Joint Operating Committee shall hold a special meeting upon the request of any of the Participants. Such request shall be made by notice to all the other Participants and state the matters to be considered at that meeting. Upon receiving such request, the Operator shall without delay call a special meeting for a date not less than seven (7) nor more than ten (10) days after receipt of the request.

9.4.3 For any meeting of the Joint Operating Committee, the period of notice stipulated above may be waived with the consent of all the Participants.

9.4.4 Any Participant who is entitled to vote on the matters proposed to be discussed at a scheduled meeting but which is not represented at such meeting may vote on any matter on the agenda for such meeting by either:

(a) appointing a proxy in writing; or

(b) giving notice of such vote to the Operator prior to the submission of such matter for vote at such meeting.

9.4.5 To the extent that a Participant who is entitled to vote on the matters proposed to be discussed at a scheduled meeting of the Joint Operating Committee does not attend such scheduled meeting of the Joint Operating Committee (and also does not make use of its rights pursuant to clause 9.4.4), the Chairman of the Joint Operating Committee shall adjourn the meeting for seven (7) days, and shall notify each Participant of the revised details of the meeting. To the extent that a Participant who is entitled to vote on the matters proposed to be discussed at a scheduled meeting of the Joint Operating Committee does not attend such reconvened meeting of the Joint Operating Committee (and also does not make use of its rights pursuant to clause 9.4.4), such Participant shall be deemed to have voted in the same way as the Participants who are entitled to vote on the matters and who have attended the reconvened meeting.

9.5 **Minutes**

The Chairman of the Joint Operating Committee shall appoint a secretary for the Joint Operating Committee who will prepare the minutes of each meeting and provide each Participant with a copy of them not more than fourteen (14) days after the end of the meeting. Each Participant shall notify all the other Participants of its approval or disapproval of the minutes within seven (7) days of receipt of them. A Participant who either: (i) is not entitled on the matters discussed at the meeting; or (ii) fails to so notify, will be deemed to have approved the minutes. The approval or disapproval of the minutes as aforesaid shall not affect the validity

of any action taken in good faith by the Operator prior to receipt of any such notice on the basis of its understanding of the decisions of the Joint Operating Committee.

9.6 **Action without a Meeting**

9.6.1 The Participants may vote on and determine by notice to the Operator any proposal of which they are given notice by the Operator (on its own initiative or on the request of a Participant or by a Participant) and which they could validly determine at a meeting of the Joint Operating Committee if duly held for that purpose. Each Participant who is entitled to vote on the relevant matter shall cast its vote within fourteen (14) days after the proposal is received by it except that where the Participants are requested to vote on and determine any proposal relating to the deepening, side-tracking, testing, plugging back, suspending or abandoning of a well on which drilling equipment is then located or where, in the reasonable opinion of the Operator or the Non-Operator notifying the proposal as the case may be the matter presented for consideration by its nature requires determination in less than fourteen (14) days and such fact and lesser period are so stated in the notice submitting the proposal, the Participants shall cast their votes within such lesser period which shall not be less than forty-eight (48) hours after receipt of the proposal. Failure by a Participant who is entitled to vote on the relevant matter to cast its vote within the relevant period shall be regarded as a vote by that Participant against the proposal.

9.6.2 The Operator will give prompt notice of the results of any such voting to the Participants and any decision so taken shall be binding on the Participants notwithstanding that any Participant may have requested a special meeting to discuss any such proposal under clause 9.4.2.

9.7 **Sub-Committees**

The Joint Operating Committee may establish such advisory sub-committees as it considers desirable from time to time. Each sub-committee established shall be given written terms of reference and shall be subject to such procedures as the Joint Operating Committee may determine. The meetings of sub-committees will as far as possible be arranged so that the minutes of such meetings can be presented to the Participants in sufficient time for consideration before the next following regular meeting of the Joint Operating Committee.

9.8 **Voting Procedure**

9.8.1 Unless otherwise expressly provided in this Agreement, each Participant shall have a voting interest equal to its Percentage Interest.

Voting

9.8.2 The following voting provisions shall apply during Magnus Phase 1:

Unless otherwise expressly provided in this Agreement, all decisions of the Joint Operating Committee (including all Reserved Matters) shall require the affirmative vote of both BP and EnQuest. For the purposes of this clause 9.8.2, if the right of a Participant to vote shall have been excluded pursuant to clause 17.6.1 decisions of the Joint Operating Committee shall be made by the affirmative vote of the Participant entitled to vote.

9.8.3 The following voting provisions shall apply during Magnus Phase 2:

(a) Save for the Reserved Matters, decisions of the Joint Operating Committee shall require only the affirmative vote of EnQuest.

(b) With regard to the Reserved Matters, all decisions of the Joint Operating Committee shall require the affirmative vote of both BP and EnQuest. For the purposes of this clause 9.8.3(b), if the right of a Participant to vote shall have been excluded pursuant to clause 17.6.1 decisions of the Joint Operating Committee shall be made by the affirmative vote of the Participant entitled to vote.

9.8.4 The following voting provisions shall apply during Magnus Phase 3:

(a) Save for the Reserved Matters, decisions of the Joint Operating Committee shall require only the affirmative vote of BP, provided that the Operator shall in no event be obliged to carry out any action or activity which the Operator believes (acting reasonably) would place the Operator in breach of any Legislation.

(b) With regard to the Reserved Matters, all decisions of the Joint Operating Committee shall require the affirmative vote of both BP and EnQuest. For the purposes of this clause 9.8.4, if the right of a Participant to vote shall have been excluded pursuant to clause 17.6.1, decisions of the Joint Operating Committee shall be made by the affirmative vote of the Participant entitled to vote.

9.8.5 The following voting provisions shall apply during Magnus Phase 4:

(a) Save for the Reserved Matters, where the Participants' Percentage Interests are as set out for Magnus Phase 1, decisions of the Joint Operating Committee shall require the affirmative vote of both BP and EnQuest.

(b) Save for the Reserved Matters, where the Participants' Percentage Interests are as set out for Magnus Phase 2, decisions of the Joint Operating Committee shall require only the affirmative vote of EnQuest.

(c) With regard to the Reserved Matters, all decisions of the Joint Operating Committee shall require the affirmative vote of both BP and EnQuest.

For the purposes of this clause 9.8.5, if the right of a Participant to vote shall have been excluded pursuant to clause 17.5.1 decisions of the Joint Operating Committee shall be made by the affirmative vote of the Participant entitled to vote.

9.8.6 The following matters and decisions ("**Reserved Matters**") require the affirmative vote of all Participants entitled to vote:

(a) the authorising of the Operator to prosecute or defend litigation outside the United Kingdom as set out under clause 8.3.2(a);

(b) waiver of the period of notice for a meeting of the Joint Operating Committee as set out under clause 9.4.3;

(c) approval of the creation of a New Area as set out under clause 9.10.1;

(d) approval of any development Programme and Budget as set out under clause 11;

(e) any decision to abandon the Joint Operations;

(f) approval of the disclosure of confidential information as set out in clause 19.1;

(g) consent to the transfer of an interest under the Licence or this Agreement;

(h) any amendment of this Agreement;

(i) any change to the Accounting Procedure;

(j) any decision to permanently cease production under and/or to determine the Licence;

(k) any matter or decision relating to Decommissioning, including but not limited to: (i) approval of any Proposed Decommissioning Plan as set out in clause 13.1.2; and (ii) approval under clause 6.5.4(d) where such proposal to award a contract to a third party relates to the carrying out of activities relating to Decommissioning;

(l) the renegotiation of the WoS GSAs such that the Up and Over Service Termination Date differs from that prevailing at the date of this Agreement;

(m) prior to the Up and Over Service Termination Date, the service of a notice under [clause 2.3(b)(iii) and/or clause 2.6.1] of the WoS GSAs; and [***Note: clause refs to be checked against GSAs prior to execution***]

(n) prior to the Up and Over Service Termination Date, ceasing to provide a service to Seller (as defined under the WoS GSAs) under one or more of the WoS GSAs on the grounds that it has become uneconomic to operate, repair and maintain the Buyer's Facilities (as defined under the WoS GSAs).

9.8.7 Notwithstanding any provision to the contrary in this Agreement, the exercise by either EnQuest or BP of any right to serve a notice under clause 2 shall not require the approval or consent of the Joint Operating Committee.

9.8.8 Each Participant shall be bound by each decision of the Joint Operating Committee duly made in accordance with the provisions of this Agreement.

9.8.9 Where this Agreement provides that the agreement, approval or consent of the Joint Operating Committee is not to be unreasonably withheld or delayed in respect of any matter, then no Participant shall unreasonably withhold or delay its vote in respect of such matter and each Participant shall act reasonably when exercising its right to vote in respect of such matter.

**9.9 Licence Provisions**

9.9.1 Work Obligations

Where the Secretary prescribes conditions for the continuation of a Licence in accordance with its terms, any such conditions involving the carrying out of work on the Licence shall be considered as Work Obligations as between those Participants who have elected to continue the Licence under clause 9.9.2.

9.9.2 Not less than two hundred and seventy (270) days prior to the latest date on which notice may be given to continue or extend the Licence beyond its original term, the Operator shall convene a special meeting of the Joint Operating Committee to decide whether to continue or extend the Licence and what notice, if any, is to be given to the Secretary. At each such meeting:

(a) should no Participant vote to continue or extend the Licence then the Licence shall be determined at the expiration of the applicable term; or

(b) should any of the Participants vote to continue or extend the Licence, notice to continue the Licence shall be given in accordance with this clause.

9.9.3 In relation to the continuation or extension of the Licence, each of the Participants agrees to execute such documents as may be necessary to effect the continuation of the Licence for the benefit of those Participants desiring to continue the Licence.

**9.10 New Areas**

9.10.1 One or more Participants having a beneficial interest in a proposed New Area and wishing to create such New Area by transferring to another Participant or a third party all or part of their respective Percentage Interests in such New Area shall be entitled to do so only upon satisfaction of all of the following requirements:

(a) those Participants intending to create a New Area (the "**Proposing Participant**") notifying the other Participants of their intention to create such New Area (the boundaries of which shall be clearly identified);

(b) the Joint Operating Committee approving such New Area;

(c) receipt of all necessary third party approvals;

(d) the transfer of all or part of the said Proposing Participant's Percentage Interest in respect of the New Area (the "**Transferred Interest**") having effect in accordance with clause 23;

(e) the party acquiring the Transferred Interest (the "**Acquiring Party**") assuming all Benefits and Liabilities under this Agreement insofar as it relates to the New Area in respect of such Transferred Interest (whether actual, accrued, contingent or otherwise or whether arising before, at or after the time of the said transfer) as if the Acquiring Party had at all times been a party to this Agreement insofar as it relates to the New Area in place of the Participant from who it acquired the Transferred Interest.

9.10.2 Immediately after the provisions of clause 9.10.1 taking effect, this Agreement shall take effect as two (2) separate and distinct agreements as follows:

(a) one (1) agreement which shall apply as a separate and distinct agreement (the "**New Area JOA**") between those Participants holding a beneficial interest in the New Area (the "**New Area JOA Participants**"); and

(b) the other agreement which shall apply as a separate and distinct agreement (the "**Remaining Area JOA**") between those Participants holding a beneficial interest in the Remaining Area (the "**Remaining Area JOA Participants**").

9.10.3 The New Area JOA Participants and the Remaining Area JOA Participants (together with any other persons that are licensees of the Licence) shall enter into appropriate trust and indemnity arrangements in respect of the New Area and the Remaining Area which unless agreed otherwise shall be in the form attached hereto as Schedule 2.

9.10.4 For the avoidance of doubt and subject always to the arrangements described in clause 9.10.3:

(a) the New Area JOA Participants may amend, supplement, substitute, terminate, restate and novate the New Area JOA without the participation of or reference to the Remaining Area JOA Participants and provided further that the New Area JOA Participants shall have no Benefits or Liabilities under the Remaining Area JOA unless they currently are or subsequently become party to it; and

(b) The Remaining Area JOA Participants may amend, supplement, substitute, terminate, restate and novate the Remaining Area JOA without the participation of or reference to the New Area JOA Participants and provided further that the Remaining Area JOA Participants shall have no Benefits or Liabilities under the New Area JOA unless they currently are or subsequently become party to it.

## 10. EXPLORATION AND APPRAISAL PROGRAMMES AND BUDGETS

### 10.1 Annual Programme and Budget

10.1.1 The Operator shall, if the Joint Operating Committee so decides and as soon as practicable after such decision, submit to the Participants a proposed exploration and/or appraisal Programme and Budget for the next Year showing:

(a) in the exploration section of the Programme and Budget, the exploration wells to be drilled and other work to be undertaken, specifying in each case where any approval is requested on a contingent basis, dependent on the success of another part of the work programme;

(b) in the appraisal section of the Programme and Budget, the appraisal wells to be drilled and other work to be undertaken, specifying in each case where any approval is requested on a contingent basis, dependent on the success of another part of the work programme;

(c) the information required under clause 15; and

(d) such other information as the Joint Operating Committee may have required the Operator to provide.

10.1.2 The proposed exploration and/or appraisal Programme and Budget shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall consider such exploration and/or appraisal Programme and Budget and make such revisions to it as it may determine as soon as practicable but in any event not later than 1st October. Not later than 1st December the Joint Operating Committee shall approve an exploration and/or appraisal Programme and Budget and such approval shall, subject to clauses 10.2 and 10.3, authorise and oblige the Operator to proceed with the exploration section of the Programme and Budget. The Operator shall not however be authorised nor obliged to proceed with any items identified as contingent items in the Programme and Budget unless and until approved as firm items by the Joint Operating Committee. Notwithstanding the above, where commitments are required prior to approval of the Programme and Budget, the Joint Operating Committee will use reasonable endeavours to approve such commitments in advance of approving the Programme and Budget and in time to allow such commitments to be made and any commitments so approved shall form part of the approved Programme and Budget to which they relate.

10.1.3 In the event of a Discovery, the Operator shall, if the Joint Operating Committee so decides and as soon as practicable after such decision, submit to the Participants an appraisal Programme and Budget to evaluate such Discovery (to the extent not already covered by the Programme and Budget referred to in clause 10.1.1) which shall to the extent practicable, incorporate the elements referred to in clause 10.1.1 and which shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall, as soon as practicable following submission of the proposed appraisal Programme and Budget consider such Programme and Budget and make such revisions to it as may be agreed. Unless the Joint Operating Committee otherwise decides, the Joint Operating Committee shall approve or reject the proposed appraisal Programme and Budget within ninety (90) days of its submission by the Operator to the Participants and such approval shall, subject to clauses 10.2 and 10.3, authorise and oblige the Operator to proceed with it.

10.2 **Authorisation for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any commitment or incurring any capital expenditure or seismic expenditure in excess of one million Pounds (£1,000,000) under an approved exploration and/or appraisal Programme and Budget submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, the Operator shall be authorised and obliged, subject to clauses 6.5 and 10.3, to proceed with such commitment or expenditure. The Operator shall prepare and submit to the Participants a separate AFE for each exploration or appraisal well, on a dry-hole basis. Drill stem testing shall be a contingent item.

10.3 **Review and Amendments**

10.3.1 The Operator shall, as and when required by the Joint Operating Committee, review the approved exploration and/or appraisal Programme and Budget and submit to the Participants a report thereon.

10.3.2 At any time any Participant may, by notice to the other Participants, propose that an approved exploration and/or appraisal Programme and Budget and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if

the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised exploration and/or appraisal Programme and Budget incorporating any such amendment and showing the matters listed under clause 10.1.1. To the extent that any such amendment or revised exploration and/or appraisal Programme and Budget is approved by the Joint Operating Committee, the approved exploration and/or appraisal Programme and Budget and/or AFE shall be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

10.4 **Expenditure Overruns**

The Operator shall use reasonable endeavours not to exceed the approved exploration and/or appraisal Programme and Budget but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of an approved exploration and/or appraisal Programme and Budget up to ten per cent (10%) of the amount of the approved Programme and Budget.

Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 10.4, the Operator shall revise the appropriate AFE and/or Programme and Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment.

## 11. DEVELOPMENT PROGRAMMES AND BUDGET

11.1 **Development Programme and Budgets**

11.1.1 The Operator shall, if the Joint Operating Committee so decides and as soon as practicable after such decision, submit to the Participants a proposed development Programme and Budget for a Discovery showing:

(a) the projects and other work to be undertaken;

(b) the information required under clause 15;

(c) the manner in which the development is to be managed with details of the number of employees and contract personnel required;

(d) an estimate of the date of commencement of production and of the annual rates of production; and

(e) such other information as the Joint Operating Committee may have required the Operator to provide.

11.1.2 The proposed development Programme and Budget shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall meet to consider such development Programme and Budget as soon as practicable and to make such revisions to it as it may determine. Unless the Joint Operating Committee otherwise decides, the Joint Operating Committee shall approve or reject the development Programme and Budget within one hundred and twenty (120) days of its submission by the Operator to the Participants.

11.2 **Authorisation for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any commitment or incurring any capital expenditure in excess of five hundred thousand Pounds (£500,000) with respect to the preparation of a development Programme and Budget or under an approved development Programme and Budget submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, the Operator shall be authorised and obliged, subject to clauses 6.5 and 11.3, to proceed with such commitment or expenditure. The Operator shall prepare and submit to the Participants a separate AFE for each development well.

11.3 **Review and Amendment**

11.3.1 The Operator shall, in each Year, review the approved development Programme and Budget and submit to the Participants not later than 1st September a report thereon together with an update of such development Programme and Budget dealing separately with the next Year and the remaining phases of the approved development Programme and showing the matters listed under clause 11.1.1.

11.3.2 At any time any Participant may, by notice to all the other Participants, propose that an approved development Programme and Budget and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised development Programme and Budget incorporating any such amendment and showing the matters listed under clause 11.1.1. To the extent that any such amendment or revised development Programme and Budget is approved by the Joint Operating Committee, the approved development Programme and Budget and/or AFE shall, subject to obtaining any necessary consent of the Secretary, be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitments or expenditure made by the Operator prior to such amendment.

11.4 **Expenditure Overruns**

11.4.1 The Operator shall use reasonable endeavours not to exceed the approved development Programme and Budget but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of an approved development Programme and Budget up to ten per cent (10%) of the amount of such approved Programme and Budget.

11.5 Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 11.5, the Operator shall revise the appropriate AFE and/or Programme and Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment.

## 12. PRODUCTION PROGRAMMES AND BUDGETS

### 12.1 Production Programme and Budget

12.1.1 The Operator shall not later than 1st September in the Year prior to the expiry of the Agreed WP&B and each subsequent Year until cessation of production, submit to the Participants a proposed production Programme and Budget for the next Year showing:

(a) the projects and other work to be undertaken;

(b) the information required under clause 15;

(c) an estimate of the date of commencement of production (if appropriate) and of the monthly total production for each major production stream and injection stream and the maximum daily rate to be achieved for each such stream in each Month; and

(d) such other information as the Joint Operating Committee may have required the Operator to provide.

12.1.2 The proposed production Programme and Budget shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall meet to consider such production Programme and Budget and make such revisions to it as it may determine as soon as practicable but in any event not later than 1st October. Not later than 1st December the Joint Operating Committee shall approve a production Programme and Budget and such approval shall, subject to clauses 12.2 and 12.3, authorise and oblige the Operator to proceed with it. Notwithstanding the above, where commitments are required prior to approval of the production Programme and Budget, the Joint Operating Committee will use reasonable endeavours to approve such commitments in advance of approving the production Programme and Budget and in time to allow such commitments to be made and any commitments so approved shall form part of the approved Programme and Budget to which they relate. If the Joint Operating Committee does not approve a production Programme and Budget by 31st December then, unless otherwise decided by the Joint Operating Committee, the Operator shall continue to operate the Joint Property to produce Petroleum in accordance with the most recently approved production profile for the field and with Good Oilfield Practice for the next ninety (90) days and shall be entitled to incur operating expenditure (and such capital expenditure as is necessary to maintain assets) in order to do so. If no agreement on a production Programme and Budget is reached during such ninety (90) day period, then at the end of such period the Operator shall cease production.

### 12.2 Authorisations for Expenditure

Except as provided in clause 6.10.2, the Operator shall, before entering into any capital commitment or incurring any capital expenditure in excess of two million Pounds (£2,000,000) under an approved production Programme and Budget submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, the Operator shall be authorised and obliged, subject to clauses 6.5 and 12.3, to proceed with such capital commitment or capital expenditure. The Operator shall prepare and submit to the Participants a separate AFE for each production well.

12.3 **Amendment**

At any time any Participant may, by notice to all the other Participants, propose that an approved production Programme and Budget and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised production Programme and Budget incorporating any such amendment and showing the matters listed under clause 12.1.1. To the extent that an amendment is approved by the Joint Operating Committee, the approved production Programme and Budget and/or AFE shall (subject to obtaining any necessary consent of the Secretary) be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

12.4 **Expenditure Overruns**

12.4.1 The Operator shall use reasonable endeavours not to exceed the approved production Programme and Budget but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of an approved production Programme and Budget up to ten per cent (10%) of the amount of the approved Programme and Budget.

Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 12.4, the Operator shall revise the appropriate AFE and/or Programme and Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment.

**13. DECOMMISSIONING PROGRAMME AND BUDGET**

13.1 **Decommissioning Programme and Budget**

13.1.1 The Operator shall submit to the Participants by 30 June each Year a proposed Decommissioning Programme and Decommissioning Budget (the "**Proposed Decommissioning Plan**") showing:

(a) a geological/reservoir review of the field;

(b) the work to be undertaken to facilitate Decommissioning;

(c) an updated Other Property Register showing any changes from the previous year;

(d) the information required under clause 15;

(e) an estimate of the dates on which Decommissioning will commence and be completed;

(f) all other matters relevant to the proper preparation for and management of Decommissioning, including but not limited to decommissioning options, alternative uses for Joint Property, an assessment of eligibility

for derogation from removal obligations, and the salvage value of Joint Property where it cannot be reused;

(g) any necessary post-Decommissioning monitoring, maintenance and insurance to be obtained; and

(h) such other information as the Joint Operating Committee may have required the Operator to provide,

provided that: (x) the items to be included in the Proposed Decommissioning Plan listed in this clause 13.1.1 shall at all times be based on the information available to the Operator at the time, acting as a Reasonable and Prudent Operator; and (y) until the date that is five (5) Years prior to the anticipated date of submitting a Decommissioning Programme to the Secretary in accordance with clause 13.1.2, such Proposed Decommissioning Plan will be submitted to the Participants for information purposes only and will not be subject to approval or revision by the Joint Operating Committee pursuant to clause 13.1.3 (provided however that the Participants shall be entitled to provide comments on and revisions to such Proposed Decommissioning Plan, and the Operator shall be obliged (acting reasonably and in good faith) to take account of such comments and proposed revisions.

13.1.2 Without prejudice to clause 13.1.1, no later than a date twelve (12) Months prior to the anticipated date of submitting a Decommissioning Programme to the Secretary for approval under the Petroleum Act 1998, the Operator shall re-submit to the Participants the latest Proposed Decommissioning Plan, which shall require the unanimous approval of the Joint Operating Committee in accordance with clause 9.8.

13.1.3 The Joint Operating Committee shall meet to consider the Proposed Decommissioning Plan as soon as practicable following receipt of the Proposed Decommissioning Plan pursuant to clause 13.1.2 and shall make such revisions to it as it may determine prior to submission to the Secretary as the Decommissioning Programme. Unless the Joint Operating Committee otherwise decides, the Joint Operating Committee shall approve or reject the Proposed Decommissioning Plan within ninety (90) days of its re-submission by the Operator.

13.1.4 If approval is given in accordance with clause 13.1.3, such approval shall authorise and oblige the Operator to submit the Decommissioning Programme forming part of such Proposed Decommissioning Plan to the Secretary for approval under the Petroleum Act 1998.

13.1.5 If the Joint Operating Committee has not approved the Proposed Decommissioning Plan by a date which is six (6) Months prior to the due date for submission of a Decommissioning Programme to the Secretary, then the Proposed Decommissioning Plan proposed by the Operator shall be deemed to be approved by the Joint Operating Committee and the Operator shall be authorised and obliged to submit the Decommissioning Programme forming part of such Proposed Decommissioning Plan as the Decommissioning Programme to the Secretary for approval under the Petroleum Act 1998.

13.1.6 Upon the Secretary approving a Decommissioning Programme the Operator shall, subject to clauses 13.2 and 13.3, be authorised and obliged to proceed with it as approved.

13.1.7 The Proposed Decommissioning Plan approved (or deemed approved) by the Joint Operating Committee pursuant to this clause 13.1 (the Decommissioning Programme part thereof also being approved by the Secretary) shall be the "**Approved Decommissioning Plan**".

13.2 **Authorisation for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any commitment or incurring any decommissioning expenditure in excess of two million Pounds (£2,000,000) under an Approved Decommissioning Plan, submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, such approval not to be unreasonably withheld or delayed where the AFE is consistent with the Approved Decommissioning Plan, the Operator shall be authorised and obliged, subject to clauses 6.5 and 13.3, to proceed with such commitment or expenditure.

13.3 **Amendment**

At any time any Participant may, by notice to all the other Participants, propose that the Approved Decommissioning Plan be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised Approved Decommissioning Plan incorporating any such amendment and showing the matters listed under clause 13.1.1. To the extent that the Joint Operating Committee approves an amendment, the Approved Decommissioning Plan shall be deemed amended accordingly, subject to any necessary approval by the Secretary, provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

13.4 **Expenditure Overruns**

The Operator shall use reasonable endeavours not to exceed the Decommissioning Budget forming part of the Approved Decommissioning Plan but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of such a Decommissioning Budget up to ten per cent (10%) of the amount of such Decommissioning Budget.

Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 13.4, the Operator shall revise the appropriate AFE and/or Decommissioning Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment, such approval not to be unreasonably withheld or delayed where the over-expenditure is necessary to comply with the Approved Decommissioning Plan.

## 14. AGREED WORK PROGRAMME AND BUDGET

14.1 Each Participant acknowledges and agrees that the Agreed WP&B shall apply in respect of all work to be performed and expenditure to be incurred in respect of the Joint Operations for the period provided for in the Agreed WP&B, and that the provisions of clauses 10 to 13 shall not apply in respect of any matter identified in the Agreed WP&B. From the date of this Agreement, the Operator shall, subject to clause 14.2, be authorised and obliged to proceed with the Agreed WP&B as it then applies.

14.2 For the duration of the Agreed WP&B, the Operator shall submit to the Participants an AFE for expenditure in accordance with the Accounting Procedure:

14.2.1 before incurring any capital expenditure in excess of two million Pounds (£2,000,000) in respect of those items identified as "CAPEX items requiring AFEs" in Schedule 4 pre-approved under the Agreed WP&B; and

14.2.2 before incurring any expenditure in respect of the well that is contingent under the Agreed WP&B.

14.3 To the extent that the Joint Operating Committee approves an AFE issued pursuant to clause 14.2 (such approval, in respect of clause 14.2.1, only being withheld by a Participant which is entitled to vote if such Participant believes (acting reasonably) that the approval of such AFE would expose the Participants to greater health, safety, security and/or environmental risk than would be expected in the ordinary course of Joint Operations performed in accordance with Good Oilfield Practice), the Operator shall be authorised and obliged, subject to clause 6.5, to proceed with such commitment or expenditure. If a Participant which is entitled to vote withholds its approval to an AFE issued pursuant to clause 14.2, the Participant shall provide to EnQuest details of its reasons for withholding such approval.

14.4 **Amendment**

At any time any Participant may, by notice to all the other Participants, propose that the Agreed WP&B and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised Agreed WP&B incorporating any such amendment. To the extent that an amendment is approved by the Joint Operating Committee, the Agreed WP&B and/or AFE shall (subject to obtaining any necessary consent of the Secretary) be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

## 15. GENERAL PROVISIONS RELATING TO BUDGETS

15.1 Each Programme and Budget required under clauses 10 to 13 shall include:

15.1.1 an estimate in Pounds of the total cost of the applicable Joint Operations and a sub-division of such total into each main classification and sub-classification of cost to provide a breakdown of the workscope into work elements in sufficient detail to allow adequate cost allocation and control. The estimate for each such classification and sub-classification of cost shall be phased on an accrual basis and shall be shown by Quarter for the first Year and, where applicable, by Year for each subsequent Year of the Programme and Budget;

15.1.2 an estimate of the amount if in excess of one million Pounds (£1,000,000) equivalent of each currency other than Pounds in which such total cost is to be paid, together with the exchange rates used. Such estimate shall be phased by Quarter for the first Year and, where applicable, by Year for each subsequent Year of the Programme and Budget;

15.1.3 the amount of any escalation allowance added;

15.1.4 the amount of any contingency allowance added;

15.1.5 an estimate of the timing and value of AFEs;

15.1.6 an estimate of the cost and the total number of man-Months budgeted; and

15.1.7 a statement indicating which budget items, if any, are contingent upon the outcome of other budget items such as the testing of wells.

15.2 In addition, each development Programme and Budget required under clause 11 shall include:

15.2.1 an estimate of funding currency requirements phased on a cash basis detailing Quarterly requirements for the first Year and annual requirements for each subsequent Year of the development; and

15.2.2 an estimate of the timing and value of commitments to be made under the development Programme and Budget identifying the total commitments under each main classification of cost as provided in clause 15.1.1 in each Quarter of the first Year and in each of the subsequent Years of the development.

15.3 In addition, each production Programme and Budget required under clause 12 shall be divided into capital expenditure and operating expenditure sections and shall include:

15.3.1 an estimate of payments under any major rental contracts and, where relevant, the production profile upon which these payments have been determined;

15.3.2 in the capital expenditure section an estimate of the capital cost to complete activities brought forward commencing in the respective Programme and Budget Year.

15.4 Each review of or amendment to a Programme and Budget as provided in clauses 10 to 13 shall include:

(a) actual cash payments, net of Receipts and accruals to date;

(b) actual commitments to date; and

(c) revised estimates of all items detailed in clauses 15.1 and 15.2 as appropriate.

15.5 The Operator may, with the prior approval of the Joint Operating Committee, transfer sums between Programme and Budget sub-classifications after Programme and Budgets have been approved.

## 16. ACCOUNTING AND CASH CALLS

### 16.1 The Accounting Procedure

16.1.1 The Accounting Procedure is part of this Agreement.

16.1.2 The provisions of paragraph 4 of Schedule 1 shall apply in respect of Cash Calls made pursuant to this Agreement. In the event of any conflict between any provision in the main body of this Agreement and any provision in the Accounting Procedure, the provision in the main body shall prevail.

### 16.2 Cash Calls during Magnus Phase 1

16.2.1 During Magnus Phase 1, the Operator shall issue Cash Calls to each of the Participants in proportion to their respective Percentage Interests.

16.2.2 Except as set out in clause 16.2.3, all Cash Calls issued to EnQuest during Magnus Phase 1 shall be paid in accordance with part G of schedule 2 of the SPA.

16.2.3 To the extent any Cash Calls issued during Magnus Phase 1 relate to

Decommissioning, responsibility for such Cash Calls shall be as set out in clause 16.5.2 below. To the extent any Cash Calls issued during Magnus Phase 1 relate to Retained Expenditure, responsibility for such Cash Calls shall be as set out in clause 16.6 below.

**16.3 Cash Calls during Magnus Phase 2**

16.3.1 During Magnus Phase 2, the Operator shall issue Cash Calls to EnQuest separately in respect of a twenty-five per cent (25%) Percentage Interest and a seventy-five per cent (75%) Percentage Interest.

16.3.2 Except as set out in clause 16.3.3, in respect of each Cash Call issued to EnQuest during Magnus Phase 2: (a) twenty-five per cent (25%), shall be paid in accordance with part G of schedule 2 of the SPA; and (b) seventy-five per cent (75%), shall be paid by EnQuest in accordance with this Agreement.

16.3.3 To the extent any Cash Calls issued during Magnus Phase 2 relate to Decommissioning, responsibility for such Cash Calls shall be as set out in clause 16.5.2 below. To the extent any Cash Calls issued during Magnus Phase 2 relate to Retained Expenditure, responsibility for such Cash Calls shall be as set out in clause 16.6 below.

**16.4 Cash Calls during Magnus Phase 3**

16.4.1 During Magnus Phase 3, the Operator shall issue Cash Calls to BP only.

16.4.2 Except as set out in clause 16.4.3, regardless of the Participants' respective Percentage Interests at such time, EnQuest shall have no responsibility to pay any Cash Calls during Magnus Phase 3 and BP shall be responsible for paying a one hundred per cent (100%) Percentage Interest share of all Cash Calls.

16.4.3 To the extent any Cash Calls issued during Magnus Phase 3 relate to Decommissioning, responsibility for such Cash Calls shall be as set out in clause 16.5.2 below. To the extent any Cash Calls issued during Magnus Phase 3 relate to Retained Expenditure, responsibility for such Cash Calls shall be as set out in clause 16.6 below.

16.4.4 Notwithstanding any other provision of this Agreement, during Magnus Phase 3:

(a) BP agrees to indemnify, keep indemnified and hold harmless on demand, EnQuest against any Magnus Phase 3 Costs which are incurred by EnQuest;

(b) BP agrees to indemnify, keep indemnified and hold harmless on demand, EnQuest against any Liabilities arising or incurred by EnQuest in connection with BP's decision to serve a BP Phase 4 Notice in breach of the WoS GSAs; and

(c) EnQuest agrees to pay to BP an amount equal to all Magnus Phase 3 Benefits received by EnQuest (net of any applicable taxes and less any directly applicable costs).

For the avoidance of doubt, this clause 16.4.4 shall prevail over the provisions of clause 22.2.2.

16.4.5 Any amount to be paid in accordance with:

(a) clauses 16.4.4(a) and 16.4.4(b) shall be paid by BP within twenty (20) Working Days of notification from EnQuest to the EnQuest Nominated Account; and

(b) clause 16.4.4(c) shall be paid by EnQuest within twenty (20) Working Days of receipt by EnQuest of the relevant Magnus Phase 3 Benefit to the BP Nominated Account.

In the event of default or delay of any payment when due of any sums payable under this clause 16.4.5, interest shall accrue and be payable on such sum (calculated on a simple basis on the accumulated daily balances) in respect of the period from the date payment becomes due until (but excluding) the date of actual payment, at the Interest Rate plus six per cent (6%) per annum from time to time during that period.

**16.5 Cash Calls during Magnus Phase 4**

16.5.1 For any Liabilities which arise during Magnus Phase 4 and which do not relate to Decommissioning: (i) where the Participants' Percentage Interests are as set out for Magnus Phase 1, the Operator shall issue Cash Calls as set out in clause 16.2.1 above and payment of such Cash Calls shall be made as set out in clause 16.2.2 ; or (ii) where the Participants' Percentage Interests are as set out for Magnus Phase 2, the Operator shall issue Cash Calls as set out in clause 16.3.1 above and payment of such Cash Calls shall be made as set out in clause 16.3.2.

16.5.2 For any Liabilities relating to Decommissioning, the Operator shall issue Cash Calls separately in respect of a twenty-five per cent (25%) Percentage Interest (a "**25% Interest Decommissioning Cash Call**") and in respect of a seventy-five per cent (75%) Percentage Interest (a "**75% Interest Decommissioning Cash Call**") regardless of the Participants' respective Percentage Interests at such time and shall in each such Cash Call identify and itemise whether such Liabilities relate to Existing Property, Seller P&A Wells, the Sweetening Facilities, Other Property or Magnus Phase 3 Property (and provide reasonable supporting evidence for such identification and itemisation).

16.5.3 Where the Participants' Percentage Interests are as set out for Magnus Phase 1:

(a) the Operator shall issue each 75% Interest Decommissioning Cash Call to BP and BP shall be responsible for and shall pay all 75% Interest Decommissioning Cash Calls; and

(b) the Operator shall issue each 25% Interest Decommissioning Cash Call to EnQuest; however: (i) BP shall be responsible for and shall pay any Liabilities identified in each 25% Interest Decommissioning Cash Call as relating to Existing Property, Seller P&A Wells, the Sweetening Facilities and Magnus Phase 3 Property; and (ii) EnQuest shall be responsible for and shall pay any Liabilities identified in each 25% Interest Decommissioning Cash Call as relating to Other Property.

16.5.4 Where the Participants' Percentage Interests are as set out for Magnus Phase 2:

(a) the Operator shall issue each 75% Interest Decommissioning Cash Call to EnQuest; however: (i) BP shall be responsible for and shall pay any Liabilities identified in each 75% Interest Decommissioning Cash Call as relating to Existing Property, Seller P&A Wells, the Sweetening

Facilities and Magnus Phase 3 Property; and (ii) EnQuest shall be responsible for and shall pay any Liabilities identified in each 75% Interest Decommissioning Cash Call as relating to Other Property; and

(b) the Operator shall issue each 25% Interest Decommissioning Cash Call to EnQuest; however: (i) BP shall be responsible for and shall pay any Liabilities identified in each 25% Interest Decommissioning Cash Call as relating to Existing Property, Seller P&A Wells, the Sweetening Facilities and Magnus Phase 3 Property; and (ii) EnQuest shall be responsible for and shall pay any Liabilities identified in each 25% Interest Decommissioning Cash Call as relating to Other Property.

**16.6 Cash Calls relating to Retained Expenditure**

16.6.1 During all Magnus Phases, the Operator shall issue Cash Calls which relate to Retained Expenditure to BP only.

16.6.2 Regardless of the Participants' respective Percentage Interests at such time, EnQuest shall have no responsibility to pay any Cash Calls which relate to Retained Expenditure and BP shall be responsible for paying a one hundred per cent (100%) Percentage Interest share of all such Cash Calls.

16.6.3 Notwithstanding any other provision of this Agreement, during all Magnus Phases:

(a) BP agrees to indemnify, keep indemnified and hold harmless on demand, EnQuest against any Retained Expenditure which are incurred by EnQuest in its capacity as the Operator and a Participant; and

(b) EnQuest agrees to pay to BP an amount equal to any Benefit received by EnQuest in respect of any Seller Retained Claims (net of any applicable taxes and less any directly applicable costs).

For the avoidance of doubt, this clause 16.6.3 shall prevail over the provisions of clause 22.2.2.

**17. DEFAULT**

**17.1 Default**

The provisions of this clause 17 shall be without prejudice to any remedies otherwise agreed between BP and EnQuest pursuant to the Transaction Documents or this Agreement.

17.1.1 During Magnus Phase 1, the following shall constitute a default for the purposes of this Agreement:

(a) in respect of EnQuest, if an EnQuest Material Adverse Event occurs;

(b) in respect of EnQuest, if EnQuest fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement or the SPA (excluding any Cash Call or part thereof which BP is required to pay on EnQuest's behalf) by the due date in accordance with the Accounting Procedure; and

(c) in respect of BP, BP fails to pay in full its share of any Cash Call (including any Cash Calls which it is required to pay on behalf of

EnQuest pursuant to this Agreement or the SPA) by the due date in accordance with the Accounting Procedure.

17.1.2 During Magnus Phase 2, the following shall constitute a default for the purposes of this Agreement:

(a) in respect of EnQuest, if EnQuest fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement or the SPA (excluding any Cash Call or part thereof which BP is required to pay on EnQuest's behalf) by the due date in accordance with the Accounting Procedure;

(b) in respect of EnQuest, if an Event of Default (as defined in the Vendor Loan Facility Agreement) occurs under clauses 15.2 (*Non-payment*), 15.3 (*Other obligations*), 15.7 (*Insolvency*), 15.8 (*Moratorium*), 15.9 (*Insolvency Proceedings*), 15.10 (*Creditors' process*), 15.12 (*Licence*) or 15.13 (*Transaction Assets*) and 15.15 (*Cessation of Business*) of the Vendor Loan Facility Agreement;

(c) in respect of BP, BP fails to pay in full its share of any Cash Call (including any Cash Calls which it is required to pay on behalf of EnQuest pursuant to this Agreement or the SPA) by the due date in accordance with the Accounting Procedure.

17.1.3 During Magnus Phase 3, the following shall constitute a default for the purposes of this Agreement:

(a) in respect of BP, BP fails to pay in full its share of any Cash Call (including any Cash Calls which it is required to pay on behalf of EnQuest pursuant to this Agreement or the SPA) by the due date in accordance with the Accounting Procedure;

(b) in respect of EnQuest, if an EnQuest Material Adverse Event occurs.

17.1.4 During Magnus Phase 4, the following shall constitute a default for the purposes of this Agreement:

(a) in respect of EnQuest, if an EnQuest Material Adverse Event occurs;

(b) in respect of EnQuest, if EnQuest fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement or the SPA (excluding any Cash Call or part thereof which BP is required to pay on EnQuest's behalf) by the due date in accordance with the Accounting Procedure;

(c) in respect of BP, BP fails to pay in full its share of any Cash Call (including any Cash Calls which it is required to pay on behalf of EnQuest pursuant to this Agreement or the SPA) by the due date in accordance with the Accounting Procedure.

17.2 **Notice of Default**

If any of the events described in clause 17.1 occurs, EnQuest (in the case of clauses 17.1.1(c), 17.1.2(c), 17.1.3(a) or 17.1.4(c)) or BP (in the case of clauses 17.1.1(a), 17.1.1(b), 17.1.2(a), 17.1.2(b), 17.1.3(b), 17.1.4(a) or 17.1.4(b)) shall as soon as practicable give notice to all the Participants of such default and the date of its commencement (a "**Default Notice**").

For the purposes of this clause 17, "**Defaulting Participant**" shall mean BP in the case of clauses 17.1.1(c), 17.1.2(c), 17.1.3(a) or 17.1.4(c) or EnQuest in the case of clauses 17.1.1(a), 17.1.1(b), 17.1.2(a), 17.1.2(b), 17.1.3(b), 17.1.4(a) or 17.1.4(b).

17.3 **Failure to Pay**

If a Participant is in default pursuant to clauses 17.1.1(b), 17.1.1(c), 17.1.2(a), 17.1.2(c), 17.1.3(a), 17.1.4(b) or 17.1.4(c):

17.3.1 with the exception of the Defaulting Participant each Participant ("**Non-Defaulting Participant**") shall contribute, in accordance with this clause 17.3, a share of the amount in default in the proportion that its Percentage Interest bears to the total of the Percentage Interests of the Non-Defaulting Participants and pending receipt of such additional contributions the Operator shall make arrangements to meet any commitments falling due by borrowing the necessary finance or by making the necessary finance available itself and all costs of any such finance shall be charged to the Non-Defaulting Participants; finance made available by the Operator shall bear interest calculated on a day to day basis at a rate equal to two (2) per cent above the Interest Rate from time to time;

17.3.2 within three (3) Working Days following the date of service of the Default Notice, the Operator shall notify all the Participants of the liability of each of the Non-Defaulting Participants to contribute to the amount in default and shall make a further Cash Call accordingly to take effect on the expiry of the six (6) Working Days specified in clause 17.3.1 or on such later date as the Joint Operating Committee may decide; and

17.3.3 if such default continues for more than six (6) Working Days after the date of service of the Default Notice each of the Non-Defaulting Participants shall on the Working Day next following such sixth or later agreed Working Day pay the amount notified under clause 17.3.2, and thereafter shall continue to pay, in addition to its share of subsequent Cash Calls, the same proportion of that part of all such subsequent Cash Calls attributable to the Defaulting Participant until such time as the Defaulting Participant has remedied its default in full or until forfeiture of its interest pursuant to clause 17.7, and failure by any Participant to make such payments shall likewise and with the same results render that Participant in default.

17.4 **Remedy of Default**

17.4.1 The Defaulting Participant shall have the right to remedy the default at any time prior to forfeiture of its interest pursuant to clause 17.7. In respect of a default under clauses 17.1.1(b), 17.1.1(c), 17.1.2(a), 17.1.2(c), 17.1.3(a), 17.1.4(b) or 17.1.4(c) a Participant may remedy the default by payment in full to the Operator or, if the Non-Defaulting Participants have paid any amounts under clause 17.3), the Non-Defaulting Participants, in proportion to the amounts so paid by them, of all amounts in respect of which the Defaulting Participant is in default, together with interest thereon calculated on a day to day basis at a rate equal to the rate stipulated from time to time under the Late Payment of Commercial Debts (Interest) Act 1998, from and including the due date for payment of such amounts until the actual date of payment.

17.4.2 If the default is remedied in accordance with clause 17.4.1, the Defaulting Participant shall (from the day after the date on which the default is remedied) have restored to it the right to take in kind and dispose of its Percentage Interest share of Petroleum subject to any lifting procedures, but for the avoidance of doubt shall not be entitled to

receive or be compensated for any Petroleum sold by the Operator on its behalf pursuant to clause 17.5 during any period in which it was in default.

17.5 **Disposal of Petroleum**

17.5.1 If any default under clauses 17.1.1(b), 17.1.1(c), 17.1.2(a), 17.1.2(c), 17.1.3(a), 17.1.4(b) or 17.1.4(c) continues for more than six (6) Working Days after the date of notification by the Operator under clause 17.2 then, for so long as the default so continues, the Defaulting Participant shall not be entitled to take in kind and dispose of its Percentage Interest share of Petroleum which shall instead be taken in kind and disposed of on behalf of the Defaulting Participant by the Operator and the actual proceeds of such sale (after the deduction of any costs incurred by the Operator in respect of such sale) shall be applied as follows:

(a) first to discharge the liability of the Defaulting Participant to the Non-Defaulting Participants as specified in clause 17.2 (by application to first the interest and then the principal), in the proportions in which their respective Percentage Interests bear to the total of such liability; and

(b) if any proceeds remain in the hands of the Operator after all Liabilities arising under clause 17.4 have been settled, to discharge any outstanding liability of the Defaulting Participant pursuant to any of the Transaction Documents; and

(c) if any proceeds remain in the hands of the Operator after all Liabilities arising under clause 17.4 and any of the Transaction Documents have been settled, to discharge any outstanding liability of the Defaulting Participant to make provision for the costs of Decommissioning; and

(d) if any proceeds remain in the hands of the Operator after all Liabilities arising under clauses 17.5.1(a), 17.5.1(b) and 17.5.1(c) have been settled, the Operator shall transfer such proceeds promptly to the Defaulting Participant.

17.6 **Rights under this Agreement suspended**

17.6.1 After service of a Default Notice and during the continuation of any default the Defaulting Participant shall not be entitled to be represented at meetings of the Joint Operating Committee or any sub-committee of it nor to vote thereat and clause 9.8.2 shall apply in relation to any matters requiring the consent or approval of Participants under this Agreement, subject to the following provisions:

(a) for any decision requiring the consent or approval of all Participants (including for the avoidance of doubt the approval of any forfeiture pursuant to clause 22.3), the consent or approval of the Defaulting Participant shall not be required and the consent or approval of all Non-Defaulting Participants shall be sufficient to decide the matter; and

(b) the Defaulting Participant shall be bound by decisions of the Joint Operating Committee or, where this Agreement requires unanimity, by decisions of all of the Non-Defaulting Participants, made during the continuation of the default.

17.6.2 After service of a Default Notice and during the continuation of any default the Defaulting Participant shall have no further access to any data and information relating to the Joint Operations other than such information or data as may be necessary to enable the Defaulting Participant to remedy its default.

17.7 **Forfeiture of interest**

17.7.1 Subject to the remaining provisions of this clause 17.7, in the event that the default by a Participant continues for more than sixty (60) days from the date of service of a Default Notice in respect of a single default (or for a cumulative period of sixty (60) days in respect of a number of defaults within any twelve (12) successive Months) then each of the Non-Defaulting Participants shall have the right to have forfeited to it and to acquire, by notice to the other Participants, the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement.

17.7.2 Until any Non-Defaulting Participant exercises such right as is mentioned in clause 17.7.1 then, without prejudice to any rights of the Non-Defaulting Participants, and unless all the Non-Defaulting Participants agree to abandon the Joint Operations, the Joint Operations shall continue and the Operator shall continue to apply the provisions of clause 17.5.

17.7.3 Any forfeiture of the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement pursuant to clause 17.7.1 shall be:

(a) subject to any necessary consent of the Secretary;

(b) without prejudice to any other rights of each Participant other than the Defaulting Participant;

(c) acquired as beneficial owner or owners free of any charges and encumbrances (other than rent and royalty under the Licence); and

(d) effective as of the date of the transfer of interest.

17.7.4 Upon forfeiture and acquisition of the interest of a Defaulting Participant under clause 17.7.1, a Defaulting Participant shall promptly join in such actions as may be necessary or desirable to obtain any necessary consent of the Secretary and shall execute and deliver any and all documents necessary to effect any such forfeiture and acquisition, and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or land and buildings transaction tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

17.7.5 In the event that BP is entitled to exercise its rights of forfeiture:

(a) BP shall first be obliged to procure that, subject to clause 17.7.5 below, the Security Trustee exercises its rights pursuant to the Parent Share Charge before BP exercises any of its rights pursuant to any other Security Document or pursuant to its rights of forfeiture;

(b) BP may, following the release and/or discharge of the secured liabilities under the Parent Share Charge or if clause 17.7.5 applies, and subject to clause 17.7.5 below, exercise forfeiture on EnQuest's interest under

this Agreement, provided that it shall also be obliged at the same time to procure that the Security Trustee enforces its security over all (and not part only) of the remaining assets secured by the Security Documents; and

(c) the provisions relating to fair market value to be paid by the Security Trustee to EnQuest set out in clauses 16.11 and 16.12 of the Security Trust and Waterfall Deed shall apply.

17.7.6 Clause 17.7.5(a) shall not require BP to procure that the Security Trustee exercises its rights pursuant to the Parent Share Charge where the value of the shares in EnQuest has been adversely affected by EnQuest taking on additional assets or liabilities in breach of its obligations under the Transaction Documents.

17.7.7 Clause 17.7.5(b) shall not require BP to procure that the Security Trustee exercises its rights pursuant to any Security Document over all (and not part only) of the remaining assets secured by the Security Documents where the value of one or more of such assets have been adversely affected by EnQuest taking on additional assets or liabilities in breach of its obligations under the Transaction Documents, provided such obligations shall continue to apply to the unaffected assets.

17.7.8 In the event that BP exercises its rights of forfeiture under this clause 17, EnQuest shall be deemed to have resigned as Operator and BP shall be the successor Operator in accordance with the procedure set out in clause 5.7.

17.8 **Power of Attorney**

17.8.1 The Defaulting Participant appoints the Non-Defaulting Participant to be its attorney for the purposes of:

(a) taking and disposing on its behalf of its Percentage Interest share of any Petroleum and applying the proceeds as set out in clause 17.5;

(b) taking such actions as may be necessary or desirable to obtain any necessary consent of the Secretary to a forfeiture pursuant to clause 17.7.2;

(c) executing and delivering on its behalf and in its name any and all documents necessary to effect any such forfeiture and acquisition; and

(d) where relevant, transitioning the role of Operator to a successor Operator,

and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or land and buildings transaction tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

17.9 **Set off**

Each Participant acknowledges and accepts that a fundamental principle of this Agreement is that each Participant pays its full share of any Cash Call due under this Agreement as and when required. Accordingly, any Participant that becomes a Defaulting Participant undertakes that, in respect of either any exercise by the Non-Defaulting Participants of any rights under or the application of any of the provisions of this clause 17, such Participant hereby waives any and all rights of set-off, counterclaim, withholding or any deduction of any kind including for any

Taxation, banking transfer or other costs or claims except to the extent required by Law. Each Participant further agrees that the nature and the amount of the remedies granted to the Non-Defaulting Participants are reasonable and appropriate in the circumstances.

17.10 **Default following release of Security**

The terms of this clause 17 shall be disapplied, and Schedule 6 shall apply in its place, following release of the Security (as defined in and in accordance with the terms of the Security Trust and Waterfall Deed).

## 18. DISPOSAL OF PETROLEUM

18.1 Subject to clause 17.5 and the terms of the SPA, in respect of any Petroleum produced from the Licence Area:

(a) subject to clause 16.4.4(c), each of the Participants shall have the right to take in kind and separately dispose of its Percentage Interest share in the total quantities of Petroleum available under this Agreement, provided always that the Operator shall have the right to use in any Joint Operations as much of such Petroleum as may be needed by it for that purpose and the quantities to be so used shall be excluded from the estimates to be provided by the Operator;

(b) subject to clause 16.4.4(c), each of the Participants shall have the right to take in kind and separately dispose of its Percentage Interest share in all Petroleum produced; and

(c) the Participants which have or may have Percentage Interests in respect of such development shall prior to the commencement of production agree allocation, attribution and lifting procedures to reflect the principles set out at paragraphs (a) and (b) of this clause 18.

18.2 Subject to clause 19 and to the extent permitted by applicable law, for the duration of EnQuest's role as Operator under this Agreement, it shall provide the Non-Operator(s) with details (along with all reasonable supporting information) of all aggregated volumes and monthly aggregate sales information in respect of its Percentage Interest share in the total aggregate quantities of Petroleum available under this Agreement (the "**Operating Participant's Petroleum Receipts**") in accordance with the Accounting Procedure.

## 19. DATA AND CONFIDENTIALITY

19.1 **Confidential Data and Information**

19.1.1 All data and information acquired or received by any Participant (including by the Participant acting in the capacity of Operator) under this Agreement shall be held confidential by such Participant during the continuance of this Agreement and for a period of five (5) years thereafter and shall not be divulged in any way to any third party, without the prior written approval of all the other Participants provided that:

(a) any Participant (including the Participant acting in the capacity of Operator) may, without such approval, disclose such data and information:

(i) to the extent required by the Acts, the Licence, any other applicable Legislation or by any government, statutory or regulatory body or to comply with the rules of a recognised stock

exchange or the Stock Exchange Commission of the United States of America;

(ii) to the extent that it is already lawfully known to the Participant at the date of disclosure under no obligation of confidentiality;

(iii) to the extent that it is in the public domain or enters into the public domain except by breach of this Agreement; or

(iv) to the extent that it becomes available to the Participant through a third party which expressly represents that it is under no obligation of confidentiality in respect of it;

(b) any Participant (including the Participant acting in the capacity of Operator) may, subject to clause 19.1.1(c), disclose such data and information to:

(i) its employees, directors, officers and contractor personnel;

(ii) any Affiliate of such Participant and its employees, directors, officers and contractor personnel provided that the Participant shall be responsible for the acts of such Affiliate and its employees, directors, officers and contractor personnel in respect of such data and information as if they were its own; or

(iii) if the Completion Date specified in the Call Option Deed has not occurred, then in respect of BP only, any bona fide intended assignee of BP (provided that with regard to disclosure of the terms and conditions of this Agreement, BP shall only be permitted to disclose the terms of the Transfer JOA); or

(iv) any outside professional consultants; or

(v) any bank or financial institution from whom such Participant is seeking or obtaining finance; or

(vi) any insurer or insurance broker from which such Participant is seeking insurance.

(c) Before disclosing any such data or information to any person under the provisions of clause 19.1.1(b), the Participant shall procure that the proposed recipient of such information is (i) made aware of the terms of this Agreement; and (ii) except where disclosure is made under the provisions of clause 19.1.1(b)(i) or (ii), is bound to the Participant to maintain confidentiality of such data or information by professional confidentiality or on terms no less onerous than those set out in this clause.

(d) The Operator may disclose such data and information to:

(i) its employees, directors, officers and contractor personnel;

(ii) such persons as may be necessary in connection with the conduct of the Joint Operations; and

(iii) any party requesting a release pursuant to the provisions of the Guidelines for Release of Proprietary Seismic Data agreed

between the Secretary and Oil and Gas UK, provided that such party executes a seismic release agreement substantially in the form of the industry standard seismic release agreement published from time to time by Oil and Gas UK.

(e) In the event of any Participant ceasing to hold a Percentage Interest, such Participant shall nevertheless remain bound by this clause 19.1.

19.2 **Trading Rights**

The Operator may, with the prior written approval of all the Participants and on such terms and conditions as they may determine, exchange any such data and information for other similar data and information and the Operator shall promptly provide all the Participants with a conformed copy of the agreement relating to such exchange and all such other data and information. In any event, the Operator shall enter into such trade or exchange agreements for and on behalf of itself and the other Participants and shall obtain an undertaking in substantially the same terms as clause 19.1 from any third party to such trade. Notwithstanding the foregoing provisions of this clause 19, if any Participant is also the owner or part owner of such other data and information it shall not be entitled to prevent an exchange which has been approved by all the other Participants.

19.3 **Licensed Data**

Where the Joint Operating Committee authorises the Operator to obtain a licence of data (including inter alia seismic data), the following principles shall apply unless otherwise unanimously agreed by the Participants:

19.3.1 subject to clause 19.3.2 below, in the case of newly licensed data, the cost of the original aggregate licence fee shall be apportioned between the Participants in proportion to their Percentage Interests (excluding any Participant that is already licensed to use the data in question in relation to Joint Operations);

19.3.2 any assignee of a Percentage Interest will be jointly and severally liable with the assignor for the full amount of any fee payable by the licensee as a result of such assignment and/or as a result of the access to or use of the licensed data by such assignee; and

19.3.3 where any Participant is subject to a direct or indirect change of control, such Participant shall be liable for the full amount of any fee payable by the licensee as a result of such change of control.

## 20. PUBLIC ANNOUNCEMENTS

20.1 Subject to clause 20.2, the Operator shall be responsible for the preparation and release of all public announcements and statements regarding this Agreement or the Joint Operations provided always that no such public announcement or statement shall be issued or made unless all the Participants have been furnished with a copy in advance and the approval of the Joint Operating Committee has been obtained, except that the Operator shall not be prohibited from making such public announcements as it may think appropriate in the case of serious incidents of personal injury or pollution where obtaining the consent of the Joint Operating Committee is not practicable but shall promptly furnish all the Participants with a copy thereof.

20.2 If any Participant shall itself wish to issue or make any public announcement or statement regarding this Agreement or the Joint Operations it shall not do so unless it furnishes all the

Participants with a copy of such announcement or statement in advance and obtains the approval of the Joint Operating Committee provided that, notwithstanding any failure to obtain such approval, no Participant or any Affiliate of such Participant shall be prohibited from issuing or making any such public announcement or statement if it is necessary to do so in order to comply with any applicable law or the regulations of a recognised stock exchange or the Securities and Exchange Commission of the United States (a "**Legally Required Announcement**"). The Participants issuing or making any Legally Required Announcement shall, contemporaneously with the issuing or making thereof, provide a copy to each other Participant. To the extent any Participant makes a Legally Required Announcement, each other Participant shall be entitled to issue or make a public announcement or statement without the approval of the Joint Operating Committee, provided such public announcement or statement relates to the same facts, matters or circumstances as described or referred to in the Legally Required Announcement.

## 21. OUTGOINGS AND GRANTS

### 21.1 Outgoings

The Participants shall be liable for the payment of their respective Percentage Interest shares of all sums which may be properly payable under the Acts and the Licence provided that to the extent permitted by the Acts and the Licence, the Operator shall pay all such sums excepting royalties from the Joint Account. Each Participant shall be responsible for the settlement of its own royalties in accordance with the provisions of the Licence.

### 21.2 Grants

Grants received by any of the Participants from any governmental agency or body in the United Kingdom or of the European Union in respect of their respective expenditures made pursuant to this Agreement will be retained by the Participant receiving them. The Operator shall supply to any Participant applying for a grant, at the sole cost of the Participant requiring it, all requisite data and information which such Participant may reasonably require for the purpose.

### 21.3 Emissions allowances and credits

Prior to the start of production under any development the Participants shall consider how to deal with any allowances or credits in respect of the emission of any substance into the environment which are issued to the Operator in respect of the field or any Joint Property and shall develop procedures for the allocation and/or disposal of any such allowances or credits not required for Joint Operations and, without prejudice to the right and obligation of the Operator to purchase such allowances or credits as may be necessary to comply with its obligations under clause 6.2.2, for the purchase or other provision of additional allowances or credits where insufficient allowances and credits are issued to the Operator for the purposes of Joint Operations.

## 22. COVENANT, UNDERTAKING AND RELATIONSHIP

### 22.1 Covenant and Undertaking

Without prejudice to the overriding responsibility of the Operator under clause 6.2.2, each Participant hereby covenants and undertakes with each other Participant that it will comply with all the applicable provisions and requirements of the Acts and the Licence and will do all such acts and things within its control as may be necessary to keep and maintain the Licence in force and effect.

22.2 **Relationship**

22.2.1 The liability of the Participants hereunder shall be several and not joint or collective and each Participant shall be responsible only for its individual obligations hereunder. It is expressly agreed that it is not the purpose or intention of this Agreement to create, nor shall it be construed as creating, any mining partnership, commercial partnership or other partnership.

22.2.2 Subject to clauses 2.12.1, 6.2.4, 8.3.3, 16.4.4, 16.6.3 and 19.3, each Participant agrees to indemnify and keep each other Participant, its Affiliates and any directors, officers and employees or Agency Personnel of the indemnified Participant or its Affiliates (together the "**Participant Group**") indemnified, to the extent of its Percentage Interest share, for any claim by or liability to (including any costs and expenses necessarily incurred in respect of such claim or liability) any person not being a Participant hereto, arising from or in connection with the Joint Operations including (without prejudice to the generality of the foregoing) any such claim or liability resulting from the actual negligence of any member of the Participant Group but excluding any such claim or liability which is caused by the Wilful Misconduct of any Participant. In the case of any such claim or liability which is caused by the Wilful Misconduct of a Participant, such Participant shall indemnify and defend the other Participants and hold them harmless against such claim or liability (including any award of damages and any legal or other costs and expenses incurred in respect of such claims or liability) but in no event or circumstance whatever (including Wilful Misconduct) shall such Participant be liable for any Consequential Loss of another Participant.

22.2.3 In respect of any representative of a Participant exercising its rights of access under clause 7.3 in any offshore site where Joint Operations are being conducted:

(a) the Participant shall be responsible for and shall defend, indemnify, and hold harmless the other Participants, the Operator, its Affiliates and their respective directors, officers and employees (including Agency Personnel) from and against any loss, damage, claim or liability (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) in respect of loss of or damage to the property of and personal injury (including death or disease) to such representative, irrespective of negligence and/or breach of duty (whether statutory or otherwise) on the part of any indemnified person except only for any loss, damage, claim or liability resulting from the Wilful Misconduct of the indemnified person; and

(b) any loss, damage, claim or liability (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) in respect of loss of or damage to Joint Property or property of the other Participants, the Operator, its Affiliates and their respective directors, officers and employees (including Agency Personnel) or personal injury (including death or disease) to such persons arising out of or connected to the visit of such representative shall be treated as arising from or in connection with Joint Operations for the purposes of clause 22.2.2.

**22.3 Anti-Bribery**

22.3.1 For the purpose of this clause 22.3 "Operator" shall be deemed to include the Operator and any Participant acting as Operator from time to time for the purpose of this Agreement.

22.3.2 Each Participant:

(a) warrants that neither it nor any member of its Group has Bribed at any time in connection with this Agreement, the Licence or Joint Operations;

(b) agrees that it shall not, and shall procure that no member of its Group shall, Bribe in connection with this Agreement, the Licence or Joint Operations; and

(c) agrees that if it becomes aware of any suspected failure by it or any member of its Group to comply with this clause 22.3.2 that it will conduct an appropriate investigation in relation to the same and shall give due consideration to whether such investigation should by conducted by or with the assistance of an independent reputable firm of professionals with relevant experience.

22.3.3 The Operator and any Participant providing services in connection with Joint Operations, or whose Affiliates provide such services:

(a) shall, and shall ensure that such Affiliates shall, devise and maintain adequate internal controls in connection with the obligations set out in clause 22.3.2;

(b) shall, and shall ensure that such Affiliates shall, establish, prepare, maintain and retain books and records in connection with Joint Operations in accordance with generally accepted accounting practices applicable to each of them, properly record and report their respective transactions in a manner that accurately and fairly reflects in reasonable detail such transactions, and maintain such books and records for a period of five (5) years after the date of termination of this Agreement;

(c) confirms that it and such Affiliates have adequate Policies and Procedures in place in respect of compliance with Applicable Anti-Bribery Law, and agrees that it and they will comply with such Policies and Procedures in respect of Joint Operations; and

(d) agrees that it and such Affiliates have taken and will take reasonable steps, where appropriate, to impose on contractors engaged by it or its Affiliates to carry out services in connection with Joint Operations (and, where appropriate, has required or will require them to impose on any subcontractors) a duty to comply with Applicable Anti-Bribery Law and, where appropriate, with Policies and Procedures in respect of compliance with Applicable Anti-Bribery Law.

22.3.4 Where it is legally able to do so, and subject to the consent of the Competent Authority where applicable, each Participant shall notify the other Participants in writing as soon as practicable upon:

(a) becoming aware of any material failure by such Participant or any member of its Group to comply with any provisions of clause 22.3.2 (i) and (ii) relating to this Agreement, the Licence or Joint Operations; or

(b) becoming aware of any investigation or proceeding initiated by a Competent Authority relating to an alleged breach of Applicable Anti-Bribery Laws by such Participant or any member of its Group relating to this Agreement, the Licence or Joint Operations and, except for any information subject to legal privilege, such Participant shall use reasonable efforts to keep the other Participants informed as to the progress of such investigation or proceeding.

## 23. ASSIGNMENT

23.1 Subject to the terms of the SPA, the Security Trust and Waterfall Deed and clause 23.2, no Participant may assign, transfer, charge or deal in any way with the benefit of, or any of its rights or obligations under or interest in, this Agreement without the prior written consent of the other Participant.

23.2 If at any time the Call Option Deed terminates or is terminated in accordance with its terms, without completion under the Call Option Deed having occurred, BP may, without the consent of EnQuest, assign or transfer the benefit of, or any of its rights or obligations under or interest in, this Agreement, provided that:

23.2.1 such assignment or transfer does not and shall not in any way affect the arrangement between BP and EnQuest in respect of EnQuest's twenty-five per cent. (25%) Percentage Interest in or under this Agreement (including with regards to Decommissioning) (the "**25% Arrangement**");

23.2.2 BP shall not disclose this Agreement or any information to the proposed assignee/transferee regarding the 25% Arrangement;

23.2.3 BP and EnQuest shall enter into the Post Transfer JOA (and take all necessary steps, including using reasonable endeavours to procure all necessary consents of the Secretary, to ensure that the Transfer JOA will come into effect) on completion of the assignment or transfer, and BP shall procure that the proposed assignee/transferee enters into the Transfer JOA with EnQuest and BP on completion of the assignment or transfer;

23.2.4 BP shall enter into and execute a deed of termination with EnQuest in respect of this Agreement on completion of the proposed assignment or transfer; and

23.2.5 BP shall demonstrate that the proposed assignee, in EnQuest's sole opinion (acting reasonably), has sufficient technical competence and financial resources to perform its obligations under the Transfer JOA.

## 24. WITHDRAWAL

24.1 Notwithstanding any other provision to the contrary, neither Participant shall be entitled withdraw from the Licence or this Agreement without the consent of the other Participant.

## 25. FORCE MAJEURE

25.1 Each obligation of a Participant (including the Participant acting in the capacity of Operator) hereunder, other than the obligation to make payments of money, shall be suspended while such Participant is prevented or hindered from complying therewith by any cause beyond the reasonable control of such Participant provided that a lack of funds shall be deemed not to be a cause beyond reasonable control. In such event, such Participant shall give notice of suspension as soon as reasonably possible to the other Participants stating the date and extent of such suspension and the cause of it. Any of the Participants whose obligations have been suspended as aforesaid shall resume the performance of such obligations as soon as reasonably possible after the removal of the cause and shall so notify all the other Participants.

In this clause 25 "**Force Majeure**" means any cause beyond the reasonable control of such Participant, and which such Participant by the exercise of reasonable diligence is unable to prevent, avoid or remove, provided that a lack of funds shall not constitute Force Majeure.

## 26. DISPOSAL OF JOINT PROPERTY AND DECOMMISSIONING

26.1 If the Operator shall consider that any item of the Joint Property is no longer needed or suitable for the Joint Operations, the Operator shall, subject to the provisions of the Licence and the Accounting Procedure, dispose of such Joint Property.

26.2 If the Joint Operating Committee shall decide to cease the Joint Operations, in whole or in part:

26.2.1 the Operator shall endeavour to recover and dispose of as much of the Joint Property as the Joint Operating Committee directs can economically and reasonably be recovered or as may be required to be recovered under the Petroleum Act 1998, the Licence or any other applicable law, and the net proceeds shall be apportioned in accordance with the principles described in clauses 16.5.3(b) and 16.5.4(b); and

26.2.2 in respect of any development, the Operator shall proceed to decommission in accordance with the Approved Decommissioning Plan.

## 27. INTELLECTUAL PROPERTY

27.1 Any Intellectual Property developed specifically for Joint Operations the development of which is charged to the Participants in proportions to their Percentage Interests and which neither contains nor is derived from existing Intellectual Property of any of the Participants is termed "**Joint Operations Intellectual Property**" and, subject to the provisions of clause 19, shall be part of Joint Property. Intellectual Property Rights in Joint Operations Intellectual Property ("**Joint Operations Intellectual Property Rights**") shall vest in the Operator on behalf of and for the benefit of the Participants.

27.2 Any Participant and any of its Affiliates shall have an irrevocable, perpetual, royalty-free, fully paid-up worldwide right to use such Joint Operations Intellectual Property, and an irrevocable, perpetual, royalty-free, fully paid-up worldwide licence to use such Joint Operations Intellectual Property Rights, for its/their own operations and in any other bona fide operations in which such Participant and/or its Affiliates has/have an interest, always provided that, in the case of such bona fide operations, any other person participating in such operations gives a prior written undertaking to each of the Participants:

(a) to keep such Joint Operations Intellectual Property confidential in terms no less stringent than those which bind the Participant in question hereunder;

(b) not to use Joint Operations Intellectual Property Rights for any purpose except in connection with such operations; and

(c) to enter into such commercial arrangements with respect to such use as the Joint Operating Committee may reasonably require.

27.3 In the event that the Intellectual Property of any of the Participants (other than Joint Operations Intellectual Property) is offered for use in connection with Joint Operations then the Participant proposing to supply such Intellectual Property shall be entitled to require that, prior to its Intellectual Property being made available as aforesaid, the right to use its Intellectual Property, together with a licence under any relevant Intellectual Property Rights, shall be granted to the other Participants on such reasonable terms and conditions as may be agreed having due regard to the respective interests of each of the Participants. A Participant's Intellectual Property used under any licence granted under this clause shall not constitute Joint Operations Intellectual Property and clause 27.2 shall not apply to it.

27.4 Notwithstanding the provisions of clause 5 or any other provisions of this Agreement, neither the Operator nor any other Participant shall be obliged to disclose any of its own or its Affiliates' Intellectual Property to any of the other Participants or to grant a licence of its or its Affiliates' Intellectual Property Rights for use in connection with Joint Operations.

## 28. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

28.1 Except as provided in this clause 28, no provision of this Agreement is intended by the Participants to be construed as creating any right(s) enforceable by a third party and all third party rights implied by law are, to the extent permissible by law, excluded from this Agreement.

28.2 Subject to the remaining provisions of this clause, clauses 6.2.4, 22.2.2 and 22.2.3(a) are intended to be enforceable by the persons specifically referred to in that clause, by virtue of the Contracts (Rights of Third Parties) Act 1999.

28.3 Notwithstanding clause 28.2, this Agreement may be rescinded, amended or varied by the Parties without notice to or the consent of any person who is not a Party even if, as a result, that person's right to enforce a term of this Agreement may be varied or extinguished.

28.4 The rights of any person under clause 28.2 shall be subject to such person's written agreement to submit irrevocably to the exclusive jurisdiction of the English Courts in respect of all matters relating to such rights.

## 29. APPLICABLE LAW

29.1 This Agreement and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation (including any non-contractual disputes or claims) (a "**Dispute**") shall be governed by and construed in accordance with English law.

29.2 Any Dispute shall be subject to the exclusive jurisdiction of the English courts.

## 30. NOTICES

30.1 A notice or other communication given under or in connection with this Agreement shall be:

30.1.1 in writing;

30.1.2 in the English language; and

30.1.3 sent by the Permitted Method to the Notified Address.

30.2 The "**Permitted Method**" means the methods set out in the first column below. The second column below sets out the date on which a notice given by the corresponding Permitted Method in the first column opposite shall be deemed to be given to the extent the notice is properly addressed and sent in full to the Notified Address:

| **(1)**<br>**Permitted Method** | **(2)**<br>**Date on which Notice deemed given** |
|---|---|
| Registered or international registered or prepaid air-mail | Five (5) Working Days after the date of posting (not including the date of posting) |

30.3 The notified address of each of the Participants is as set out below (each a "**Notified Address**"):

| **Name of Participant** | **Address** | **Marked for the attention of:** |
|---|---|---|
| BP | BP Exploration Operating Company Limited<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| EnQuest | EnQuest<br>Annan House<br>Palmerston Road<br>Aberdeen<br>AB11 5QR | Legal Manager |

or such other Notified Address as any of the Participants may, by written notice to the other Participants, substitute for their Notified Address set out above, but without prejudice to the effectiveness of any notice already given in accordance with clause 30.1.

## 31. MISCELLANEOUS

### 31.1 Costs and Expenses

Each Participant shall bear its own costs and expenses in relation to the negotiation and execution of this Agreement.

### 31.2 Amendment

This Agreement shall not be amended except by written instrument executed by all the Participants.

### 31.3 Waiver

No waiver by any Participant of any provisions of this Agreement shall be binding unless made expressly in writing. No waiver by any Participant of any rights under this Agreement or arising

out of any breach of this Agreement shall be considered as a waiver of any subsequent rights arising under the same or any other provision.

31.4 **Severance**

If any provision (or part of it) of, or pursuant to, this Agreement is or becomes unlawful, void or unenforceable, the legality, validity or enforceability of any other part of that provision or any other provision shall not be affected but shall continue in full force and effect.

31.5 **Precedence**

In the event of any conflict between the body of this Agreement and the Schedules, the terms of the body of this Agreement shall take precedence. In the event of any conflict between this Agreement and the SPA, the terms of the SPA shall prevail.

**IN WITNESS WHEREOF** the Participants have caused this Agreement to be executed as a deed and delivered by their duly authorised representatives the day and year first above written.

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **BP EXPLORATION OPERATING COMPANY LIMITED** | ) | |
| on being signed by | ) | ..... |
| | | Attorney, acting under a Power of Attorney |
| ..... | ) | dated ..... |
| in the presence of: | ) | |

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **ENQUEST NNS LIMITED** | ) | |
| on being signed by | ) | ..... |
| ..... | ) | Director |
| in the presence of: | ) | |

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

**Schedule 1**
**Accounting Procedure**

## SECTION I – GENERAL PROVISIONS

### 1. DEFINITIONS

1.1 For the purposes of this Schedule:

"**Cost Control Report**" has the meaning given to it in paragraph 31;

"**Joint Audit Committee**" means the multi-venture audit committee established by the Operator in respect of all of its operations;

"**LIBOR**" means the London interbank offered rate for one month for the currency in question as published electronically by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) applicable on, in relation to paragraph 14.3.1, the date upon which the relevant material is transferred to Joint Operations;

provided that where the London interbank offered rate falls below zero per cent (0%), the London interbank offered rate shall be deemed to be zero per cent (0%);

"**Major Surplus Item**" has the meaning given to it in paragraph 26.1;

"**Personnel Rate**" has the meaning given to it in paragraph 12.1;

"**SOAPs**" means Standard Oil Accounting Procedures issued by Oil and Gas UK from time to time;

"**Technical Support and General Expertise**" has the meaning given to it in paragraph 22.1.

1.2 Words and expressions defined in the Agreement have the meanings ascribed to them in clause 1.

1.3 Reference in this Agreement to any clause shall be a reference to a clause in the Agreement.

1.4 Reference in this Agreement to any Section shall be a reference to a section of this Schedule.

1.5 Unless the context otherwise requires, reference to any paragraph is to a paragraph of this Schedule.

### 2. GENERAL PRINCIPLES

2.1 The Operator shall charge and credit the Joint Account for all Liabilities and Receipts properly and necessarily incurred and relating to the conduct of Joint Operations in accordance with this Accounting Procedure and, if the Joint Operating Committee so determines, in accordance with the principles set out in the SOAPs in effect on the date on which the transaction is charged or credited to the Joint Account provided that in the event of any conflict between the SOAPs and this Accounting Procedure, this Accounting Procedure shall prevail.

2.2 The purpose of this Accounting Procedure is to establish the principles of accounting which shall truly reflect the Operator's actual cost to the end that the Operator shall, subject to the provisions of the Agreement, neither gain nor lose by reason of the fact that it acts as the Operator. Accordingly, it is the intention of the Participants that there shall be no duplication of items charged to the Joint Account.

2.3 It is intended that the Accounting Procedure is fair and equitable as regards the Liabilities and Benefits attributed to the Joint Account and to their apportionment amongst the Participants and as regards the rights of the Participants on the disposal of assets and surplus materials. The Participants agree that if the Joint Operating Committee considers that the methods described in this Agreement are materially inequitable, the Participants shall meet and in good faith endeavour to agree on changes in methods deemed appropriate to correct any inequity.

2.4 The Operator shall advise the Participants of changes to its internal accounting procedures that will materially affect the basis and level of charge or income to the Joint Account at least ten (10) Working Days in advance of the change.

## 3. ACCOUNTING RECORDS

3.1 The Operator shall open and maintain such separately identifiable accounting records as may be necessary to record in a full and proper manner Cash Call payments received by the Operator from each Participant and all Liabilities incurred and all Receipts obtained by the Operator in connection with Joint Operations.

3.2 Liabilities and Receipts funded or received in currencies other than Pounds shall be converted into Pounds at the Conversion Rate in accordance with the Operator's standard accounting practice. Where expenditure is incurred in any currency other than Pounds but settled in Pounds, the sum charged to the Joint Account shall be the actual cost in Pounds of the other currency purchased. Any exchange gain or loss shall be for the Joint Account.

3.3 Each of the Participants is responsible for maintaining its own accounting records to comply with all legal requirements and to support all fiscal returns or any other accounting reports required by any governmental authority in regard to Joint Operations, except those (if any) which it is the statutory obligation of the Operator to prepare and submit on behalf of itself and the Participants. The Operator will provide the other Participants with such accounting data and information as may be necessary to:

3.3.1 fulfil any statutory obligation to which the other Participants are subjected; and

3.3.2 permit any other Participant to claim any allowance or grant to which it may be entitled and for which an application is required by such Participant,

to the extent that such accounting data and information could reasonably be expected to be available from accounting records maintained by the Operator.

3.4 The Operator shall in addition to the data required under this Accounting Procedure supply to any Participant such further accounting data which such Participant may reasonably request, to the extent that such accounting data and information could reasonably be expected to be available from accounting records maintained by the Operator and provided that the cost of provision of such further data shall be to the account of the requesting Participant.

## 4. BILLING

4.1 Subject to clause 19 and to the extent permitted by applicable law, on or before the tenth ($10^{th}$) day of each Month, the Operator shall submit a statement (the "**Monthly Operator Statement**") to each Participant of the costs and expenditures incurred by the Operator during the prior Month, indicating by appropriate classification the nature of the costs, the corresponding budget category and the portion of the costs apportioned to each Participant. Subject to clause 19 and to the extent permitted by applicable law, the Monthly Operator Statements shall also contain the following information for the relevant Month:

4.1.1 details (along with all reasonable supporting information) of the Operating Participant's Petroleum Receipts;

4.1.2 full details of all Cash Calls made relating to the relevant Month and the funds received pursuant to Cash Calls;

4.1.3 the accrued expenditures in connection with Joint Operations;

4.1.4 the current account balance of each Participant (being the statement showing the opening cash position of each Participant, all Cash Calls, all billings, and the closing balance in respect of each Participant's Percentage Interest share); and

4.1.5 the working capital balance of the Joint Account.

The Operator shall group the expenditures in each Monthly Operator Statement by the categories and line items designated in any approved Programme and Budget to aid the Participants in comparing the actual expenditures against such Programme and Budget.

4.2 In respect of any approved Programme and Budget, the Operator shall submit to the Participants Cash Calls for the next Month's operations allocated in accordance with clause 16. All Cash Calls shall in aggregate equal the Operator's good faith estimate of the money it will spend to perform its duties under the approved Programme and Budget during the next Month. For informational purposes, the Operator shall submit with all Cash Calls an estimate of the funds required for each of the two (2) Months following the Month for which the Cash Call(s) is/are made on the relevant Participants. The Cash Call and the two (2) Month estimate shall be detailed by the categories designated in the approved Programme and Budget.

4.3 The Operator shall submit each Cash Call in writing and deliver it to all Participants not less than ten (10) Working Days before the due date for payment of the Cash Call. The Operator shall set the due date, but the due date shall be no sooner than the first Working Day of the Month for which the funds subject of the Cash Call are required. Each Non-Operator shall pay any Cash Call free of bank charges. Any bank charges deducted from the payment of a Cash Call shall be borne by the Non-Operator that made the payment.

4.4 Each Non-Operator which is responsible for paying the relevant Cash Call (or part thereof) shall transfer to the Joint Account the Non-Operator's required share of the full amount of each Cash Call in Pounds on or before the due date for payment.

4.5 If payment of a Cash Call by a Non-Operator exceeds its share of cash expenditures for a Month, then the next Cash Call for that Non-Operator shall be reduced by the excess. However, if the excess is greater than the estimated Cash Call for that Non-Operator for the next Month, then the Non-Operator may request a refund from the Operator of the difference between the excess and the estimated Cash Call for that Non-Operator for the next Month if the difference is more than £1 million. The Operator shall refund the difference within five (5) Working Days after receipt of a request from the Non-Operator. If the Operator does not refund the money within the time required, the Operator shall, at the sole cost and expense of the Operator, pay the Non-Operator that requested the refund interest on the unpaid balance at the Interest Rate plus six per cent. (6%) from the due date until the payment is received by the Non-Operator that requested the refund.

4.6 If the amounts paid by a Non-Operator pursuant to a Cash Call are less than its share of cash expenditures for the Month covered by the Cash Call, the Operator may add the deficiency to subsequent Cash Calls.

4.7 Interest paid into the Joint Account shall be applied against the next Cash Call or, if directed by the Joint Operating Committee, paid to the Participants. The interest thus received shall be allocated to the Participants on a proportionate basis pursuant to clause 16 taking into consideration the date of funding by each Participant of the account in proportion to the total funding of the account.

4.8 Any late payment of a Cash Call by a Participant shall accrue interest in favour of the Operator at the Interest Rate plus six per cent. (6%) from its due date until the earlier of the date payment is received by the Operator or the beginning period of default if that Participant becomes a Defaulting Participant.

## 5. INVENTORIES OF MATERIAL/ASSET RECORDS

5.1 The Operator shall keep the following records:

5.1.1 records of any stock of Material purchased by the Operator shall be kept by the Operator or its agent in accordance with the Operator's standard procedures for controlling such Material; and

5.1.2 records of expenditure in relation to the acquisition of Joint Property for Joint Operations.

5.2 At reasonable intervals a complete inventory shall be taken by the Operator of all controllable Material forming part of Joint Property, in accordance with the Operator's standard materials procedures in force from time to time.

5.3 At reasonable intervals a reconciliation shall be made between an inventory list and the records of stocks held on the Joint Account and a list of surpluses and shortages shall be determined by the Operator. Inventory adjustments shall be made by the Operator to the Joint Account for surpluses and shortages, with relevant explanations where available.

5.4 A special inventory shall be taken upon any change of the Operator, the cost of which shall be charged to the Joint Account.

## 6. ADJUSTMENTS

6.1 Payment of any Cash Calls shall not prejudice the right of any Participant to protest or question the correctness of any amount included in any Cash Call or billing schedule. Subject to the right of audit under paragraph 7 all Cash Calls or billing schedules rendered to each Participant by the Operator in relation to any Year shall conclusively be presumed to be true and correct after twenty four (24) Months following the end of such Year unless within the said twenty four (24) Month period any Participant makes written exception to it and makes claim on the Operator for adjustment. The provisions of this paragraph shall not prevent adjustments resulting from accounting adjustments, physical inventories of property as provided in paragraph 5 nor prevent the settlement of any claims involving a third party nor prevent adjustments required as a result of any statutory provisions. No interest will be payable on such adjustments.

## 7. AUDITS

7.1 Subject to paragraph 7.2 below, all Participants shall have the right to audit the accounts and records of the Joint Account for each Year including each Monthly Operator Statement Cash Call and billing statement relating to it and to obtain all necessary information for such purposes, before the end of the twenty-fourth (24th) Month following the end of such Year. The Participants shall give at least sixty (60) days' notice to the Operator of their intention to conduct

an audit. The right of audit includes the right of access at all reasonable times during normal business hours to all accounts and records, pertaining to the Joint Account, maintained by the Operator and its Affiliates.

7.2 Audits of accounts and records pertaining to the Joint Account (including each Monthly Operator Statement) which:

7.2.1 include information generally accepted as proprietary and confidential; or

7.2.2 relate to charges made under paragraphs 11 (Personnel Costs), 12 (Personnel Rates) and 22 (Technical Support);

7.2.3 relate to produced petroleum volumes and per-barrel sales information taken into account for the purposes of preparing the Monthly Operator Statements;

7.2.4 relate to multi-field or multi-operator contracts pursuant to clause 6.5.3 and contain information which the Operator considers to be commercially sensitive (for example and without limitation, itemised rates, prices, price structures and incentives).

shall, unless the Joint Operating Committee decides otherwise, be audited in accordance with paragraph 7.3 or 7.4 as applicable.

The Participants acknowledge and agree that the Operating Participant's Petroleum Receipts shall not form part of the information covered by this paragraph 7.2.

7.3 For the accounts and records referred to in paragraphs 7.2.1, 7.2.2 and 7.2.3 above, the Operator's statutory auditors (provided they accept such appointment) shall conduct such audit in accordance with terms of reference established by the Operator from time to time subject to the agreement of the Joint Audit Committee (where it exists) or the Participants (where no Joint Audit Committee exists) such agreement not to be unreasonably withheld. The terms of reference shall include as a minimum those referred to in paragraph 7.6 below. If the Operator's statutory auditors will not accept such appointment, an external auditor of international standing, to be appointed by the Joint Operating Committee, shall conduct such audits. Provided that such accounts and records relating to paragraphs 11 and 12 as are not proprietary and confidential (and for these purposes accounts and records relating to paragraph 12.1.3 shall be considered non-confidential) shall be audited by a combined team of the Operator's statutory auditors and representatives of the Participants.

7.4 For the accounts and records referred to in paragraph 7.2.4 above, the audit shall be conducted:

7.4.1 according to the process adopted by the Joint Audit Committee; or

7.4.2 in the event that no such process is adopted by the Joint Audit Committee or to the extent that the process adopted does not apply to any accounts and records referred to in paragraph 7.2 above, such audits shall be conducted jointly by the Operator's contract compliance accountants and the representatives of the Participants working together.

7.5 Subject to clause 19 and to the extent permitted by applicable law, the Participants shall appoint one (1) representative and an alternate who shall participate in any such audits of accounts and records referred to in paragraph 7.3 and in paragraph 7.2 above and shall, as soon as possible after such appointment, give notice to the Operator of the name of such representative and alternate.

7.6 Subject to the prior approval of the Joint Operating Committee, the Operator will arrange for a regular audit of the accounts and records referred to in paragraph 7.2 above. The auditors will be asked to certify:

7.6.1 the salary and related benefits described in paragraph 12 are consistent with the payroll records;

7.6.2 any administrative overhead costs have been allocated in accordance with paragraph 12.1.3 and have been correctly charged to the Joint Account and in accordance with the Operator's standard accounting policies and practices.

7.7 In respect of contracts entered into by the Operator on behalf of the Participants, the Operator shall use reasonable endeavours to obtain audit rights for all Participants in all contracts. Where the Operator obtains audit rights the Participants may carry out audits of such contracts jointly with the Operator.

7.8 The Participants shall make every reasonable effort to conduct audits jointly in a manner which will result in a minimum of inconvenience to the Operator. The Operator shall make every reasonable effort to co-operate with the Participants and, where appropriate, the auditors conducting an audit under paragraph 7.2 and will provide reasonable facilities and assistance.

7.9 At the conclusion of each audit, the Participants shall endeavour to settle outstanding matters with the Operator and a written report will be circulated to all the Participants within three (3) Months of the conclusion of each audit. The report shall include all claims arising from such audit together with comments pertinent to the operation of the accounts and records. The Operator shall reply to the report in writing as soon as possible and in any event not later than three (3) Months following receipt of the report. Should the Participants consider that any matter in the report or reply requires further investigation, the Participants shall have the right to conduct further investigation in relation to such matter notwithstanding that the period of twenty-four (24) Months referred to in paragraph 7.1 may have expired. Such further investigation shall be commenced within thirty (30) days and be concluded within sixty (60) days of the receipt of such a report or reply, unless mutually agreed by all the Participants. Such agreement is not to be unreasonably withheld. If any outstanding matter is not settled within nine (9) Months of the conclusion of the audit then it shall be referred to the Joint Operating Committee in accordance with paragraph 7.11 below.

7.10 Notwithstanding that the said period of twenty-four (24) Months may have expired, if evidence exists that the Operator has been guilty of Wilful Misconduct, the Participants shall have the right to conduct further audits in respect of any earlier periods.

7.11 All adjustments resulting from an audit agreed between the Operator and the Participants conducting the audit shall be rectified promptly in the Joint Account by the Operator and reported to the Participants. If any dispute shall arise in connection with an audit, it shall be referred to the Joint Operating Committee for resolution by unanimous agreement. In the event that unanimous agreement is not reached, then such matter shall be referred to an expert appointed by the President of the Institute of Chartered Accountants in England and Wales. The decision of such expert shall be binding on all Participants.

7.12 Costs incurred by the Operator in connection with carrying out any audit under this paragraph 7 shall be charged to the Joint Account. Costs incurred by the Participants in connection with carrying out any audit under this paragraph 7 shall not be charged to the Joint Account.

**8. FORECASTING AND REPORTING**

8.1 The Operator shall furnish each Participant with AFEs and Cost Control Reports in accordance with the procedures described in Section IV.

**9. MODIFICATION AND REVISIONS**

9.1 The Accounting Procedure may be revised or amended from time to time by agreement of all of the Participants or, where expressly so provided, by agreement of the Joint Operating Committee.

**SECTION II- CHARGEABLE EXPENDITURE**

**10. GENERAL**

10.1 Subject to the limitations set out in this Section and to other relevant provisions of the Agreement the Operator shall charge, with effect from the date of signature of the Agreement, the Joint Account with the items of expenditure set out in this Section II insofar as they relate to and are necessary for the conduct of Joint Operations.

**11. PERSONNEL COSTS**

11.1 The Operator shall be entitled to charge to the Joint Account the Personnel Rates in respect of all personnel who work on Joint Operations, as set out in paragraphs 11 and 12, or on such other basis as may be proposed by the Operator from time to time and is approved by the Joint Operating Committee.

11.2 Subject to paragraph 11.3, all personnel who work on Joint Operations under the direct control of the Operator shall maintain time sheets for the purpose of charging salary and related benefits direct to the Joint Account. Time sheets will record time worked either as hours or a percentage split of the time spent for the timesheet period on Joint Operations and all other operations whether such personnel are engaged full time or part time on Joint Operations and will show the time worked on the various projects and other classifications of cost to enable costs to be allocated to AFEs and Programme and Budget classifications. The Operator shall ensure such time sheets are promptly checked and approved by its experienced supervisory personnel.

11.3 The following personnel need not maintain time sheets:

11.3.1 personnel dedicated to Joint Operations, in which case the salary and related benefits of such personnel shall be charged to Joint Operations on the basis of actual costs as specified in paragraph 12; or

11.3.2 personnel who support Joint Operations and where it is impracticable to maintain time sheets, in which case the salary and related benefits of such personnel shall be recovered under the provisions of paragraph 12.

11.4 Personnel Employed by the Operator or any of its Affiliates

The amount to be charged to the Joint Account for each person who is employed by the Operator or by any of its Affiliates and who is working on Joint Operations under the direct control of the Operator, other than personnel who:

11.4.1 fall within paragraph 11.3; or

11.4.2 are involved in providing services under paragraph 16.2, in which case the cost of salary, related benefits and associated administrative overhead will be recovered through the rate charged under that paragraph; or

11.4.3 work in a location for which the cost of salary, related benefits and associated administrative overhead is to be charged direct under paragraph 21;

shall be determined from the hours recorded for such person to Joint Operations, as shown on the time sheets, as the product of such hours and the Personnel Rates calculated in accordance with paragraph 12.1.

The Operator shall recover non-direct time such as annual holidays, public holidays, sickness, staff training, general administration and other like items both from Joint Operations and other operations conducted each year on equitable bases.

11.5 Personnel Seconded to the Operator or any of its Affiliates from the other Participants (other than in respect of those providing services in paragraph 11.6) or hired from third party agencies

The amount to be charged to the Joint Account for each person who is working full-time or part-time on Joint Operations and who is either seconded to the Operator or any of its Affiliates from any other Participant, or hired from any third party agency, other than personnel who:

11.5.1 fall within paragraph 11.3; or

11.5.2 are involved in providing services under paragraphs 16.1 and 16.2, in which case the cost of such seconded or hired personnel is through the rate charged under those paragraphs; or

11.5.3 work in a location for which the cost of such seconded or hired personnel and associated administrative overhead is to be charged direct under paragraph 12;

shall be determined from the hours time recorded for such person to Joint Operations, as shown on the time sheets, as the product of such hours and the Personnel Rates calculated in accordance with paragraph 12.1.

11.6 Personnel employed or hired by the Participants (other than the Operator) who provide services to the Joint Operations (other than in respect of those seconded to the Joint Operations in paragraph 11.5).

Where the Operator requests such services, the amount to be charged shall be determined as the product of hours time recorded for such person to Joint Operations, as shown on time sheets, and the Personnel Rates calculated in accordance with paragraph 12.1.1 and, where appropriate, the Participant's administrative overhead costs in accordance with paragraph 12.1.3 below, such amounts to be charged to the Operator by monthly invoice.

## 12. PERSONNEL RATES

12.1 For the purposes of this Accounting Procedure "**Personnel Rates**" shall comprise the following:

12.1.1 salary and related benefits of personnel under paragraphs 11.4, 11.5 and 11.6 above including:

(a) gross salary plus related allowances and benefits payable generally by the Operator or any of its Affiliates or a Participant from whom personnel are seconded or who provide services to the Joint Account as part of its standard terms of employment in force in the relevant period;

(b) pension costs (assessed as a percentage of salary cost for all the Operator's or its Affiliates' employees from time to time);

(c) National Insurance cost;

(d) any governmental tax, duty, levy and/or impost that may be levied upon the Operator or any of its Affiliates or a Participant from whom personnel are seconded or who provide services to the Joint Account in respect of such personnel; and

(e) in the case of personnel hired from third party agencies, the cost invoiced by the third party agency.

12.1.2 employment cost of persons under paragraph 11.5 above

The cost of the person as invoiced by the other Participant consistent with paragraph 12.1.1 above, or the invoice from the third party agency.

12.1.3 Administrative overhead costs

Administrative overhead costs, which shall exclude any costs and expenses of a corporate nature, comprise the items detailed below which are incurred by the Operator or any of its Affiliates or a Participant from whose offices the Operator has requested the services in paragraph 11.6. These shall be allocated in accordance with the Operator's or its Affiliates' or the Participant's standard accounting policies and practices in force from time to time which will be advised to the Participants and the Operator as appropriate:

(a) Salary and related benefits (as described in paragraph 12.1.1) of the personnel referred to in paragraph 11.3 who are employed on Joint Operations or who support Joint Operations. Such personnel may be employed by, seconded to or hired from any third party agency by the Operator or any of its Affiliates.

(b) Overhead costs incurred in supporting Joint Operations such as property costs, personnel department costs, office services, routine computer applications and costs of other support departments and like items.

(c) All other costs of the Operator and any of its Affiliates in respect of personnel supporting Joint Operations which are not specifically provided as chargeable to the Joint Account elsewhere in this Section II other than any other type of expenditure which may be specifically approved by the Joint Operating Committee under paragraph 24 as being separately chargeable.

12.2 Personnel Rates shall be charged as follows:

12.2.1 The Personnel Rates for each cost area in the Operator's or the Participant's organisation as the case may be, shall reflect the average salary and related benefits together with administrative overhead costs as defined in paragraph 12.1.3 above incurred by such cost area.

12.2.2 The Personnel Rates calculated for each cost area shall be based on the Operator's or the Participant's annual budget as the case may be, for administrative overhead costs divided by the annual time writing hours budgeted for each cost area and shall be applied consistently to all operations undertaken by the Operator or the Participant.

12.2.3 For charging purposes during the budget year, the Personnel Rates for any cost area may be adjusted by the Operator or the Participant to reflect actual cost experience during the year and to reflect appropriate levels of administrative overhead for each cost area.

12.2.4 Following the end of each year, the Operator or the Participant shall adjust the charges to the Joint Account for each cost area to the costs actually incurred using the same allocation bases as in the Operator's or the Participant's annual budget as the case may be. The total adjustment to the Joint Account will be highlighted in the relevant billing if material.

12.2.5 Payments in respect of retirement, severance and other like items shall be allocated equitably to Joint Operations and other operations of the Operator and its Affiliates (such allocation to be subject to the prior approval of the Joint Operating Committee). Such costs in respect of personnel seconded to the Operator from another Participant who provides services to the Joint Account shall remain a cost of that Participant.

## 13. EXPENSES INCURRED BY PERSONNEL

13.1 The Operator shall be entitled to charge to the Joint Account all direct expenses reasonably and necessarily incurred by personnel who work under the direct control of the Operator or any of its Affiliates on Joint Operations including:

13.1.1 travel and relocation expenses; and

13.1.2 living allowance (when paid in lieu of hotel expenses for visits to site).

13.2 All expenses charged to the Joint Account under this paragraph shall be in accordance with the Operator's or the Participant's standard terms of employment in force in the relevant period and shall include those incurred in connection with the families of personnel where appropriate.

13.3 Relocation expenses at the termination of a period of work on Joint Operations will be on the basis of a return to domicile within the United Kingdom unless the personnel involved return to a location outside the United Kingdom from which they have been drawn for work on Joint Operations when the relocation expenses shall be on the basis of a return to that location. Direct expenses charged under the provisions of this paragraph will be charged on an equitable basis taking into consideration time spent by personnel on both Joint Operations and on other operations of the Operator or its Affiliates. Where relocation costs are to be charged to the Joint Account at the termination of a period of work on Joint Operations, relocation costs at the start of such period of work shall not be charged to the Joint Account and vice versa (unless the relocation was for the sole benefit of the Joint Operations, in which case relocation costs at the start and at the termination of a period of work on the Joint Operations shall be charged to the Joint Account).

## 14. MATERIAL

14.1 The Operator shall be entitled to charge to the Joint Account Material purchased by the Operator from third parties or transferred from the Operator or any of its Affiliates for use in connection with Joint Operations, including Material purchased for or transferred from warehouse stock, at values provided in paragraphs 14.2 and 14.3 unless otherwise chargeable under this Section II. So far as is reasonably practical and consistent with efficient and economical operation and with adequate provision for emergencies, only such Material shall be

purchased or transferred to Joint Property as may be required for immediate use, and the accumulation of surplus stocks of Joint Property shall be avoided.

14.2 Material which is purchased specifically for Joint Operations shall be charged at the cost price which shall reflect net invoice charges (after deducting all trade and cash discounts actually received which, for the avoidance of doubt, shall include all discounts obtained by the Operator (and or its Affiliates) in relation to contracts provided to more than one field and/or more than one operator), freight, inspection, forwarding and documentation fees, packing costs, duties, licence fees and other like charges.

14.3 Material transferred to Joint Operations from the Operator's warehouse and which is normally held as part of the Operator's common warehouse stocks shall be charged as follows:

14.3.1 in the event such material is not replaced in stock, the price for the relevant material as recorded by the Operator's inventory accounting system, together with a financing charge of six per cent (6%) above LIBOR multiplied by the average stock turnover for that stock category in months divided by twelve (12) (or such other figure as may be decided by the Joint Operating Committee from time to time to cover the cost of financing the holding of such stocks), or such other value as the Joint Operating Committee decides;

14.3.2 in the event that such material is replaced in stock: (a) the price for the relevant material as recorded by the Operator's inventory accounting system; or (b) if there is a material difference between the price specified in (a) and the cost price (as specified in paragraph 14.2), the cost price to replace such material or such other charge as the Joint Operating Committee decides prior to such transfer;

14.3.3 if any item of Material is not exclusively transferred to Joint Operations, the Participants shall only be charged the relevant proportion of the price or value;

14.3.4 chemicals and gas oil shall be excluded from the calculation and no financing charge shall be levied on issues of these items.

14.4 Material purchased for Joint Operations which the Operator wishes to use on other operations and which has a value in excess of £500,000 shall only be so used following approval by the Joint Operating Committee unless the material has previously been declared surplus to the requirements of Joint Operations. The value to be charged to the Operator for material so used shall be on the basis of paragraph 14.2 for material not normally held as warehouse stocks or paragraph 14.3 in the case of materials held in stock or as otherwise decided by the Joint Operating Committee.

14.5 Material transferred from the Operator or any of its Affiliates for use on Joint Operations in the safeguarding of lives or property or the prevention of, or mitigation of pollution under clause 6.10.2 shall be charged in accordance with the provisions of paragraphs 14.2 or 14.3 as appropriate.

14.6 In the case of any Material which is defective and in respect of which there exists a manufacturer's or supplier's guarantee, express or implied, the Operator shall endeavour to recover from the manufacturer or supplier in question under such guarantee provided that a Benefit shall not pass to the Joint Account until an adjustment has been received by the Operator from the manufacturer or supplier.

**15. TRANSPORT**

15.1 The Operator shall be entitled to charge to the Joint Account the cost of transport to move personnel and Material necessarily incurred by the Operator or any of its Affiliates in connection with Joint Operations, unless otherwise chargeable in this Section II.

**16. SERVICES**

16.1 Services Provided by Participants and Third Parties

The Operator shall, subject to the approval of the Joint Operating Committee where required under clause 6.5 of the Agreement, be entitled to charge to the Joint Account the cost of consultants and other services and facilities provided by Participants (other than the Operator) and third parties for Joint Operations, unless otherwise chargeable in this Section II.

16.2 Services Provided by the Operator or by any of its Affiliates

The Operator shall be entitled to charge to the Joint Account the cost of any services and facilities owned, partly owned, leased or hired by the Operator or any of its Affiliates where authorised by the Operator for use on Joint Operations subject to the approval of the Joint Operating Committee where required under clause 6.5 of the Agreement as follows:

16.2.1 The costs to be charged shall include the operating costs including normal depreciation and interest, where applicable, and all other costs normally associated with the provision of such services and facilities including, inter alia, salary and related benefits and attributable overheads of personnel involved in providing the services.

16.2.2 If such services are used in connection with other operations, the costs charged to the Joint Account shall be a proportion calculated on an equitable basis, in accordance with the standard accounting procedure of the Operator or the Affiliate as appropriate and in force from time to time and each shall notify the other Participants of any material change in the basis of such allocations.

16.2.3 Services and facilities charged on the above basis may include, inter alia, laboratory, general, engineering, computing, environmental protection services, material procurement and common operational services and facilities, provided that where a drilling rig, seismic vessel, other vessel or other major facility, which is owned, partly owned, leased or hired by the Operator or any of its Affiliates, is used for Joint Operations, the cost to be charged shall include the operating costs including the normal depreciation and interest, where applicable, and all other costs normally associated with the provision of such services and facilities including, inter alia, mobilisation, demobilisation, repair and recertification costs. Such costs shall be comparable with prevailing market rates.

**17. DAMAGE AND LOSSES**

17.1 The Operator shall be entitled to charge to the Joint Account all costs and expenses (less any insurance recoveries) arising out of any loss or damage to Joint Property, or otherwise sustained in connection therewith, including any necessary repair or replacement of it due to fire, flood, storm, theft, accident or any other cause except to the extent such costs and expense arise out of the Wilful Misconduct of the Operator.

**18. LEGAL EXPENSES**

18.1 The Operator shall be entitled to charge to the Joint Account all costs and expenses of litigation and other legal services necessary or expedient in connection with Joint Operations provided however, that costs of the Operator's legal personnel shall be chargeable pursuant to the provisions of paragraph 2. The provisions of this paragraph shall not apply to any costs incurred in relation to any claim by any Participant against any other Participant.

**19. TAXES**

19.1 The Operator shall be entitled to charge to the Joint Account all taxes and other governmental levies of every kind and nature (other than those on profits or income of the Participants) assessed or levied upon or in connection with Joint Operations which have been paid by the Operator for the benefit of or on behalf of the Participants and which are not recoverable by the Operator. If the Operator demonstrates that any tax which is normally recoverable cannot be so recovered, such tax will be chargeable under this paragraph.

**20. CLAIMS**

20.1 Subject to the provisions of this Agreement, the Operator shall be entitled to charge to the Joint Account expenditures made in settlement of any claims, damages and other such expenses, in connection with Joint Operations.

**21. FIELD EXPENSES**

21.1 The Operator shall be entitled to charge to the Joint Account the cost (including salary, related benefits and associated administration overhead of personnel employed by the Operator or by any of its Affiliates and including the cost of personnel seconded to the Operator or any of its Affiliates from a Participant (other than the Operator) or hired from any third party agency) of establishing and maintaining shore bases, warehouses, camps and other field facilities used in connection with Joint Operations. If such facilities are used in connection with other operations the cost charged to the Joint Account shall be a proportion calculated on an equitable basis, provided that in respect of the costs of initial receipt, internal handling, maintenance and storage of material held at the Operator's field bases the proportion of such costs to be charged to the Joint Account shall be in accordance with the standard accounting practice of the Operator and which shall be made on an equitable basis.

**22. TECHNICAL SUPPORT AND GENERAL EXPERTISE**

22.1 For the purposes of this paragraph 22 "**Technical Support and General Expertise**" shall mean the cost of providing technical support and general expertise not specifically charged elsewhere in this Accounting Procedure due to the impracticality of so doing, including but not limited to general advisory services such as health, safety and environmental advice, technical services, research and development support, geological, geophysical, drilling, petroleum engineering and other support activities where it is impractical to charge on a measured usage basis.

22.2 The Operator shall be entitled to charge to the Joint Account on a fair and equitable basis Technical Support and General Expertise monthly on the basis of expenditure against approved Programme and Budgets at the rate of one percent (1%) of all such expenditure. For the purpose of this paragraph 22 such expenditure shall exclude:

22.2.1 the charge for Technical Support and General Expertise itself;

22.2.2 any taxes;

22.2.3 any pipeline tariffs paid by the Operator to third parties for the transportation of hydrocarbons; and

22.2.4 the cost of services provided by a Participant and charged to the Joint Account.

The costs of Technical Support and General Expertise will be separately stated in the annual Programme and Budget and on the Cash Calls to the Participants.

**23. LICENCE PAYMENTS**

23.1 The Operator shall be entitled to charge to the Joint Account Licence rentals and fees of whatever nature paid by the Operator on behalf of the Participants in connection with the Joint Operations.

**24. OTHER TYPES OF EXPENDITURE**

24.1 The Operator shall be entitled to charge to the Joint Account any type of expenditure not covered by the types of expenditure described in paragraphs 10 to 23 incurred by Operator which is necessary and proper for Joint Operations, provided it is approved by the Joint Operating Committee. Such other types of expenditure shall be subject to audit in accordance with paragraph 7.

**SECTION III- RECEIPTS**

**25. GENERAL**

25.1 The Operator shall promptly credit to the Joint Account all net proceeds received in connection with Joint Operations as a result of:

25.1.1 sale of Material and other Joint Property as provided in paragraphs 26 and 27;

25.1.2 services provided to third parties or individual Participants by the Operator on behalf of the Participants whether using Material, other Joint Property, facilities, expertise or otherwise as provided in paragraph 28;

25.1.3 reimbursement by third parties of any sums expended by the Operator on behalf of the Participants;

25.1.4 insurance claims made by the Operator in respect of insurance carried for the benefit of all the Participants;

25.1.5 claims made by the Operator on behalf of the Participants;

25.1.6 Material returned to the Operator or any of its Affiliates from Joint Operations as provided in paragraph 29;

25.1.7 Material transferred to other activities which has previously been purchased for Joint Operations;

25.1.8 grants or other payments from Governmental sources;

25.1.9 all taxes (including Value Added Tax), rentals and other fees recoverable by the Operator; and

25.1.10 other event giving rise to a Receipt (including interest) by the Operator on behalf of the Participants.

## 26. DISPOSAL OF MATERIAL PURCHASED FOR JOINT OPERATIONS

26.1 If the Operator shall consider that any items of Material having an original unit cost to the Joint Account of more than one hundred thousand Pounds (£100,000) or aggregate or original unit costs totalling more than five hundred thousand Pounds (£500,000) ("**Major Surplus Items**") are no longer needed or suitable for Joint Operations it shall give notice to the other Participants accompanied by details of the Major Surplus Items and obtain the prior approval of the Joint Operating Committee before disposing of such Major Surplus Items in the manner provided in this paragraph 26.

26.2 The provisions of this paragraph 26 shall also apply to material which is normally held as part of the Operator's warehouse stocks and which has been transferred to Joint Operations from the Operator's common warehouses if not accepted by the Operator in accordance with paragraph 29.

26.3 Material Purchased by the Participants

26.3.1 The Operator shall have a prior right to purchase any surplus Material, other than Major Surplus Items, but is under no obligation to do so. In the case of Major Surplus Items, the disposal of which has been approved by the Joint Operating Committee, each of the Participants shall be entitled for a period of thirty (30) days from the date of such approval, subject to paragraph 26.3.2, to offer to purchase such Major Surplus Items by giving notice to the Operator.

26.3.2 If more than one Participant indicates, within the said period of thirty (30) days, a wish to acquire the same Major Surplus Items, then the Operator shall promptly, in respect of each such item, give notice to the other Participants which wish to acquire that item. The Participants concerned shall be allowed fourteen (14) days from the date of such notification to agree upon a division or allocation of each such item between themselves. If the Participants concerned are unable to agree upon the division or allocation of any Major Surplus Item, the Operator shall request competitive bids from the Participants concerned in respect of that item and shall accept the highest bid. Where the Operator bids in competition with other Participants it shall arrange the bidding procedure to ensure that it gains no advantage from acting as the Operator.

26.3.3 Unless otherwise decided by the Joint Operating Committee, all items of surplus Material to be sold under paragraph 26.3.1 or 26.3.2, shall be sold at prices determined by the Operator in accordance with the values stipulated in paragraph 14.

26.4 Material Transferred to Other Operations

In the event that Material purchased and used in Joint Operations has a residual value and is transferred by the Operator for use in connection with other operations, apportionment of the original cost, together with the cost of necessary repair and refurbishment, will be determined in accordance with the Operator's standard accounting practices.

26.5 Material Purchased by Others

If no Participant has notified the Operator, in accordance with paragraph 26.3.1, of its wish to purchase any or all Major Surplus Items or if the Operator does not exercise its option to purchase any other items or surplus Material, then the Operator shall, unless the nature or value of an item makes tendering impracticable or uneconomic, prepare a list of the items for sale and competitive bids shall be requested from third parties. Subject to its right to refuse any offer the Operator shall customarily accept the highest offer, provided that if the highest offer is

not accepted, the Operator will inform the Participants in advance of refusing such offer, giving its reason for doing so.

26.6 Alternative Methods of Disposal

In the event that no such bids for items of surplus Material are received or if the nature or value of an item makes tendering impracticable or uneconomic, the Operator shall dispose of such items as it thinks fit other than to itself or its Affiliates provided that, if any Major Surplus Items are involved, the Operator shall make a recommendation to the Joint Operating Committee for an alternative method of disposal and shall obtain the approval of the Joint Operating Committee to it prior to implementation.

26.7 All documentation relating to the disposal of surplus Materials shall be retained as part of the records available for audit.

## 27. DISPOSAL OF JOINT PROPERTY OTHER THAN MATERIAL

27.1 If the Operator shall consider that any item of Joint Property, other than Material, which has an aggregate cost to Joint Operations of more than one hundred thousand Pounds (£100,000), is no longer needed or suitable for Joint Operations it shall inform the Joint Operating Committee and the Joint Operating Committee shall decide whether such item shall be disposed of and, if so, the terms and conditions of disposal.

## 28. SERVICES PROVIDED TO THIRD PARTIES OR INDIVIDUAL PARTICIPANTS BY THE OPERATOR ON BEHALF OF THE PARTICIPANTS

28.1 Services using Material, other Joint Property, facilities, expertise or other resources available to Joint Operations may be rendered to third parties or individual Participants as provided in this paragraph 28, except that in no instance shall the provision of such services jeopardise, hinder or unreasonably interfere with Joint Operations. The provisions of this paragraph 28 shall not apply to the provision of services to a third party or individual Participants in an emergency, nor to services rendered by the Operator in accordance with paragraphs 14.3, 16.2 and 21.

28.2 If the Operator shall consider that the Material, other Joint Property, facilities, expertise or other resources available to Joint Operations which is required to fulfil any request for a service made by a third party or a Participant has an original cost to the Joint Account of more than two hundred and fifty thousand Pounds (£250,000) ("**Major Service**"), the Operator shall give notice to each Participant accompanied by details of the Major Service requested, the identity of the third party or Participant making such request and the Operator's recommendation as to the terms and conditions on which the Major Service should be provided and obtain the prior approval of the Joint Operating Committee before rendering such Major Service to such third party or Participant.

28.3 Unless otherwise decided by the Joint Operating Committee, services other than a Major Service shall be provided at rates which are not less than those charged by third parties for like services on comparable terms in the areas where Joint Operations are located. Where applicable the rates shall include interest and depreciation.

28.4 The Joint Operating Committee shall decide any necessary order of priority when several conflicting requests for the same service are made.

## 29. MATERIAL RETURNED TO THE OPERATOR'S WAREHOUSES FROM JOINT OPERATIONS

29.1 Material which was transferred to Joint Operations from the Operator's warehouses in accordance with the provision of paragraph 14.3 shall be returned to the Operator at the price charged in accordance with paragraph 14.3.1 less the cost of any inspection and/or reconditioning. The Operator shall have the right to determine the suitability of Material to be re-warehoused and Material which is not accepted will be disposed of under paragraph 26 of this Section III.

## SECTION IV - FORECASTING AND REPORTING PROCEDURE

## 30. AUTHORISATION FOR EXPENDITURE

30.1 AFEs will be established for each classification or sub-classification of cost in a Programme and Budget. Where individual items of expenditure are attributable to more than one such classification or sub-classification such items shall be apportioned on an equitable basis.

30.2 Notwithstanding the above, AFEs for expenditure on wells included in any Programme and Budget which constitutes capital expenditure shall be issued separately on a dry hole and tested basis.

30.3 The Operator shall request approval of an AFE at a time when the main details of the relevant commitment can be ascertained and the AFE shall be approved by the Participants in accordance with paragraph 30.6 below.

30.4 If Joint Operating Committee so determines it may set a level of expenditure below which, or categories of expenditure in respect of which, AFEs are not required, which levels and/or categories may vary for different types of Programmes and Budgets.

30.5 The AFE will describe the scope of work, give the estimate of the items of expenditure necessary to complete such work, give the estimated timings of such expenditure and show separately the base cost (being the Operator's estimate of the most likely cost at the time of preparation of the AFE), escalation (being the Operator's estimate of increases in unit cost of labour, Materials or services, if any, for the period of the AFE), and any contingency (being the Operator's estimate of contingent occurrences). The total of the base cost, contingency and escalation shall be the "Estimated Final Cost". Necessary further details to support the Estimated Final Cost of activities will be included as attachments to the extent reasonably required by the Joint Operating Committee in order to approve such AFEs.

30.6 A Participant voting in favour of an AFE shall confirm its approval of such AFE by signing an AFE form and returning it to the Operator within thirty (30) days of receipt. Any Participant not approving such AFE shall confirm their non-approval as soon as possible and, in any event, not later than thirty (30) days from receipt, giving the reason for such non-approval. All such notification of approval or non-approval of AFEs to the Operator shall be notified by the voting Participant to all other Participants. Notwithstanding the foregoing, an AFE may still be valid if approved by the requisite number of Participants within ninety (90) days of receipt.

30.7 After approval of an AFE by the Joint Operating Committee the Operator shall promptly notify all the Participants indicating the identity of those Participants whose authorisations have formed part of such approval.

30.8 In circumstances where the Operator reasonably believes it necessary, it may request the Joint Operating Committee to reduce the normal notice periods for approval of an AFE.

## 31. COST CONTROL REPORTS

31.1 The Operator will closely control all costs and will furnish the Participants on or before the 25th of the Month following each Quarter-end, with a Cost Control Report which shall contain a breakdown of the types of operating, capital and decommissioning expenditure incurred, together with a comparison against the relevant approved work programme and budget. Each Cost Control Report shall include, in respect of operating expenditure, a full year forecast and in respect of capital and decommissioning expenditure, inception to date actuals by AFE together with the estimated final cost.

A "Cost Control Report" shall mean a report containing such information on actual operating and capital costs against estimates and such other information as the Joint Operating Committee may decide from time to time.

**SCHEDULE 2**
**TRUST DEED**

**DATE:** **20[•]**

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**TRUST DEED IN RESPECT OF UNITED KINGDOM PETROLEUM PRODUCTION LICENCE NO. P.XXX, BLOCK XXXX**

---

Between

**[•] LIMITED**

and

**[•] LIMITED**

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***Note: Provisions in italics need only be included where the Part Areas are horizontally/stratigraphically divided***

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**THIS TRUST DEED** is made on the [•] day of [•] 20[•]

**BETWEEN:**

(1) **[•]**, a company registered in England (company number [•]) and having its registered office at [•] ("[•]");

(2) **[•]**, a company registered in England (company number [•]) and having its registered office at [•] ("[•]");

(3) **[•]**, a company registered in England (company number [•]) and having its registered office at [•] ("[•]");

**WHEREAS:**

(A) Each of the Parties is a party to the Licence; and

(B) The Parties wish to make certain declarations and confirmations as to the terms on which each of them hold their respective beneficial interests in each part of the Licence Area.

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

**1. DEFINITIONS**

1.1 In this Trust Deed (including the recitals hereto) the following expressions shall have the following meanings:

"**Acts**" means the Petroleum Act 1998 and the Continental Shelf Act 1964 and any regulations issued under them.

"**Block**" means a block within the UKCS as shown on the reference map deposited at the Department of Business, Enterprise and Regulatory Reform;

"**Block xxx**" means the area known by that name and bounded by the co-ordinates set out in the applicable part of schedule 1 hereto;

"**Licence**" means United Kingdom Petroleum Production Licence No. P.xxx granted by deed of licence dated [•], under the Acts and presently comprising Block xxx;

"**Licence Area**" means Block xxx, being the area in which for the time being the Parties or any of them may exercise the rights granted by the Licence;

*"**Lower Layer Parties**" means those of the Parties who are the Part Area Owners of the Lower Layers;*

*"**Lower Layers**" means [•];*

"**Operating Agreement**" means any operating agreement from time to time between the relevant Part Area Owners relating to the management of operations in any Part Area;

*"**Other Parties**" means those of the Parties who are not Lower Layer Parties;*

"**Part Area**" means each part of the Licence Area to which a separate Operating Agreement applies or in which a Party holds the entire beneficial interest, as further defined in schedule 1;

"**Part Area Owner**" means a Party which has a beneficial interest in one or more Part Areas, as further defined in schedule 2;

"**Secretary**" means in relation to the Licence, the "Minister" as defined therein, or, in relation to the exercise of functions under the Acts, the person designated to exercise such functions, as the case may be;

*"**Senior Supervisory Personnel**" means any person employed by a Party as a director or other corporate officer or who occupies a senior managerial position in such Party with direct responsibility for the conduct of operations in relation to the Upper Layers or the Lower Layers;*

*"**Upper Layers**" means [•];*

*"**Wilful Misconduct**" means, in relation to a Party, an intentional or conscious or reckless disregard by its Senior Supervisory Personnel of good and prudent oil and gas field practice or of any of the terms of this Agreement in utter disregard of avoidable and harmful consequences but shall not include any act, omission or error of judgment or mistake made in the exercise in good faith of any function, authority or discretion vested in or exercisable by such Senior Supervisory Personnel and which in the exercise of such good faith is justifiable by special circumstances including but not limited to safeguarding of life, property or the environment and other emergencies.*

1.2 For the purposes of this Trust Deed the "Percentage Share" of a Part Area Owner in a particular Part Area shall be that percentage which the percentage interest share (howsoever expressed in the relevant Operating Agreement from time to time) held by such Part Area Owner in that Part Area is of the aggregate of all of the percentage interest shares of all the Part Area Owners of the same Part Area. The percentage shares as at the date of this Agreement are as set out in schedule 2.

1.3 In this Trust Deed (including the recitals hereto):

1.3.1 where the context requires, words denoting the singular shall also include the plural and vice versa;

1.3.2 all references to clauses and the schedule are, unless otherwise expressly stated, references to clauses of and schedules to this Trust Deed; and

1.3.3 the schedule forms part of this Trust Deed and shall have the same force and effect as if expressly set out in the body of this Trust Deed.

## 2. DECLARATION OF TRUST

2.1 The benefit of all estate, rights and interests of the Parties in and under the Licence in relation to the Licence Area shall be applied in accordance with the terms of this Trust Deed.

2.2 Each Part Area Owner confirms and undertakes that notwithstanding the terms of the Licence, it holds a beneficial interest in the estate, rights and interests in and under the Licence in respect of the Part Area(s) of which it is a Part Area Owner.

2.3 [Each Part Area Owner declares that it holds its entire estate, rights and interests in and under the Licence in respect of each Part Area of which it is not a Part Area Owner in trust for and to the benefit of the Part Area Owners which have a beneficial interest in such Part Area.] [1]

2.4 Each of the Parties will do all such acts and things within its control as may be necessary to keep and maintain the Licence in full force and effect and will refrain from doing anything within its control which would justify revocation of the Licence.

[1] Insert only if the Part Area Owners are not the same in all of the Part Areas

2.5 Nothing contained in this Trust Deed shall prejudice or affect the rights and obligations of the Part Area Owners of the same Part Area inter se pursuant to the relevant Operating Agreement applying from time to time to that Part Area.

**3. COVENANTS AND UNDERTAKINGS**

3.1 Each Part Area Owner (in this clause 3, the "**Covenantor**") covenants (separately in respect of each Part Area of which it is a Part Area Owner) that upon the request and at the cost of each of the Part Area Owners of another Part Area (in this clause 3, the "Requesting Parties"), the Covenantor will:

3.1.1 comply with any and all reasonable directions given by the Requesting Parties; and

3.1.2 promptly execute all such deeds and documents and do all such acts and things as the Requesting Parties may reasonably request in relation to the Part Area of which the Requesting Parties are the Part Area Owners PROVIDED THAT such compliance, execution or action would not constitute a breach of the Licence and PROVIDED FURTHER THAT any necessary approval has been obtained of the Secretary.

3.2 Each of the Parties undertakes (except in accordance with clause 3.1) that:

3.2.1 it will not assign, charge or otherwise dispose of or encumber any interest in a Part Area of which it is not a Part Area Owner or purport to do so; and

3.2.2 it will not otherwise deal with any such interest or exercise any right or power granted by the Licence in relation to any Part Area of which it is not a Part Area Owner or any right derived from a right so granted except to comply with any direction of the Secretary as required by law.

**4. INDEMNITY**

4.1 Each Part Area Owner (in this clause 4, the "**Covenantor**") undertakes that it will indemnify and keep indemnified each and any Part Area Owner of another Part Area (in this clause 4, the "Indemnified Party") against each and any claim, demand, action, proceeding, loss, damage and/or expense (including without limitation legal expenses) made against or suffered or incurred by the Indemnified Party (and any costs, including legal costs, reasonably incurred by it in respect thereof) as a result of any failure by the Covenantor to comply with the covenants and undertakings given by it in this Trust Deed and/or arising under the Licence as a result of any operations carried on in the Part Area of which the Covenantor is a Part Area Owner whether arising on, before or after the date of this Trust Deed PROVIDED THAT if more than one Covenantor is liable to indemnify the same Indemnified Party against the same claim, demand, action, proceeding, loss, damage, cost (including legal cost) and/or expense then:

4.1.1 if all such Covenantors are Part Area Owners of the same Part Area, the liability of each shall be limited to that proportion of the aggregate liability to the Indemnified Party which its Part Area Owner's Percentage Share bears to the aggregate of the Part Area Owners' Percentage Shares of all the Covenantors who are so liable; but

4.1.2 if such Covenantors are Part Area Owners of different Part Areas, the aggregate liability to the Indemnified Party shall be apportioned between such Part Areas pro rata to the area covered by each. Thereafter, the share of liability attributed to each individual Part Area Owner shall be discharged in accordance with clause 4.1.1; and

PROVIDED FURTHER THAT an Indemnified Party shall not be entitled to an indemnity pursuant to this clause 4 if and to the extent that any claim, demand, action, proceeding, loss, damage, cost and/or expense made against or suffered or incurred by it arises as a result of its own negligence, omission, breach of duty (statutory or otherwise) or breach of the provisions of the Licence or this Trust Deed.

**5. PERIODIC PAYMENTS**

5.1 The periodic payments payable to the Secretary pursuant to the terms of the Licence shall be apportioned between the Part Areas pro rata to the area from time to time covered by each and then apportioned between the respective Part Area Owners in accordance with the relevant Operating Agreement applying from time to time to such Part Area in the proportion that each Part Area Owner's Percentage Share bears to the aggregate of all Part Area Owners' Percentage Shares for such Part Area. *Where one Part Area overlies another Part Area the payments due in relation to the aggregate of such Part Areas shall first be prorated equally between the Part Areas and then apportioned between the owners of the respective Part Areas as aforesaid.* The Parties shall bear and discharge the obligations of the licensees of the Licence with regard to royalties in proportion to their entitlements to the petroleum in respect of which such royalties become payable or deliverable and the Parties shall indemnify one another accordingly.

**6. STRATIGRAPHICALLY DIVIDED AREAS**

6.1 The Lower Layer Parties shall with the consent of each of the Other Parties (not to be unreasonably withheld) and with all other necessary consents and approvals, including those of the Secretary, and subject to clause 6.2, have access to the Lower Layers from the surface of the area comprised in the Licence or otherwise through the Upper Layers PROVIDED THAT such access shall not interfere with any operations or planned or proposed operations of the Part Area Owners of the Upper Layers.

6.2 Without prejudice to clause 4 prior to the Lower Layers Parties gaining access to the Lower Layers pursuant to clause 6.1, whether from the surface of the area comprised in the Licence or otherwise through the Upper Layers, they shall: (i) provide security to the satisfaction of the Other Parties, whose approval of such security shall not be unreasonably withheld, provided that a Lower Layer Party meeting or exceeding a current rating of "AA" by Standard & Poor's or "Aa2" by Moody's or is a 100% subsidiary of an entity holding such rating shall not be required to provide such security; and (ii) notwithstanding any conflicting provisions in the Operating Agreement applicable to the Lower Layers and to the extent only of its Percentage Interest as set out in the Operating Agreement, indemnify each of the Other Parties against any claim suffered by the Other Parties as a result of or in connection with such access or any associated operations including any loss of or damage to any reservoir or hydrocarbon accumulation provided however that, where the Lower Layer Parties have submitted a well programme to the Other Parties and the Other Parties have approved such well programme, following the granting of such approval and where such well is drilled in accordance with such well programme by the Lower Layer Parties, the Lower Layer Parties and their contractors shall have no liability to the Other Parties for any claim, demand, action, proceeding, loss, damage or expense suffered or incurred by the Other Parties as a result of or in connection with such access or any associated operations including loss or damage to any reservoir or hydrocarbon accumulation irrespective of the negligence or breach of duty (statutory or otherwise), save to the extent that such claim, demand, action, proceeding, loss, damage or expense is attributable to the Wilful Misconduct of

the Lower Layer Parties, (iii) The Contract (Rights of Third Parties) Act 1999 shall only apply in respect of the benefit created in favour of the contractors referred to in this clause 6.2. Clause 6.2 may be amended, varied or terminated by the Parties without notice to or the consent of such contractors even if such contractors' rights under this clause 6.2 would be amended, varied and/or terminated.]

## 7. ASSIGNMENT

7.1 No transfer of any interest in a Part Area shall be effective or binding upon the Parties unless the remaining, non-transferring Parties shall each have consented to such transfer in writing (which consent may only be withheld on grounds that the financial responsibility and technical capability of the proposed transferee to discharge the obligations of the transferring Party as they relate to the interest to be transferred has not been adequately demonstrated).

7.2 No such transfer shall be effective or binding upon the Parties until the date upon which each of the following has occurred:

7.2.1 any necessary consent and approval of the Secretary to such transfer shall have been obtained and evidence of it furnished to all the Parties by the transferring Party; and

7.2.2 all Parties (including the transferring Party) execute a written instrument (in form and content satisfactory to the Parties and duly executed by the transferee) in which the transferee accepts and assumes in place of the transferring Party:

(a) all of the obligations under this Trust Deed in so far as the interest transferred is concerned whether incurred before, on or after the effective date of the transfer; and

(b) all of the obligations under any agreement between the relevant Part Area Owners in which the Part Area Owners make provision for the costs of decommissioning in so far as the interest transferred is concerned and the transferee makes such provision (if any) in respect of the costs of decommissioning as is required under the provisions of such agreement;

and which includes a new schedule to replace the then current schedule showing the relevant percentage interest shares of the Parties in each Part Area subsequent to the transfer.

7.3 A Party shall promptly join in such reasonable actions as may be necessary or desirable to obtain any consent and approval of the Secretary in connection with, and shall execute and deliver any and all documents reasonably necessary to effect, any such transfer.

7.4 All costs and expenses pertaining to any such assignment shall be the responsibility of the transferring Party. For the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such transfer shall either be paid by the transferring Party, or the transferring Party shall be responsible for procuring the payment of it by the transferee.

7.5 Nothing contained in this clause 7 shall prevent a Party from mortgaging, pledging or otherwise encumbering all or part of its interest in a Part Area and in and under this Trust Deed for the purpose of security relating to finance provided that:

(a) such Party shall remain liable for all obligations relating to such interest;

(b) the mortgage, pledge or encumbrance shall be subject to any necessary approval of the Secretary and be expressly subordinated to the rights of the other Parties under this Trust Deed; and

(c) such Party shall ensure that any such mortgage, pledge or encumbrance shall be and shall be expressed to be without prejudice to the provisions of this Trust Deed.

**8. MISCELLANEOUS**

8.1 Without prejudice to any rights, obligations or liabilities then accrued, the provisions of this Trust Deed as they affect a particular Party shall terminate and cease to have effect with respect to that Party on such date as such Party ceases to hold any interest in the Licence Area.

8.2 This Trust Deed may be executed in any number of counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Trust Deed but all the counterparts shall together constitute but one and the same instrument.

8.3 *Save as set out in clause 6.2,* a third party shall have no right pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed, but this does not affect any right or remedy which exists apart from such Act and which may be available to such third party.

8.4 This Trust Deed shall be governed by and construed in accordance with English law and the Parties submit to the exclusive jurisdiction of the English Courts.

**IN WITNESS WHEREOF** this Trust Deed has been duly executed by the Parties the day and year first above written.

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **[•] LIMITED** | ) | ..... |
| on being signed by: | ) | Director |
| ..... | ) | |
| and ..... | ) | ..... |
| | | Director/Secretary |

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **[•] LIMITED** | ) | ..... |
| on being signed by: | ) | Director |
| ..... | ) | |
| and ..... | ) | ..... |
| | | Director/Secretary |

**Schedule 1**

**Part 1**
**Area A (Block __/___)**

| Latitude | Longitude |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Part 2**
**Area A (Block __/___)**

| Latitude | Longitude |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Part 3**
**Area A (Block __/___)**

| Latitude | Longitude |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Part 4**

**Area A (Block __/___)**

| **Latitude** | **Longitude** |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Schedule 2**

**Part 1**

**Area A Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Part 2**

**Area B Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Part 3**

**Area C Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Part 4**

**Area D Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Schedule 3**
**Associated Agreements**

| | Doc Title | Date |
|---|---|---|
| **Magnus** | | |
| 1. | Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sales and Services Agreement | 6 September 2000 |
| 2. | Engineering Services Agreement in relation to Magnus Enhanced Oil Recovery Project | 6 September 2000 |
| 3. | Magnus EOR Project Letter Agreement | 6 September 2000 |
| 4. | Terms for Evacuation of WoS Gas Following Termination of the Gas Sales Agreements | 5 September 2001 |
| 5. | Space and Services Agreement for Murchison Platform | 31 January 2006 |
| 6. | Services Agreement for Emissions Trading under the EU Scheme (version 2.0) in relation to the Magnus Platform | 17 July 2008 |
| 7. | Penguins Field Study Agreement | 2 July 2010 |
| 8. | Select Stage Cost Sharing Agreement | 2 November 2011 |
| 9. | Funding Agreement in respect of intervention operation work to lock open the NLGP Spurline on a temporary basis | 24 September 2013 |
| 10. | Flotel Sharing Agreement | 22 April 2014 |
| 11. | Cost Share Agreement in respect of the Brent Bypass Project | 15 July 2016 |
| 12. | Supplementary Cost Share Agreement with Quad in respect of the Brent Bypass Project | 15 July 2016 |
| 13. | Supplementary Cost Share Agreement with Clair in respect of the Brent Bypass Project | 15 July 2016 |
| 14. | Bypass Principles Letter Agreement | 15 July 2016 |
| 15. | Letter Agreement re. NLGP TPA Amendment | 15 July 2016 |
| 16. | Letter Agreement re. WOS Brent Bypass Cost Reconciliation Principles | 15 July 2016 |
| 17. | Brent Bypass Agreement | 14 October 2016 |
| 18. | Letter Agreement re WOS/SEGAL Access | 15 July 2016 |
| 19. | Strathspey Pipelines Crossing Agreement | 4 June 1993 |

| | | |
|---|---|---|
| 20. | Pipeline Crossing Agreement for the Alwyn Liquids Export Pipeline | September 1997 |
| 21. | Agreement relating to the proximity arrangements in respect of the Clair Oil Pipeline, the Caisson and the Magnus Gas Pipeline | 17 June 2003 |
| 22. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus EOR Pipeline | 8 May 2007 |
| 23. | Proximity Agreement in relation to works by the Don Area Group in proximity to the Magnus Platform | 31 May 2007 |
| 24. | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the Magnus Pipeline | 29 April 2011 |
| 25. | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the Ninian Central Platform | 19 May 2011 |
| 26. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus Pipeline | 27 May 2011 |
| 27. | Pipeline Crossing Agreement in respect of the crossing of the Magnus Pipeline by the Causeway East/Far East Field Lines | 19 January 2012 |
| 28. | Pipeline Crossing Agreement in respect of the crossing of the Magnus to Sullom Voe Gas Pipeline by the Otter to Eider Water Injection Pipeline | 7 August 2013 |
| 29. | Proximity Agreement in respect of the conduct of onshore work in proximity to the Clair Pipeline | 9 August 2013 |
| 30. | Proximity Agreement in respect of the conduct of work in proximity to the Ninian Central Platform | 3 April 2014 |
| 31. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus Pipeline | 15 July 2014 |
| 32. | Confidentiality Agreement | 4 July 2013 |
| 33. | Confidentiality Agreement | 12 September 2013 |
| 34. | Confidentiality Agreement | 8 October 2013 |
| 35. | Confidentiality Agreement | 4 August 2014 |
| **Northern Leg Gas Pipeline** | | |
| 36. | Northern Leg Gas Pipeline Participants Agreement *(to the extent it relates to the Magnus Field Group)* | 23 December 1981 |
| 37. | Operating Services Agreement supplemental to the Northern Leg Participants Agreement *(to the extent it relates to the Magnus Field Group)* | 15 January 1988 (*effective from 31 December 1983*) |
| 38. | Agreement for the Transportation and Processing of Northern Leg Gas/NGL in the FLAG System *(to the extent it relates to the Magnus Field)* | 23 December 1981 |

| | | |
|---|---|---|
| 39. | Agreement for Admission of Statfjord UK Field to the Northern Leg Gas Pipeline *(to the extent it relates to the Magnus Field Group)* | 22 December 1983 |
| 40. | Magnus EOR Project Letter Agreement *(to the extent it relates to the Magnus Field)* | 6 September 2000 |
| 41. | Contract for Provision of Control Room and Hydrocarbon Accounting Services to the Northern Leg Gas Pipeline *(to the extent it relates to the Magnus Field)* | 16 January 2013 |

**Schedule 4**
**Agreed WP&B**

## Operating Philosophy

The Operator shall conduct Joint Operations in a manner designed to achieve the following principles:

- The asset shall be operated safely, with an aim of no harm to people or damage to the environment.
- Extending cessation of production date.
- Maximise operating efficiency and cost efficiency.
- Minimise base decline.
- Managing safety critical overdues to a minimum.
- Continue gas injection to underpin Enhanced Oil Recovery (EOR).
- Progressive reduction in manpower within the limitations of legislation and the provisions of the transfer of operatorship agreements.
- Ensure a safe and efficient transition.
- Delivering the rig recertification programme during 2017.
- Planning for the three infill wells progressed to allow drilling from 4Q 2017.

## Production

The WP&B underpins the following expected production profile (excludes gas).

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Oil production Mbd** | **12.4** | **20.6** | **22.5** |

## Operating Budget

The following Magnus budget (GBP£m) is approved for each of years 2017, 2018, and 2019:

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Total** | **100** | **98** | **90** |

Note: excludes tariffs, insurance and corporate overheads; excludes costs and any offsetting revenues allocated to Magnus from SVT, NPS and NLGP. SVT, NPS and NLGP budgets will be agreed within the respective JVs in the normal way.

**Budget Basis**

The budget (GBP£m) has been built up from the following indicative activities and costs. The breakdown below is for illustration purposes only and does not represent spending constraints.

| Activity | 2017 | 2018 | 2019 |
|---|---|---|---|
| Area Operations Mgt | 13 | 12 | 12 |
| Base Management | 1 | 2 | 2 |
| Engineering Services | 10 | 10 | 10 |
| Rig standby; wells integrity and maintenance | 4 | 2 | 3 |
| HSSE | 2 | 3 | 3 |
| Logistics | 11 | 11 | 11 |
| Operations Mgt | 21 | 21 | 20 |
| Reliability & Maintenance | 19 | 19 | 19 |
| Reservoir Management (1) | 0 | 0 | 0 |
| Subsea | 7 | 7 | 7 |
| TARs | 2 | | |
| Magnus Rig Enhancements | 2 | | |
| Contingency | 8 | 11 | 3 |

(1) Onshore support included in Ops Mgt line.

**CAPEX Budget**

The following CAPEX budget (GBP£m) is pre-approved for years 2017, 2018 and 2019 (and shall not require individual AFEs):

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Total** | **28** | **14** | **3** |

The budget (GBP£m) has been built up from the following activities and associated phasing and costs. The breakdown below is for illustration purposes only and does not represent spending constraints.

| Activity | 2017 | 2018 | 2019 |
|---|---|---|---|
| Magnus MOL Line | | 3 | |
| Magnus S13 Caisson Remediation Project | | 7 | |
| Magnus GT Control Systems | 3 | 3 | |
| Magnus Rig Recertification (BP 100%) | 13 | | |
| Magnus Rig Enhancements | 0* | | |
| Magnus Post MLXP Drilling Ramp Up | 6 | 1 | |
| Topsides/subsea production enhancing facilities upgrades | 3 | | 3 |
| Magnus Riser (NLGP) | TBA | | |
| Other | 3 | | |

Note: *Magnus Rig Enhancements (Rig Derrick upgrades to improve pipe storage & handling) are included in opex. Magnus Riser (NLGP) repair (BP 100% Retained Expenditure) will be considered included and approved when determined by the Operator.

**CAPEX items requiring AFEs**

In addition, the following CAPEX budget (GBP£m) is pre-approved for 2017, 2018 and 2019, subject to BP final approval by AFE (in accordance with and subject to Clauses 14.2 and 14.3):

| **Activity** | **2017** | **2018** | **2019** |
|---|---|---|---|
| Magnus MP62 ST (MP57) | 12 | 14 | |
| Magnus WAG09/ PMEP04 | | 31 | |
| Reserves adding Coiled Tubing work | 6 | | 6 |
| Other | | | |
| **Total** | **18** | **45** | **6** |

**Contingent CAPEX**

The following contingent items (GBP£m) are approved in principle, subject to presentation of a technical/ commercial proposal by Operator and BP final approval by AFE (in accordance with and subject to Clauses 14.2 and 14.3).

| **Activity** | **2017** | **2018** | **2019** |
|---|---|---|---|
| **One optional (additional) well** | | | **21** |

**Schedule 5**
**Agreed Form Transfer JOA**

**DATED 2017**

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**JOINT OPERATING AGREEMENT**
**FOR**
**UKCS LICENCE NO. P. 193**
**BLOCKS 211/7A ALL (MAGNUS FIELD),**
**211/12A ALL (MAGNUS SOUTH FIELD) &**
**ASSOCIATED INFRASTRUCTURE**

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**BETWEEN**

**BP EXPLORATION OPERATING COMPANY LIMITED**

**AND**

**[ENQUEST NNS LIMITED]**

**AND**

**[•]**

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**THIS AGREEMENT** is made **AS A DEED** on the day of 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED**, a company incorporated in England & Wales (company number 00305943), having its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP ("**BP**");

(2) **[ENQUEST NNS LIMITED]**, a company incorporated in England & Wales (company number 10573715) whose registered office is at 5th Floor, Cunard House, 15 Regent Street, London SW1Y 4LR ("**EnQuest**"); and]

(3) **[•]**, a company registered in [ ] (company number [ ]) whose registered office is at [ ] ("[•]")

**WHEREAS:**

(A) On [•], BP and EnQuest entered into the SPA, pursuant to which BP agreed to transfer an interest in (inter alia) the Licence and the Joint Property (subject to the terms and conditions contained therein). Accordingly, as of the date of this Agreement, the Participants are the present holders of the Licence.

(B) On [•], BP and EnQuest entered into the Original JOA which was terminated in accordance with its terms on the date of this Agreement.

(C) On [•], BP and [•] entered into an agreement by which BP transferred [a part of its / its whole] interest in the Licence and the Joint Property.

(D) This Agreement is entered into by the Participants for the purposes of regulating operations under the Licence, and to define the Participants' respective rights, interests, duties and obligations in connection with the Licence throughout each of the New Magnus Phases.

(E) [BP and EnQuest have agreed the Agreed WP&B.] [*Drafting note: to remove if Agreed WP&B has expired at date of BP transfer*]

(F) The Secretary has, in a document dated [ ], granted approval to this Agreement through the petroleum e-business assignments and relinquishment system (more commonly known as PEARS).

(G) The Participants acknowledge that this Agreement supersedes and replaces any previous joint operating agreement relating to the Licence, including the joint operating agreement for the Licence dated 3 January 1989, as it was applicable to (but not limited to) Block 211/7a All (Magnus Field) and Block 211/12a All (Magnus South Field) and the Original JOA.

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement, where the context admits:

"**Accounting Procedure**" means the procedure set out in Schedule 1.

"**Acquiring Party**" has the meaning assigned to it in clause 9.10.1(e).

"**Accruals Basis**" means that basis of accounting under which costs and benefits are regarded as applicable to the period on which the cost is incurred or the right to the benefit arises, regardless of when invoiced, paid or received.

"**Acts**" means the Petroleum Act 1998 and the Continental Shelf Act 1964 and any regulations issued under them.

"**AFE**" means authority for expenditure.

"**Affiliate**" means:

(a) if the Participant is a subsidiary of another company, the Participant's ultimate holding company and any subsidiary (other than the Participant itself) of the Participant's ultimate holding company; or

(b) if the Participant is not a subsidiary of another company, any subsidiary of the Participant.

"**Agency Personnel**" means secondees or other individuals performing work or services ordinarily performed by employees where such secondees or other individuals are under the direction and control of a Participant or its Affiliate.

["**Agreed WP&B**" means the three (3) year work programme and budget for the calendar years 2017-2019 (inclusive) set out at Schedule 4.] [*Drafting note: to remove if Agreed WP&B has expired at date of BP transfer*]

"**Agreement**" means this agreement and includes its recitals and the Schedules.

"**Applicable Anti-Bribery Law**" means any laws, regulations and other legally binding measures relating to bribery, corruption or similar activities of: (i) the United Kingdom, including the Bribery Act 2010; (ii) any country or countries in which any of the obligations of this Agreement are performed; and/or (iii) for each Participant, any country or countries of such Participant's (but for the avoidance of doubt, not of any other Participant's) place of incorporation, principal place of business, and/or place of registration as an issuer of securities and/or any country or countries of such Participant's ultimate parent company's place of incorporation, principal place of business, and/or place of registration as an issuer of securities.

"**Approved Decommissioning Plan**" has the meaning assigned to it in clause 13.1.7.

"**Associated Agreement**" means the agreements listed in Schedule 3 together with any other agreement executed by all of the Participants in their capacity as such (or the Operator on behalf of all of the Participants) and one or more third parties (including a Participant acting in a capacity other than as a Participant), in which the Operator acts on behalf of all the Participants and which the Participants agree shall be brought within the scope of this Agreement as an Associated Agreement;

"**Associated Infrastructure**" means EOSPS and the Main Oil Line.

"**Association**" has the meaning assigned to it in clause 8.2.1.

"**Benefits**" means income, revenue, receipts, rebates, credits and other benefits of whatsoever nature and howsoever arising.

"**Bribe**" means to do anything that would amount to an offence under Applicable Anti-Bribery Law (including anything which would be an offence under the Bribery Act 2010 if the person

concerned were subject to the jurisdiction of the UK courts); and "Bribes", "Bribed", "Bribery", "Bribing" and other variants of "Bribe" shall be construed accordingly.

"**BP Nominated Account**" means the BP account as notified to EnQuest for the purposes of clause 16.4.5.

"**BP Decommissioning Notice**" has the meaning assigned to it in clause 2.9.2.

"**BP New Phase 3 Notice**" has the meaning assigned to it in clause 2.7.2.

"**BP New Phase 4 Notice**" has the meaning assigned to it in clause 2.9.1.

"**Buyer Guarantee**" means the guarantee provided by EnQuest PLC in respect of EnQuest's obligations under the SPA and this Agreement dated [•].

"**Cash Call**" means any request for payment of cash in advance made by the Operator to the Participants in connection with the Joint Operations pursuant to clause 16 and paragraph 4 of Schedule 1.

"**Chairman**" has the meaning assigned to it in clause 9.3.

"**Change in Control**" means, in relation to the Buyer, the acquisition by a Person (or Persons acting in concert) of a Controlling Interest in the Buyer or in any holding company of the Buyer, except if such Change in Control is a result of the acquisition of all or a majority of the issued equity share capital of either:

(a) EnQuest Parent; or

(b) EHL or any holding company of EHL other than EnQuest Parent, provided that in the case of (b) only, any outstanding Accumulated Interest Seller Costs Amount, Accumulated Post-Economic Date Cost Amount and Final Earn-out Reimbursement Amount (each as defined under the SPA) and any outstanding amounts due under the Vendor Loan Facility Agreement have been be repaid prior to completion of such acquisition of shares in such company.

"**Competent Authority**" means (i) any person having legal, executive and/or regulatory authority and/or enforcement powers (including any public body or authority responsible for the investigation and/or prosecution of criminal offences) over a Participant or any of its Affiliates providing services in connection with Joint Operations; and/or (ii) any court of law or tribunal with jurisdiction over a Participant or any of its Affiliates providing services in connection with Joint Operations.

"**Consequential Loss**" means any indirect or consequential loss howsoever caused or arising whether under contract, by virtue of any fiduciary duty, in tort or delict (including negligence), as a consequence of breach of any duty (statutory or otherwise) or under any other legal doctrine or principle whatsoever whether or not recoverable at common law or in equity. "Consequential Loss" shall be deemed to include, without prejudice to the foregoing generality, the following to the extent to which they might not otherwise constitute indirect or consequential loss:

(a) loss or damage arising out of any delay, postponement, interruption or loss of production, any inability to produce, deliver or process hydrocarbons or any loss of or anticipated loss of use, profit or revenue;

(b) loss or damage incurred or liquidated or pre-estimated damages of any kind whatsoever borne or payable, under any contract for the sale, exchange, transportation, processing, storage or other disposal of hydrocarbons;

(c) losses associated with business interruption including the cost of overheads incurred during business interruption;

(d) loss of bargain, contract, expectation or opportunity;

(e) damage to any reservoir, geological formation or underground strata or the loss of hydrocarbons from any of them; and

(f) any other loss or anticipated loss or damage whatsoever in the nature of or consequential upon the foregoing.

"**Controlling Interest**" in relation to an undertaking means:

(a) the ownership or control (directly or indirectly) of more than fifty per cent. (50%) of the fully diluted voting share capital of the undertaking;

(b) the ability to direct the casting of more than fifty per cent. (50%) of the fully diluted votes exercisable at general meetings of the undertaking on all, or substantially all, matters; or

the right to appoint or remove directors of the undertaking holding a majority of the voting rights at meetings of the board of directors on all, or substantially all, matters.

"**Conversion Rate**" means the rate published for the relevant date by the Bank of England on its "Statistical Interactive Database - daily spot rates against Sterling" (or any replacement Bank of England database), or if no such rate is provided for the relevant date, for the latest date prior to the relevant date for which a rate is provided.

"**Decommissioning**" means the decommissioning, dismantling, demolition, removal, making safe, and/or disposal of any Joint Property and/or any site restoration, site remediation, clean up, treatment or decontamination of any land in, on, under or to the extent comprised within the Licence Area, including the plugging, replugging, and abandoning of wells, site clearance, removal of debris and any operations carried out in connection with or in contemplation of the foregoing (including planning, acquiring long-lead items in respect of and maintenance of such Joint Property).

"**Decommissioning Budget**" means a budget forming part of a Proposed Decommissioning Plan to be approved in accordance with clause 13 to provide for the Decommissioning of Joint Property and the provision for the necessary Liabilities associated with facilities not wholly removed.

"**Decommissioning Programme**" means a programme forming part of a Proposed Decommissioning Plan to be approved in accordance with clause 13 to provide for the Decommissioning of Joint Property and performance of the Liabilities associated with facilities not wholly removed.

"**Default Notice**" has the meaning assigned to it in clause 17.2.

"**Defaulting Participant**" has the meaning assigned to it in clause 17.2.

"**Discovery**" means any discovery of reserves of Petroleum.

"**Dispute**" has the meaning given to it in clause 29.1.

"**End Date**" has the meaning assigned to it in clause 2.1.

"**EnQuest COP Notice**" has the meaning assigned to it in clause 2.5.

"**EnQuest Insolvency Event**" means:

(a) EnQuest becomes insolvent or unable or admits inability to pay its debts as they fall due or is adjudicated bankrupt or declares (or has declared in respect of it) a moratorium on the payment of, or suspends the payment, of all or a substantial part of its debts;

(b) any execution, distress, attachment, expropriation, sequestration or other legal process which affects a material part of the assets of EnQuest and is not discharged within twenty-one (21) days;

(c) EnQuest ceases to carry on its business;

(d) EnQuest is:

(i) dissolved or enters into liquidation, administration, administrative receivership, receivership, a company voluntary arrangement, a scheme of arrangement with creditors or other reorganisation by reason of actual or anticipated financial difficulties, or any analogous or similar procedure in any jurisdiction or any other form of procedure relating to insolvency, insolvent reorganisation or dissolution in any jurisdiction; or

(ii) any formal corporate action, legal proceedings or other similar procedure or step is taken by any person with a view to any of the matters listed in (d)(i) above, save for the presentation of a winding-up petition that is frivolous or vexatious and that is discharged, stayed or dismissed within twenty-one (21) days of commencement and in any event before advertisement.

"**EnQuest Material Adverse Event**" means: (i) a Change in Control of EnQuest; or (ii) an EnQuest Insolvency Event.

"**EnQuest Nominated Account**" means the EnQuest account as notified to BP for the purposes of clause 16.4.5.

"**EnQuest Parent**" means EnQuest PLC, a company incorporated in England & Wales (company number 07140891) having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR

"**Environmental Liabilities**" has the meaning given to it in the SPA.

"**EOSPS**" means the twenty inch (20") trunkline used for the transportation of natural gas commonly known as the East of Shetland Pipeline System (but excluding the EOSPS Specified Pipe).

"**EOSPS Specified Pipe**" means the onshore natural gas pipeline controlled by BP (in its capacity as the operator and owner of the Sweetening Facilities) forming part of the Sweetening Facilities, from a point immediately downstream of the Sweetening Facilities, to the point at which the EOSPS Specified Pipe crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands.

"**Existing Property**" means (i) any property in existence immediately prior to the date of this Agreement that would have qualified as Joint Property at such time if this Agreement was in force; (ii) the Infill Wells; and (iii) Replacement Property, but excluding the Seller P&A Wells.

"**Good Oilfield Practice**" means the application of those methods and practices customarily used in good and prudent oil and gas field practice in the UKCS with that degree of diligence and prudence reasonably and ordinarily exercised by experienced operators engaged in the UKCS in a similar activity under similar circumstances and conditions.

"**Group**" means in relation to any Participant, the Participant, its Affiliates and any of the directors, officers, employees and/or Agency Personnel of the Participant or its Affiliates.

"**Infill Wells**" means the three (3) infill Wells (named [MP57 (also known as MP62FT)], [WAG09] and [PME-P04)] which are planned to be drilled (or have been drilled) as part of the Agreed WP&B, or any alternative wells which are drilled as Joint Operations and which target the same targets or have substantially similar aims (provided that there shall never be more than three (3) Infill Wells for the purposes of this Agreement).

"**Intellectual Property**" means literary and artistic works (including but not limited to designs, manuals, computer programmes, databases, scientific and technical information) inventions, mask works, semiconductor topographies, know-how and other material protected by law.

"**Intellectual Property Rights**" means patents, design rights, copyright, database rights, utility models, semiconductor topography rights, rights in know-how and confidential information whether registered or unregistered anywhere in the world, and applications for any of the foregoing, and any other form of protection afforded by law to a person to allow such person to prevent the use of Intellectual Property owned by such person without consent.

"**Interest Rate**" means the London interbank offered rate for one (1) month for the currency in question as published electronically by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) applicable on the first day of the relevant period in respect of which the interest or incremental amount is to be calculated. If the first day of the relevant period is not a Working Day then the rate to be used is that for the most recent Working Day preceding the first day of the relevant period. For periods longer than one Month, the Interest Rate will be reset Monthly on the numerically corresponding day in each subsequent Month except that if the numerically corresponding day in a subsequent Month is not a Working Day, the Interest Rate will be reset on the next Working Day in that Month if there is one, or if there is not, on the immediately preceding Working Day.

"**Joint Account**" means the account established and maintained by the Operator pursuant to the Accounting Procedure.

"**Joint Operations**" means all operations which are conducted by the Operator on behalf of all of the Participants in accordance with this Agreement on and after the date of commencement of this Agreement as provided in clause 2.

"**Joint Operating Committee**" means the committee established pursuant to clause 9.1.

"**Joint Petroleum**" means all Petroleum won and saved under the Joint Operations.

"**Joint Property**" means all property acquired or held for use in connection with the Joint Operations, including the Existing Property and the Associated Infrastructure (but excluding all of the facilities set out in schedule 5 of the Magnus Enhanced Oil Recovery / Sullom Voe Terminal Gas Sale and Service Agreement dated 6 September 2000).

"**Legally Required Announcement**" has the meaning given to it in clause 20.2.

"**Legislation**" means the Acts and all other relevant international treaties binding in the United Kingdom, national and local laws, by-laws, regulations, decisions and judgments of any Competent Authority.

"**Liabilities**" means costs, charges, expenses, liabilities and obligations of whatsoever nature and howsoever arising.

"**Licence**" means the United Kingdom Petroleum Production Licence No. 193 dated 20 July 1972 and effective as of 15 March 1972 issued by the Secretary as amended, supplemented or extended from time to time and shall include any other licence issued to the Participants in substitution or partial substitution for it.

"**Licence Area**" means the area for the time being covered by the Licence excluding any area in which the Participants have no beneficial interest and which has become subject to a separate joint operating agreement pursuant to clause 9.10.2.

"**Magnus COP Date**" means the actual date of permanent cessation of production of the Magnus Field.

"**Magnus Field Platform**" means the offshore installation and associated equipment currently located on Block 211/12a for the production and processing of petroleum from the Licence Area.

"**New Magnus Phase**" means New Magnus Phase 1, New Magnus Phase 3 or New Magnus Phase 4 and "**New Magnus Phases**" shall be construed accordingly.

"**New Magnus Phase 1**" has the meaning assigned to it in clause 2.3.1.

"**New Magnus Phase 3**" has the meaning assigned to it in clause 2.3.3.

"**New Magnus Phase 3 Benefits**" means all Benefits which are attributable (on an Accruals Basis) to the Joint Property during New Magnus Phase 3.

"**New Magnus Phase 3 Commencement Date**" has the meaning assigned to it in clause 2.7.2.

"**New Magnus Phase 3 Default End Date**" means the date falling three (3) Years after the New Magnus Phase 3 Commencement Date (or such later date as may be agreed in writing by BP and EnQuest).

"**New Magnus Phase 3 Costs**" means all Liabilities which are attributable (on an Accruals Basis) to the Joint Property during New Magnus Phase 3, save for:

(a) any such amounts which relate to Decommissioning, which shall be borne as set out in clause 16.5.2; and

(b) any Environmental Liabilities which are not directly attributable to: (i) the provision of the Magnus Up and Over Service; or (ii) the continued production under the Licence pursuant to an election by BP under clause 2.8 (other than those arising due to the Wilful Misconduct of the Operator), which shall be borne in proportion to the Percentage Interests of the Participants in respect of New Magnus Phase 3 as set out in Clause 4.

"**New Magnus Phase 3 Property**" means any Joint Property that comes into existence during New Magnus Phase 3.

"**New Magnus Phase 4**" has the meaning assigned to it in clause 2.3.4.

"**New Magnus Phase 4 Commencement Date**" means:

(a) if New Magnus Phase 3 has not occurred, the earlier to occur of: (i) the Magnus COP Date; and (ii) the date specified in the BP Decommissioning Notice serviced pursuant to clause 2.9.2; or

(b) if New Magnus Phase 3 has occurred, the earlier to occur of: (i) the New Magnus Phase 3 Default End Date; and (ii) the date specified in the BP New Phase 4 Notice served pursuant to clause 2.9.1.

"**Magnus Up and Over Service**" means the continued purchase of natural gas pursuant to and in accordance with the terms of some or all of the WoS GSAs including for the purposes of operational use on the Magnus Field Platform, for onward sale to third parties for offshore fuel gas and other operational purposes and/or the transportation and processing of such natural gas for sale to the markets.

"**Main Oil Line**" means a pipeline transporting liquids from Magnus Field Platform to the Ninian Central Platform including a 24" riser and all topdeck equipment connecting with the Ninian Pipeline at the flange of the main oil manifold.

"**Material**" means property, facilities, equipment or supplies.

"**Month**" means a calendar month (and "**Monthly**" shall be interpreted accordingly).

"**New Area**" means:

(a) that part of the Licence Area in respect of which a Participant proposes to transfer all or part of its Percentage Interest without transferring all of its Percentage Interest in the remainder of the Licence Area; or

(b) at any given time, any part of the Licence Area, being delimited by surface area but applying only to that interpreted closure of any geological structure or stratigraphic trap in which the reservoir or reservoirs exist, which is subject to development by less than all Participants and in which the entire Percentage Interest is owned by those of the Participants carrying out the development.

"**New Area JOA**" has the meaning assigned to it in clause 9.10.2.

"**New Area JOA Participants**" has the meaning assigned to it in clause 9.10.2.

"**Ninian Central Platform**" means the offshore installation and associated equipment currently located on Block 3/3 for the production and processing of petroleum from Ninian Field.

"**Ninian Pipeline**" means the thirty six inch (36") outside diameter pipeline which begins at Ninian Central Platform and extends 175 km to the Sullom Voe Terminal.

"**NLGP**" means the Northern Leg Gas Pipeline.

"**NLGP Operating Services Agreement**" means the operating services agreement dated [x] supplemental to the Northern Leg Gas Pipeline Participants Agreement.

"**Non-Defaulting Participant**" has the meaning assigned to it in clause 17.3.1.

"**Non-Operator**" means a Participant other than the Operator.

"**Northern Leg Gas Pipeline Participants Agreement**" means the Northern Leg Gas Pipeline Participants Agreement dated 23rd December 1981.

"**Notified Address**" has the meaning assigned to it in clause 30.3.

**"Oil and Gas UK**" means that representative organisation trading as Oil and Gas UK.

"**Operating Participant's Petroleum Receipts**" has the meaning assigned to it in clause 18.2..

"**Operator**" means the Participant for the time being designated as such under clause 5, acting in that capacity and not as the owner of a Percentage Interest.

"**Operator Group**" has the meaning assigned to it in clause 6.2.4(a).

"**OPOL**" has the meaning assigned to it in clause 8.2.1.

"**Original JOA**" means the joint operating agreement for the Licence entered into on [•] between BP and EnQuest.

"**Other Property**" means any Joint Property that comes into existence on or after the date of this Agreement that is not Existing Property, Seller P&A Wells or New Magnus Phase 3 Property.

"**Other Property Register**" means the register of Other Property that is to be maintained by the Operator pursuant to clause 13.1 (which shall reflect whether Joint Property is Existing Property or Other Property).

"**Outgoing Operator**" has the meaning assigned to it in clause 5.7.1.

"**Parent Share Charge**" shall have the meaning given to it in the Security Trust and Waterfall Deed.

"**Participant**" means a party to this Agreement and its respective permitted successors and assigns.

"**Percentage Interest**" means for each of the Participants the undivided percentage interest held by it in the Licence from time to time pursuant to this Agreement in so far as it relates to the Licence Area or, where the context so requires, in any New Area.

"**Permitted Method**" has the meaning assigned to it in clause 30.2.

"**Petroleum**" has the meaning assigned to it under the Licence.

"**New Phase 3 Operator Group**" has the meaning assigned to it in clause 6.2.4(b).

"**Policies and Procedures**" means an anti-Bribery policy and any related procedures as amended, varied or supplemented from time to time, including policies, procedures and controls relating to accounting, approval and recording of financial transactions; risk assessment and mitigation; training of personnel; due diligence on third-party engagements/contracts; gifts and hospitality, promotional expenditures, sponsorship and charitable donations; and promoting and monitoring compliance.

"**Pounds**" or "**£**" means pounds sterling of the United Kingdom.

"**Programme and Budget**" means any programme and budget of Joint Operations, excluding those in respect of Decommissioning.

"**Proposed Decommissioning Plan**" has the meaning assigned to it in clause 13.1.1.

"**Proposing Participant**" has the meaning assigned to it in clause 9.10.1(a).

"**Protected Period**" has the meaning assigned to it in schedule 5 of the TOA.

"**Quarter**" means a period of three Months ending on 31st March, 30th June, 30th September or 31st December in any Year and "**Quarterly**" shall be construed accordingly.

"**Reasonable and Prudent Operator**" means a person, company, firm or body corporate acting in good faith to perform its contractual obligations and in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and conditions.

"**Receipts**" means all Benefits received by the Operator relating to the Licence, including grants received from any governmental agency or body in the United Kingdom or of the European Union and monies (or the monetary value of other consideration) arising from the sale of Joint Property.

"**Relevant Transfer Activity**" has the meaning assigned to it in schedule 4 of the TOA.

"**Remaining Area**" means that part of the Licence Area which is not a New Area.

"**Remaining Area JOA**" has the meaning assigned to it in clause 9.10.2(b).

"**Remaining Area JOA Participants**" has the meaning assigned to it in clause 9.10.2(b).

"**Replacement Property**" means any component of the Joint Property that replaces Existing Property only if:

(a) such replacement is performed in the ordinary course of Joint Operations and such replacement property is not materially different (in form and/or function and/or service) as the Existing Property replaced by it, and the expenditure incurred in making such replacement represents revenue expenditure for CT purposes; and

(b) none of the expenditure incurred when making such replacement is treated as a Decommissioning Liability of BP pursuant to clause 11.1 of the SPA.

"**Reserved Matters**" has the meaning assigned to it in clause 9.8.6.

"**Retained Expenditure**" has the meaning given to it in the SPA.

"**Secretary**" means in relation to the Licence, the "Minister" as defined therein, or, in relation to the exercise of functions under the Acts, the person designated to exercise such functions, as the case may be.

"**Security Document**" shall have the meaning given to it in the Security Trust and Waterfall Deed.

"**Security Trust and Waterfall Deed**" means the deed of the same name entered into by, inter alia, BP and EnQuest dated [•] 2017.

"**Security Trustee**" shall have the meaning given to it in the Security Trust and Waterfall Deed.

"**Seller P&A Wells**" means those wells located under the Licence identified as 211/12A-17 (otherwise known as D4), 211/12A-11Z (otherwise known as D5), 211/7A-3 (otherwise known as D6), 211/12A-21 (otherwise known as D9), 211/12A-23 (otherwise known as F9) and 211/12A-193 (otherwise known as F10).

"**Seller Retained Claims**" has the meaning given to it in the SPA.

"**Senior Managerial Personnel**" means in relation to any Participant, any person employed by it or any of its Affiliates as a director or other corporate officer or senior manager. For the purposes of this definition, "senior manager" shall mean only:

(a) in relation to the Operator, any person having direct responsibility for the conduct of the Joint Operations; and

(b) in relation to any Non-Operator, any person having direct responsibility for enforcing the rights and fulfilling the responsibilities of such Non-Operator under this Agreement.

"**SPA**" means the sale and purchase agreement entered into by BP and EnQuest dated [•] 2017 in respect of, inter alia, the sale and purchase of an interest in the Licence and the Joint Property.

"**Sullom Voe Terminal**" means the petroleum receiving, treatment, storage and tanker loading complex located at Sullom Voe, Shetland.

"**Sweetening Facilities**" means the onshore facilities located adjacent to the Sullom Voe Terminal which are intended to receive, meter, analyse and process natural gas delivered from the West of Shetland Pipeline System.

"**TOA**" means the transfer of operatorship agreement entered into by BP and EnQuest dated [•] 2017 relating to the Magnus Field and Magnus South Field.

"**Transaction Documents**" has the meaning assigned to it in the Security Trust and Waterfall Deed.

"**Transferred Interest**" has the meaning assigned to it in clause 9.10.1(d).

"**Transferee Group**" has the meaning assigned to it in schedule 4 of the TOA.

"**UKCS**" means the United Kingdom Continental Shelf.

"**Up and Over Service Termination Date**" means the date on which all WoS GSAs expire, have expired, have terminated and/or or may be terminated in accordance with their terms.

"**Wilful Misconduct**" means an intentional or reckless disregard by Senior Managerial Personnel of Good Oilfield Practice or any of the terms of this Agreement in utter disregard of avoidable and harmful consequences but shall not include any act, omission, error of judgement or mistake made in the exercise in good faith of any function, authority or discretion vested in or exercisable by such Senior Managerial Personnel and which in the exercise of such good faith is justifiable by special circumstances, including safeguarding of life, property or the environment and other emergencies.

"**Working Day**" means a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London (England).

"**Work Obligations**" means any conditions prescribed by the Secretary for the continuation of the Licence, including those referred to in clause 9.9.1.

"**WoS Fields**" means together the Schiehallion Field, the Loyal Field, the Clair Field, the Clair Ridge Field and the Foinaven Field, each located on the UKCS.

"**WoS GSAs**" means the gas sales agreements [to be] entered into between EnQuest and BP (each in their capacity as a gas buyer), and each of the owners of the WoS Fields.

"**WoS Required Property**" means any Joint Property identified in the BP New Phase 3 Notice.

"**Year**" means a calendar year.

1.2 **Interpretation**

In this Agreement, unless the context otherwise requires:

1.2.1 all references to clauses and Schedules are, unless otherwise expressly stated, references to clauses of and schedules to this Agreement;

1.2.2 references to this Agreement or any other document or to any specified provision of this Agreement or any other document are to this Agreement, that document or that

provision as from time to time amended, novated and/or supplemented in accordance with the terms of this Agreement or that document or, as the case may be, amended, novated and/or supplemented with the agreement of the relevant parties;

1.2.3 the headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement;

1.2.4 unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing a gender include every gender;

1.2.5 unless otherwise specified, references to time are to London (England) time;

1.2.6 the rule known as the *ejusdem generis* rule shall not apply and accordingly words introduced by words and phrases such as "include", "including", "other" and "in particular" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.7 any reference to "writing" or "written" includes faxes and any legible reproduction of words delivered in permanent and tangible form (including e-mail);

1.2.8 references in this Agreement to any statute, statutory provision or other legislation include a reference to that statute, statutory provision or legislation as amended, extended, re-enacted, consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any order, regulation, instrument or other subordinate legislation made under the relevant statute, statutory provision or legislation;

1.2.9 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England shall be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;

1.2.10 this Agreement was negotiated in English and, to be valid, all certificates, communications and other documents made in connection with it shall be in English. If all or any part of this Agreement or any such certificate, communication or other document is for any reason translated into any language other than English the English text shall prevail; and

1.2.11 a company is a "subsidiary" of another company, its "holding company", if that other company:

(a) holds a majority of voting rights in it; or

(b) is a shareholder of it and has the right to appoint a majority of its board of directors; or

(c) is a shareholder of it and controls alone, or pursuant to an agreement with other shareholders, a majority of the voting rights in it; or

(d) is a subsidiary of a company that is itself a subsidiary of that other company,

and in interpreting this Clause 1.2.11 for the purposes of this Agreement, a company is to be treated as a shareholder of a subsidiary even if its shares are registered in the

name of (a) a nominee, or (b) a person holding security over those shares, or that secured party's nominee.

## 2. DURATION AND PHASES

2.1 This Agreement shall commence on the date of this Agreement and shall, subject to clauses 2.2 and 19, continue for so long as the Licence remains in force and until all Joint Property has been disposed of, Decommissioning has been completed and final settlement has been made between the Participants in accordance with their respective rights and obligations hereunder (the "**End Date**").

2.2 If Liabilities arising out of the existence of Joint Property are in the opinion of the Operator likely to exist beyond the End Date:

(a) the Operator shall give notice to the Participants of the relevant circumstances and this Agreement shall remain in full force and effect and its provisions (as would have been in effect during New Magnus Phase 4) shall apply mutatis mutandis to the requirement of the Participants to meet such Liabilities; and

(b) this Agreement shall, for such purposes, survive the surrender of the Licence Area or the determination of the Licence and in such event, the Percentage Interests of the Participants for such purposes shall be deemed to be the Percentage Interests as they were at the date of such surrender or determination.

New Magnus Phases

2.3 The Participants agree that Joint Operations will be conducted in the following phases (if relevant):

2.3.1 the period commencing on the date of this Agreement and ending on the earlier to occur of:

(a) the New Magnus Phase 3 Commencement Date; and

(b) the New Magnus Phase 4 Commencement Date;

("**New Magnus Phase 1**");

2.3.2 the period commencing on the New Magnus Phase 3 Commencement Date and ending on the New Magnus Phase 4 Commencement Date ("**New Magnus Phase 3**"); and

2.3.3 the period commencing on the New Magnus Phase 4 Commencement Date and ending on the End Date ("**New Magnus Phase 4**").

2.4 The Participants acknowledge that New Magnus Phase 4 is contingent on certain events or the exercise of optional rights and therefore may or may not occur under this Agreement. More particularly, New Magnus Phase 3 shall only occur in the circumstances set out in clauses 2.5 to 2.8 below.

New Magnus Phase 3 Commencement Date and end of New Magnus Phase 3

2.5

2.5.1 Subject to clause 2.5.2, without prejudice to the provisions of clause 13.1.1, if EnQuest intends to permanently cease production under the Licence, then EnQuest shall serve a notice on BP (the "**EnQuest COP Notice**") advising of its intention to cease production and the date on which such cessation of production is expected to

occur (the "**Planned COP Date**"). The EnQuest COP Notice shall be accompanied by a statement confirming that, in EnQuest's opinion, on the Planned COP Date it will no longer be commercially viable to continue producing Petroleum under the Licence. The EnQuest COP Notice shall be served not less than twelve (12) Months prior to the Planned COP Date. At the same time as EnQuest serves the EnQuest COP Notice, EnQuest shall also give written notice to the seller(s) under the WoS GSAs notifying such seller(s) of EnQuest's intention to cease production.

2.5.2 The Planned COP Date may not be any earlier than either:

(a) the Up and Over Service Termination Date; or

(b) 1 January 2022.

2.6 BP and EnQuest shall, following service of the EnQuest COP Notice and the accompanying statement, work together to discuss and agree whether the Magnus Up and Over Service should continue to be provided following the Planned COP Date and, if so, on what basis. As part of this process, EnQuest shall provide all relevant information to BP around discussions with the WoS Field owners and use reasonable endeavours to allow the WoS Field owners to attend and participate in any such discussions.

2.7 New Magnus Phase 3 shall commence on the Planned COP Date if:

2.7.1 by the date two (2) Months prior to the Planned COP Date, EnQuest has confirmed in writing to BP that it does not wish to continue providing the Magnus Up and Over Service under the WoS GSAs (under the regime applicable to New Magnus Phase 1 or on such other basis as may be agreed between the Participants); and

2.7.2 BP has notified EnQuest that either: (i) it wishes the Magnus Up and Over Service to be provided beyond the Planned COP Date; or (ii) the Participants are obliged under the WoS GSAs or otherwise to continue to provide the Magnus Up and Over Service to the WoS Field Owners (the "**BP New Phase 3 Notice**"),

(such date being the "**New Magnus Phase 3 Commencement Date**").

2.8 In the event that the New Magnus Phase 3 Commencement Date occurs:

2.8.1 EnQuest shall be required to continue to operate the WoS Required Property in order to provide the Magnus Up and Over Service until the New Magnus Phase 4 Commencement Date occurs, and BP shall be entitled to elect to require that production under the Licence continue during New Magnus Phase 3, on or after the Planned COP Date; and

2.8.2 For the duration of Magnus Phase 3, EnQuest shall cancel all liftings of Petroleum in respect of its Percentage Interest share of Petroleum, and in accordance with clause 16.4, BP shall have the benefit of and be entitled to lift all Petroleum. Notwithstanding the foregoing, EnQuest shall be entitled to lift its Percentage Interest share of any Petroleum produced prior to the Magnus Phase 3 Commencement Date which is available for lifting but has not been lifted prior to the Magnus Phase 3 Commencement Date.

**2.9 New Magnus Phase 4**

2.9.1 If New Magnus Phase 3 has occurred and BP wishes New Magnus Phase 3 to end prior to the New Magnus Phase 3 Default End Date, BP shall serve a notice on all

Participants specifying the date on which it requires New Magnus Phase 4 to commence (a "**BP New Phase 4 Notice**").

2.9.2 If New Magnus Phase 3 has not occurred, and BP wishes to permanently cease production under the Licence, BP shall be entitled to serve a notice on all Participants specifying the date on which it requires New Magnus Phase 4 to commence (a "**BP Decommissioning Notice**"), provided that : (i) such date is not earlier than the Up and Over Service Termination Date; and (ii) at such date, in BP's opinion, it is no longer commercially viable to continue production under the Licence. Following service of a BP Decommissioning Notice, EnQuest shall be obliged to permanently cease production under the Licence on and from the date specified in the BP Decommissioning Notice (subject to all necessary Secretary and other regulatory consents).

## 3. SCOPE AND UNDERSTANDING

### 3.1 Scope

3.1.1 The scope of this Agreement shall extend to:

(a) the exploration for, and the appraisal, development and production of, Petroleum under the Licence;

(b) without prejudice to clause 18, the treatment, storage and transportation of Petroleum using Joint Property;

(c) without prejudice to clause 18, the consideration of technical and operational issues in connection with the treatment, storage and transportation of Petroleum using third party infrastructure;

(d) the consideration of technical and operational issues in connection with the use of Joint Property by third parties;

(e) the Decommissioning or other disposal of Joint Property; and

(f) the administration of the Associated Agreements and the performance of the functions thereunder ascribed to the Operator as Magnus operator.

3.1.2 Without prejudice to clause 3.1.3 and clause 3.1.1(f), this Agreement shall not extend to:

(a) any joint financing arrangements or any joint marketing or joint sales of Petroleum; or

(b) the consideration of any commercial terms in connection with the treatment, storage and transportation of Petroleum under the Licence using third party infrastructure; or

(c) the consideration of any commercial terms in connection with the use of Joint Property by third parties.

3.1.3 Where the Operator represents the Participants in relation to any Associated Agreement, unless otherwise agreed in such Associated Agreement;

(a) the responsibility and liability of the Operator in relation to such Associated Agreement shall be in accordance with this Agreement; and

(b) the liability of the Participants under any Associated Agreement shall be apportioned in accordance with their Percentage Interests.

3.2 **Understanding**

This Agreement and (in respect of BP and EnQuest only) the relevant terms of the Transaction Documents, represents the entire understanding of and agreement between the Participants in relation to the matters dealt with in this Agreement, and supersedes all previous understandings and agreements, whether oral or written, relating to such matters. Each Participant agrees that it has not been induced to enter into this Agreement in reliance upon any statement, representation, warranty or undertaking other than as expressly set out in this Agreement, and to the extent that any such representation, warranty or undertaking has been given, the relevant Participant unconditionally and irrevocably waives all rights and remedies which it might otherwise have had in relation to it. Nothing in this clause shall however operate so as to exclude any right any Participant may have in respect of statements fraudulently made or fraudulent concealment.

## 4. INTERESTS OF THE PARTICIPANTS

4.1 Subject to: (i) the provisions of this Agreement; (ii) the Licence; and (iii) in respect of BP and EnQuest only) the SPA, all Joint Property, all Joint Petroleum and all Liabilities incurred in, and all Benefits arising out of, the conduct of the Joint Operations shall be owned and borne by the Participants in proportion to their respective Percentage Interests which at the date of this Agreement are as follows:

| | |
|---|---|
| [BP | [•]per cent ([•]%)] |
| [•] | [•]per cent ([•]%) |
| EnQuest | twenty five per cent (25%) |
| TOTAL | one hundred per cent (100%) |

## 5. THE OPERATOR

5.1 **Designation**

EnQuest is hereby designated and agrees to act as the Operator under this Agreement.

5.2 **Resignation**

The Operator shall not be entitled to resign without the prior written agreement of BP.

5.3 **Removal**

5.3.1 The Operator may be removed at the end of any Month by any Non-Operator giving not less than sixty (60) days' notice to it if:

(a) the Non-Operator(s) (acting unanimously) determine that the Operator has committed any material breach of, or failed to observe or perform any material obligation on its part contained in, this Agreement and such breach or failure has not been remedied to the reasonable satisfaction of the Non-Operator(s) within twenty-eight (28) days of receipt by the Operator of a notice from the Non-Operator(s) requiring the Operator to remedy the breach or failure, or within such longer period as may be specified in the said notice;

(b) the aggregate Percentage Interest of the Operator and any Affiliate of the Operator falls to less than ten per cent (10%).

5.3.2 The Operator may be removed forthwith upon any Non-Operator giving notice to it if:

(a) an EnQuest Insolvency Event occurs and, following such occurrence, EnQuest (acting as Operator) is in breach of clause 5.3.1(a); or

(b) the Operator and its Affiliate(s) cease to hold any Percentage Interest; or

(c) the Secretary withdraws his approval of the Operator; or

(d) the Operator has committed an act of Wilful Misconduct.

5.4 The Operator shall have no claim against the Participants as a consequence of the resignation or removal of the Operator but such resignation or removal shall be without prejudice to any Benefits or Liabilities which accrued during the period when the Operator acted as such. If the Operator resigns or is removed, it shall be entitled to charge to the Joint Account such costs and expenses incurred in connection with the change of operatorship as may be approved by the Non-Operator(s) (such approval not to be unreasonably withheld), provided that the Operator shall not be entitled to charge such costs to the Joint Account where it is removed pursuant to clause 5.3.1.

5.5 **Election of Successor**

As soon as practicable after notice is duly given as to the resignation or removal of the Operator under clauses 5.2 or 5.3, a new Operator shall, subject to its acceptance of the position under the terms of this Agreement and subject to any necessary approval of the Secretary, be selected by the Non-Operator(s) (acting unanimously) to assume the position of the Operator upon the effective date of the resignation or removal. If by the effective date of any resignation or removal of the Operator under clauses 5.2 or 5.3, no such selection shall have been made, the Non-Operator having the largest Percentage Interest and willing to assume the position of Operator (and in the event of two or more such Non-Operators with identical Percentage Interests that Non-Operator having held such Percentage Interest for the longest time) shall be appointed and assume the position of Operator, subject to any necessary approval of the Secretary.

5.6 If no Non-Operator is willing to assume the position of Operator or no Non-Operator is approved as Operator by the Secretary, the Participants shall be deemed to have decided to abandon the Joint Operations and to surrender the Licence in so far as it relates to the Licence Area. In such event:

5.6.1 in the case of the resignation of the Operator, the Operator that has resigned; or

5.6.2 in the case of the removal of the Operator, the Non-Operator having the largest Percentage Interest (and in the event of two or more such Non-Operators that Non-Operator having held such Percentage Interest for the longest time);

shall be the Operator for the purpose of effecting such surrender and administering the disposal of Joint Property and due settlement in accordance with the Benefits and Liabilities of the Participants under this Agreement.

5.7 **Transfer of Responsibilities**

5.7.1 Except where clause 5.6 applies, upon the effective date of resignation or removal of the Operator (the "**Outgoing Operator**") under clauses 5.2 or 5.3, the Outgoing Operator shall hand or deliver to, or relinquish custody in favour of, the new Operator selected or appointed to succeed it under clause 5.5, all funds relating to the Joint Accounts, all Joint Property, all Joint Petroleum and all books, records and inventories relating to the Joint Operations other than those books, records and inventories maintained by the Outgoing Operator as the owner of a Percentage Interest. The Outgoing Operator shall further use its reasonable endeavours to transfer to the aforesaid new Operator, effective as of the effective date of such resignation or removal, its rights as the Operator under all contracts exclusively relating to the Joint Operations and the aforesaid new Operator shall assume all obligations of the Outgoing Operator under them. The new Operator and the Outgoing Operator shall co-operate to ensure a smooth transition of operatorship. Pending such transfer and in relation to all other contracts relating to the Joint Operations (to the extent such so relate) the Outgoing Operator shall hold its rights and interests as the Operator from such effective date for the account and to the order of the new Operator.

5.7.2 Without prejudice to any liability of the Outgoing Operator arising prior to such effective date (subject always to clause 6.2.4), the Outgoing Operator shall, from such effective date, no longer have any responsibility or authority as Operator.

5.7.3 Any Participant shall have the option to order an audit of the Joint Account and an inventory of all Joint Property and all Joint Petroleum and, if conducted, such inventory shall be used in the return of and the accounting for the said Joint Property and Joint Petroleum by the Outgoing Operator for the purposes of the transfer of responsibilities under this clause 5.7. Such option shall be exercised as soon as practicable after the date on which the Outgoing Operator is required to transfer its responsibilities as provided in clause 5.7.1 by notice given by the relevant Participant. All costs and expenses incurred in connection with such audit and inventory shall be for the Joint Account (except where the Outgoing Operator is removed pursuant to clause 5.3.1 in which case such costs and expenses shall be borne by the Outgoing Operator).

## 6. AUTHORITIES AND DUTIES OF THE OPERATOR

6.1 **Rights**

6.1.1 Subject to all the provisions of this Agreement and (in respect of EnQuest only) to EnQuest's obligations pursuant to schedules 4 and 5 of the TOA, the Operator has the right and is obliged to conduct the Joint Operations by itself, its agents or its contractors under the overall supervision and control of the Joint Operating Committee.

6.1.2 If the Operator does not conduct any of the Joint Operations itself, it shall nevertheless remain responsible for such operations as the Operator as and to the extent provided under this Agreement.

6.2 **Responsibilities**

6.2.1 Subject to the overall supervision of the Joint Operating Committee, the responsibilities of the Operator in relation to Joint Operations shall include, but not be limited to:

(a) the preparation of Programmes and Budgets and AFEs;

(b) the implementation of such Programmes and Budgets as shall, together with the relevant AFEs, have been approved by the Joint Operating Committee;

(c) the prompt provision to each of the Participants of reports, data and information including all information required to allow BP to make nominations under each of its Petroleum sales agreements;

(d) the planning for and obtaining of all requisite services and Material;

(e) the direction and control of statistical and accounting services;

(f) the provision of all technical and advisory services required for the efficient performance of the Joint Operations;

(g) the preparation of a Decommissioning Programme and its submission to the Secretary; and

(h) acting as the Magnus Field Group Operator pursuant to the Northern Leg Gas Pipeline Participants Agreement and the NLGP Operating Services Agreement.

6.2.2 The Operator shall:

(a) conduct the Joint Operations in a proper and workmanlike manner in accordance with Good Oilfield Practice;

(b) conduct the Joint Operations in compliance with the requirements of the Acts, the Licence and any other applicable Legislation;

(c) do or cause to be done, with due diligence, all such acts and things within its control as may be necessary to keep and maintain the Licence in force and effect; and

(d) save as may otherwise be expressly provided under this Agreement (including the Accounting Procedure), neither gain nor suffer a loss in such capacity as a result of acting as Operator in the conduct of Joint Operations.

6.2.3 The Operator shall establish and maintain appropriate business standards, procedures and controls including those necessary to avoid any conflict between the interests of its employees, contractors and agents, and the interests of the Participants in the conduct of Joint Operations.

6.2.4 **Liability of the Operator**

(a) During New Magnus Phase 1 or New Magnus Phase 4 (as applicable), the Operator shall not be liable for and each Participant (including for the avoidance of doubt the Participant designated as Operator) shall defend, indemnify and hold the Operator, its Affiliates and any of the directors, officers and employees or Agency Personnel of the Operator or its Affiliates (together the "**Operator Group**") harmless:

(i) to the extent of the indemnifying Participant's Percentage Interest from and against any loss, damage or claim by or liability to any

person, whether a Participant or not, (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) which arises, whether directly or indirectly, out of the performance, non-performance or misperformance by any member of the Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement, irrespective of negligence and/or breach of duty (whether statutory or otherwise) on the part of any member of the Operator Group, except only for any loss, damage, claim or liability resulting from or arising out of:

(aa) the Wilful Misconduct of the Operator; or

(bb) the failure of the Operator to obtain or maintain any insurance which it is required to obtain and maintain under clause 8.1.1, except where the Operator has used all reasonable endeavours to obtain or maintain any such insurance but has been unable to do so and has promptly notified the Participants participating or proposing to participate therein;

(ii) from and against any Consequential Loss which such Participant may suffer or incur arising, directly or indirectly, out of the performance, non-performance or misperformance by any member of the Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement even in the event of its negligence and/or breach of duty (whether statutory or otherwise) and/or Wilful Misconduct of the Operator.

(b) During New Magnus Phase 3, the Operator shall not be liable for and BP shall defend, indemnify and hold the Operator, its Affiliates and any of the directors, officers and employees or Agency Personnel of the Operator or its Affiliates (together the "**New Phase 3 Operator Group**") harmless:

(i) from and against any loss, damage or claim by or liability to any person, whether a Participant or not, (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) which arises, whether directly or indirectly, out of the performance, non-performance or misperformance by any member of the New Phase 3 Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement, irrespective of negligence and/or breach of duty (whether statutory or otherwise) on the part of any member of the New Phase 3 Operator Group, except only for any loss, damage, claim or liability resulting from or arising out of:

(aa) the Wilful Misconduct of the Operator; or

(bb) the failure of the Operator to obtain or maintain any insurance which it is required to obtain and maintain under clause 8.1.1, except where the Operator has used all reasonable endeavours to obtain or maintain any such insurance but has been unable to do so and has promptly notified the Participants participating or proposing to participate therein;

(ii) from and against any Consequential Loss which BP may suffer or incur arising, directly or indirectly, out of the performance, non-performance or misperformance by any member of the New Phase 3 Operator Group of any of the duties or obligations of the Operator hereunder or when acting on behalf of the Participants under any Associated Agreement even in the event of its negligence and/or breach of duty (whether statutory or otherwise) and/or Wilful Misconduct of the Operator.

6.3 **Liens and Encumbrances**

The Operator shall, in so far as it may be within its control, keep all Joint Property and all Joint Petroleum free from all liens, charges and encumbrances which might arise by reason of the conduct of the Joint Operations.

6.4 **Employees and Contract Personnel**

Subject to the provisions of any approved Programme and Budget, the Operator shall determine the number of employees employed, and persons hired under contracts for services, by the Operator in connection with the Joint Operations. Subject to the provisions of clause 6.11, the Operator shall also determine their selection, hours of work and remuneration.

6.5 **Commitments for Material and Services**

6.5.1 The entire provisions of this clause 6.5 shall remain subject always to clause 6.10.2. Where this clause 6.5 provides that the agreement, approval or consent of the Joint Operating Committee is required, such agreement, approval or consent shall not be unreasonably withheld or delayed.

6.5.2 In connection with work to be carried out pursuant to an approved Programme and Budget or AFE:

(a) subject to clause 6.5.2(b) the Operator, or any Affiliate of the Operator, may supply necessary Material and services whether owned, leased or otherwise, from its own resources and shall charge the costs to the Joint Account in accordance with the Accounting Procedure;

(b) in the event that the Operator, or any Affiliate of the Operator, proposes to supply Material and/or services from its own resources which it estimates will cost more than seven hundred and fifty thousand Pounds (£750,000) the Operator shall obtain the approval of the Joint Operating Committee prior to supplying such Material and/or services;

(c) to the extent that the Operator, or any Affiliate of the Operator, does not supply Material or services from its own resources, it shall award the contract for the supply of such Materials and services to third parties

subject, where applicable, to the procedures hereafter set out in this clause 6.5.

6.5.3 The Operator or any of its Affiliates shall have the authority to obtain Materials and/or services for Joint Operations pursuant to contracts awarded or to be awarded to a third party where the Materials and/or services to be provided will be provided to more than one field and/or more than one operator. For any such contract, in the event that the cost to the Joint Account will or is likely to exceed one million Pounds (£1,000,000) per annum or is likely to exceed two million Pounds (£2,000,000) over its expected duration the Operator shall obtain the approval of the Joint Operating Committee prior to the obtaining of such Materials and/or services. The Operator shall not be obliged to divulge to the Joint Operating Committee details which it reasonably considers to be of a commercially sensitive nature (for example and without limitation, itemised rates, prices, price-structures and incentives) in relation to any such multi-field and multi-operator agreements under which it requires to obtain Materials and/or services and which it considers are confidential between itself and its contractors provided that such details may be audited under paragraph 7 of the Accounting Procedure to ensure that all Liabilities and Benefits have been apportioned as expressly agreed by the Joint Operating Committee, or in the absence of any such agreement, in a fair and equitable manner across all fields and/or operators who are using the Materials and/or services under the relevant contract.

6.5.4 Subject to clause 6.5.3, in the case of any proposed contract to be awarded to a third party where the commitment will or is likely to exceed two million Pounds (£2,000,000) per annum or is likely to exceed four million Pounds (£4,000,000) over its expected duration the Operator shall unless the Joint Operating Committee otherwise decides:

(a) upon request supply the Non-Operators with copies of tender documents;

(b) put out such contracts to competitive tender;

(c) report details of all bids received, and promptly provide the Non-Operators (when requested) with copies of the terms of any recommended contract(s);

(d) obtain the approval of the Joint Operating Committee prior to the award of a contract provided that any Participant who fails to respond to the Operator's request for such approval within twenty (20) Working Days shall be deemed to have given such approval; and

(e) promptly supply the Non-Operators (when requested) with conformed copies of the contract and of any subsequent revisions to it.

6.5.5 With respect to any proposed contract to be awarded to a third party not falling under clauses 6.5.3 or 6.5.4, the Operator shall obtain competitive tenders except where the Operator considers that it is impractical or inefficient to do so.

6.5.6 The Operator shall use its reasonable endeavours to ensure that any contract entered into by it can be freely assigned to any successor Operator in the event of the resignation or removal of the Operator under clauses 5.2 and 5.3.

6.5.7 The Operator shall act as agent of the Participants in dealings with contractors and shall use reasonable endeavours to include in all contracts made pursuant to this

Agreement, a provision which ensures that the Operator makes the contract on behalf of all the Participants. The Operator shall use reasonable endeavours to include in all such contracts provisions in the following or similar form for which purpose "COMPANY" refers to the Operator and "CO-VENTURERS" refers to the Non-Operators:

"The COMPANY enters into the CONTRACT for itself and as agent for and on behalf of the other CO-VENTURERS. Notwithstanding the above:

(a) the CONTRACTOR agrees to look only to the COMPANY for the due performance of the CONTRACT and nothing contained in the CONTRACT will impose any liability upon, or entitle the CONTRACTOR to commence any proceedings against any CO-VENTURER other than the COMPANY;

(b) the COMPANY and only the COMPANY is entitled to enforce the CONTRACT on behalf of all CO-VENTURERS as well as for itself. For that purpose the COMPANY shall commence proceedings in its own name to enforce all Liabilities of the CONTRACTOR and to make any claim which any CO-VENTURER may have against the CONTRACTOR; and

(c) all losses, damages, costs (including legal costs) and expenses recoverable by the COMPANY pursuant to the CONTRACT or otherwise shall include the losses, costs (including legal costs) and expenses of the COMPANY's CO-VENTURERS and AFFILIATES except that such losses, damages, costs (including legal costs) and expenses shall be subject to the same limitations or exclusions of liability applicable to the COMPANY or the CONTRACTOR under the CONTRACT."

6.6 **Representation of the Participants**

6.6.1 Unless otherwise directed by the Joint Operating Committee, the Operator shall represent the Participants regarding any matters or dealings with the Secretary and other governmental authorities or third parties in so far as they relate to the Joint Operations, provided that there is reserved to each Participant the unfettered right to deal with the Secretary or any other governmental authorities in respect of matters relating to its own Percentage Interest. Save for any routine correspondence which the Operator is obliged by legislation to submit to the Secretary and other governmental authorities, the Operator shall provide to each Participant in advance a copy of any material correspondence which it proposes to provide to the Secretary or any other governmental authorities or any third parties in relation to the Joint Operations and shall obtain the consent of each Participant to the content of any such correspondence which purports to represent the views of such Participant.

6.6.2 Where the Operator has been informed or has reason to believe that matters of material importance to the Participants are to be discussed at a meeting, it shall give as much advance notice as is reasonably practicable to the Participants of such meeting together, where practicable, with any agenda, briefing papers or presentation materials and shall consult with the Participants in relation to such meeting and report promptly thereafter. Any Participant shall be entitled to attend such meeting.

6.7 **Records**

The Operator shall prepare and maintain separate books, records and inventories of the Joint Operations which shall be kept in compliance with the Accounting Procedure and with due regard to the requirements of the Acts, the Licence, and all applicable Legislation.

6.8 **Reports**

6.8.1 The Operator shall:

(a) promptly provide each Participant with daily drilling reports and daily production reports or access to real time information regarding production of Joint Petroleum and such other reports as the Joint Operating Committee may decide and, at the sole cost of the Participant requesting them, such additional reports as such Participant may reasonably request; and

(b) make all reports concerning the Joint Operations to the appropriate governmental authorities in a timely manner as required under the Acts and the Licence and, concurrently therewith, furnish copies of all such reports to all the Participants.

6.9 **Consultation and Information**

6.9.1 The Operator shall freely consult with the Participants and keep them informed of matters concerning the Joint Operations.

6.9.2 Without prejudice to the generality of clause 6.9.1, the Operator shall:

(a) inform each Participant of all logging, coring, testing and such other Joint Operations as the Joint Operating Committee may decide with such advance notice as is practicable in the circumstances, so that each Participant may, subject to clause 7.3, have one or more representatives present on location during the conduct of such operations; and

**(b)** subject to the terms of any contract under which they were procured, promptly provide each Participant with any and all seismic data, access to core samples, copies of all well logs and core analyses relating to the Joint Operations and with such other data and information (including but not limited to, engineering, geological, geophysical and technical data) relating to the Joint Operations as the Joint Operating Committee may decide and, in addition, at the sole cost of the Participant requesting same, such additional data and information as such Participant may reasonably request.

6.10 **Expenditures and Actions**

6.10.1 The Operator is authorised to make such expenditures, incur such commitments for expenditures and take such actions as may be authorised by the Joint Operating Committee in accordance with clauses 12 to 14 provided that nothing contained in this clause 6.10.1 shall derogate from the Operator's duties under clause 6.5.

6.10.2 The Operator is also authorised to make any expenditures or incur commitments for expenditures or take actions it deems necessary in the case of emergency for the safeguarding of lives or property or the prevention of pollution. The Operator shall

promptly notify all the Participants of any such circumstances and the amount of expenditures and commitments for expenditure so made and incurred and actions so taken.

6.11 **Secondment**

6.11.1 The Participants agree that in certain circumstances a collaborative effort between them may be beneficial to Joint Operations. Such collaborative effort may include the secondment by a Non-Operator of personnel to the Operator's organisation:

(a) to work on a term assignment as a member of a project team; or

(b) to fill organisational positions,

in respect of Joint Operations. The length of any assignment shall be agreed between the Non-Operator and the Operator. Notwithstanding the foregoing, the Non-Operator shall have the right on giving three (3) Months' notice, to withdraw its employee from any such assignment. The Operator shall have the right to require the removal of any person seconded to its organisation for reasonable cause.

6.11.2 In respect of any person seconded to the Operator's organisation under clause 6.11.1 for and in respect of the period of such secondment:

(a) such person shall remain the employee of the Participant who seconded him and such Participant shall remain responsible for all the legal obligations of an employer associated with such employment;

(b) all Liabilities associated with the employment of such person (including salary and employee Benefits) and all costs associated with his secondment to the organisation of the Operator shall be chargeable to the Joint Account; and

(c) all work undertaken by such person shall be Joint Operations and accordingly the Operator shall retain overall responsibility for such work and such person (and the Participant who seconded him) shall benefit from all indemnities and limitations of liability applying to the Operator hereunder, including those set forth in clause 6.2.4 in relation to such work.

6.12 **Health, Safety and Environment**

6.12.1 Not later than 30th November in each Year, the Operator shall each Year prepare and submit to the Joint Operating Committee for its approval a plan of health, safety and environment ("**HSE**") matters containing the policies which will govern the Joint Operations and the objectives and targets for the following Year. Such HSE plan will take into account any policies, objectives and targets decided by the Joint Operating Committee and will include an assessment of the health, safety and environmental impact of the Joint Operations.

6.12.2 The Operator shall report regularly on the implementation of the HSE plan referred to above and shall promptly advise the Joint Operating Committee of any matter arising out of or in connection with Joint Operations which may affect such plan such as an occurrence that could have a negative impact on the environment or could cause any serious illness, injury or death.

6.12.3 The Operator shall prepare and submit to the Joint Operating Committee for its approval a programme for regular HSE audits to be performed by the Operator. Each Participant shall have the right to join such audit upon reasonable notice given to the Operator. The costs of conducting an HSE audit shall be charged to the Joint Account.

6.13 The Operator shall establish and maintain an alcohol and drugs policy and enforcement procedure, which prohibits employees and agents, contractors and subcontractors and invitees in any area in which Joint Operations are being undertaken from:

(a) performing services while under the influence of alcohol or any controlled substance;

(b) misusing legitimate drugs or possessing, using, distributing or selling illicit or unprescribed controlled substances; or

(c) save in limited circumstances under arrangements approved by the Operator's management possessing, using, distributing or selling alcoholic beverages.

**6.14 Relevant Transfer Activity**

6.14.1 Without prejudice to EnQuest's obligations to BP under the provisions of schedule 4 of the TOA or any other provision of this Agreement (including clause 6.5.4 of this Agreement) any decision which may result in the Transferee Group or any of its successors engaging in:

(a) Relevant Transfer Activity at a point in time which is after the end of the Protected Period, but during New Magnus Phase 1 shall be a decision requiring (i) the affirmative vote of BP and EnQuest if BP holds a Percentage Interest of twenty-five per cent (25%) or more; or (ii) EnQuest only if BP holds a Percentage Interest of less than twenty-five per cent (25%): or

(b) any further Relevant Transfer Activity at a point in time which is after the end of the Protected Period but during New Magnus Phase 3 or New Magnus Phase 4 shall be a decision requiring the affirmative vote of BP and EnQuest.

## 7. RIGHTS OF THE PARTICIPANTS

### 7.1 Reservation of Rights

Subject as otherwise provided in this Agreement, each Participant reserves all its rights under the Licence.

### 7.2 Inspection Rights

Without prejudice to the provisions of paragraph 7 of the Accounting Procedure, each Participant shall have the right to inspect, at all reasonable times during normal business hours, all books, records and inventories of any kind or nature maintained by or on behalf of the Operator and relating to the Joint Operations other than those books, records and inventories maintained by the Operator in its capacity as the owner of a Percentage Interest, provided that such Participant gives the Operator not less than thirty (30) Working Days prior notice of the date upon which it desires to make such inspection and identified the person or persons to

conduct such inspection. Each Participant shall have the right to make copies of such books, records and inventories at the sole cost of such Participant.

7.3 **Access Rights**

7.3.1 Each Participant shall have the right, at all reasonable times and at its sole risk and expense, of access to the Licence Area and/or the Joint Operations and/or the place of storage of samples obtained as a result of Joint Operations provided such Participant gives the Operator reasonable notice of the date such access is required and identifies the representative or representatives to whom such access is to be granted. If any Participant wishes access to be given to more than one representative at a time the Operator shall not be required to grant such access for the additional representatives if, and to the extent that, the granting of such access will interfere with the conduct of the Joint Operations.

7.3.2 In the case of access to offshore operations:

(a) the Participant shall provide evidence that any representative wishing to gain access holds a current and valid certificate fully compliant with statutory and regulatory requirements for individuals travelling to an offshore installation and, where applicable, staying overnight; and

(b) the Operator shall, at the cost of the Joint Account, provide facilities to gain such access in transportation engaged thereon and also provide accommodation offshore in so far as the provision of such facilities and accommodation shall not interfere with the conduct of the Joint Operations.

7.3.3 The Participants shall procure that their representatives shall comply with all safety procedures notified to the Participants by the Operator which are implemented from time to time by the Operator whilst at the relevant location of Joint Operations.

## 8. INSURANCE AND LITIGATION

8.1 **Insurance**

8.1.1 The Operator shall obtain and maintain, in respect of the Joint Operations and the Joint Property, all insurance required under the Licence or any other applicable law or as may be required by any contract entered into by the Operator in furtherance of Joint Operations and such other insurance as the Joint Operating Committee may from time to time determine. Except in respect of any insurance which the Operator must take out in its own name, and subject to clause 8.1.3, any Participant may elect not to participate in the insurance to be taken out by the Operator under this clause provided such Participant gives notice to that effect to the Operator and does nothing which may interfere with the Operator's negotiations for such insurance for the other Participants. The cost of insurance in which any of the Participants are participating shall be charged to the Participants so participating in proportion to their respective Percentage Interests. The Operator shall, in respect of all insurance obtained pursuant to this clause 8.1.1:

(a) upon request from any Participants provide to such Participants a copy of the levels of coverage and the general conditions of the relevant policies when they are issued;

(b) (except for employer's liability or similar insurance) arrange for the Participants participating in it, according to their respective Percentage Interests, to be named as co-insureds on the relevant policies with waivers of subrogation in favour of the Participants with respect to Joint Operations; and

(c) duly file all claims and take all necessary and proper steps to collect any Benefits and, if all the Participants are participating in it, credit them to the Joint Account or, if less than all the Participants are participating in it, credit them to the participating Participants.

8.1.2 Any of the Participants may obtain such other insurance as it deems advisable for its own account at its own expense. In the arranging of such other insurance that Participant shall ensure it does not interfere with nor prejudice the arrangement of any insurance by the Operator or any other Participant. Such insurance shall contain a waiver of subrogation by the insurer in favour of the Operator and/or the other Participants.

8.1.3 Each of the Participants electing not to participate in those insurances in respect of which non-participation is permitted pursuant to clause 8.1.1 shall, in respect of its Percentage Interest share of any liability which may arise in connection with the Joint Operations and/or Joint Property, obtain and maintain equivalent insurance (to include waivers of subrogation in favour of the other Participants), or produce such evidence of financial responsibility, as may from time to time be reasonably required by the Joint Operating Committee. Each of the Participants shall, as and when required by the Joint Operating Committee produce to it such evidence as it may reasonably require to establish:

(a) that such insurance or other evidence of financial responsibility is being maintained; and

(b) the security and creditworthiness of such insurance or financial responsibility.

8.1.4 The Operator shall promptly on request provide such details relating to the Joint Operations and/or Joint Property as a Participant may reasonably require in order to arrange any insurances pursuant to clauses 8.1.2 and/or 8.1.3.

8.1.5 The Operator shall take reasonable steps to ensure that all contractors (including sub-contractors) performing work in respect of the Joint Operations and the Joint Property obtain and maintain all insurance required under the Acts, the Licence or any other applicable Legislation and such other insurances as the Joint Operating Committee may from time to time determine. The Operator shall in respect of all insurance obtained by such contractors (including sub-contractors):

(a) if requested by any Participant, supply such Participant with evidence that it has been effected and is being maintained; and

(b) take reasonable steps to arrange for such contractors (including sub-contractors) to obtain from their insurers a waiver of subrogation in favour of the Participants.

8.1.6 The Operator shall, without prejudice to any other obligations of the Operator or rights of the Participants hereunder, give prompt notice to the Participants of and shall allow

the Participants or their insurers to investigate, subject to the provisions of clause 7.3, any incident that has resulted in a fatality, serious injury, material pollution incident or a material loss.

8.1.7 The Operator shall provide all information requested by any Participant effecting separate insurance to assist such Participant's insurers' investigation of any claims notified pursuant of clause 8.1.6.

8.2 **OPOL**

8.2.1 The Operator as a party to the Offshore Pollution Liability Agreement dated 4 September 1974 (as amended from time to time) ("**OPOL**") and as a member of the Offshore Pollution Liability Association Limited (the "**Association**"), agrees that it, as the Operator for the Joint Operations, will be bound by and will comply with the provisions from time to time of OPOL, the memorandum and articles of association and the rules of the Association.

8.2.2 The Operator shall make OPOL applicable to such Offshore Facilities (as defined in OPOL) as are used for the purpose of the Joint Operations.

8.2.3 Any payments made by the Operator under clause IV of OPOL and/or under article 7 of the articles of association of the Association, as well as under any other provisions of either OPOL or of the memorandum or articles of association or the rules of the Association which arise out of the foregoing provisions of this clause 8.2 and fall due while it remains the Operator shall be for the Joint Account.

8.2.4 The Non-Operators hereby agree to execute and promptly provide to the Operator such forms (including the Non-Operator's Verification of Insurance) and provide such information for establishing their obligations and financial responsibility to meet their Percentage Interest share of claims under OPOL as may be required by the Operator from time to time.

8.2.5 Any release obtained by the Operator from Claimants (as defined in OPOL) shall include a release of the Non-Operators as well as the Operator.

8.3 **Litigation**

8.3.1 The Operator shall promptly notify the Participants of:

(a) any incidents, accidents or circumstances causing damage to Joint Property, the costs of which may exceed five hundred thousand Pounds (£500,000);

(b) any serious injury or fatality in connection with the Joint Operations; and

(c) any claim, litigation, demand or judgement relating to the Joint Operations where the total amount in dispute and/or the total amount of damages together with any costs are estimated to exceed five hundred thousand Pounds (£500,000), or such other amount as may from time to time be determined by the Joint Operating Committee.

8.3.2 The Operator shall have the authority to pursue, defend or settle any claim, litigation, lien, demand or judgement relating to the Joint Operations (other than as between the Participants) provided that:

(a) in the case of any litigation (irrespective of the estimated amount of damages and costs) to be prosecuted or defended otherwise than in any court in the United Kingdom the Operator shall have no such authority without the prior approval of all the Participants except such authority as may be necessary:

(i) to prevent judgement being given against the Joint Account while full authority by the Participants is being sought; and

(ii) solely to enable the Operator to contest the exercise by the relevant court of jurisdiction in the matter, provided that the Operator first obtains legal advice in the relevant jurisdiction from an appropriate reputable legal practitioner that the contest itself would not constitute submission by the Operator to such jurisdiction; and

(b) where the total amount in dispute and/or the total amount of damages together with any costs are estimated to exceed five hundred thousand Pounds (£500,000), or such other amount as may from time to time be determined by the Joint Operating Committee, the Operator shall have no such authority, save as set out in clause 8.3.2(a), without the prior approval of the Joint Operating Committee.

8.3.3 Any Non-Operator shall promptly notify the other Participants of any claim, litigation, lien, demand or judgement relating to or which may affect the Joint Operations. In so far as such claim, litigation, lien, demand or judgement relates to a matter in respect of which such Non-Operator wishes to be indemnified pursuant to clause 22.2 such Non-Operator shall defend or settle it in accordance with the directions of the Joint Operating Committee (or, in default of any direction from the Joint Operating Committee, at its own discretion acting reasonably and taking into account the interests of the other Participants). Where the Non-Operator is entitled to be indemnified pursuant to clause 22.2, such costs, expenses and damages as are payable pursuant to such defence or settlement so relating shall be for the Joint Account except where such defence or settlement arises in respect of an encumbrance granted by such Participant, in which case it shall be liable for all costs, expenses and damages incurred in respect of it.

8.3.4 Notwithstanding the foregoing provisions of this clause 8.3, each Participant having a potential liability in respect thereof shall have the right to participate in any prosecution, defence or settlement conducted in accordance with clause 8.3.2 or 8.3.3 at its sole cost and expense provided that such participation shall not prejudice the interests of the other Participants.

## 9. THE JOINT OPERATING COMMITTEE

### 9.1 Establishment and Powers

9.1.1 There is hereby established a Joint Operating Committee which shall exercise overall supervision and control of all matters pertaining to the Joint Operations. Without limiting the generality of the foregoing, but subject as otherwise provided in this Agreement, the powers and duties of the Joint Operating Committee shall include:

(a) the consideration and determination of all matters in general relating to policies, procedures and methods of operation hereunder with the intent that all such operations should be undertaken in a manner consistent with Good Oilfield Practice and in compliance with best practice standards in respect of health and safety and of the environment; and

(b) the consideration, and, if so required, determination of inter alia the following:

(i) exploration, appraisal, development and production strategies;

(ii) contract strategy;

(iii) decisions as to cessation of production, strategies for Decommissioning and the disposal of Joint Property; and

(iv) any other matter relating to the Joint Operations which may be referred to it by the Participants or any of them (other than any proposal to amend this Agreement) or which is otherwise designated under this Agreement for reference to it; and

(c) the approval of Programmes and Budgets; and

(d) the amendment of the monetary limits set out in this Agreement from time to time either generally or in respect of particular operations or particular phases of operations, to take account of the general level of inflation and (if appropriate) the prevailing costs of relevant goods and services, at the request of the Operator or any Participant.

9.2 **Representation**

The Joint Operating Committee shall consist of one representative appointed by each of the Participants provided always that more than one of the Participants may appoint the same representative who shall represent them separately. Each Participant shall, as soon as possible after the date of this Agreement, give notice to all the other Participants of the name of its representative and of an alternate on the Joint Operating Committee. Such representative may be replaced from time to time, by like notice. Representatives may bring to meetings of the Joint Operating Committee such advisers as they consider necessary. The representative of a Participant or, in the absence of the representative, his alternate, shall be deemed authorised to represent and bind such Participant with respect to any matter which is within the powers of the Joint Operating Committee.

9.3 **Chairman**

The representative of the Participant who is the Operator shall be the chairman of the Joint Operating Committee (the "**Chairman**").

9.4 **Meetings**

9.4.1 The Joint Operating Committee shall hold meetings at least once every other Quarter; or at such other regular intervals as may be decided by the Joint Operating Committee, at the Operator's designated office or at such other place as may be determined by the Joint Operating Committee. The Operator shall call such meetings and shall give at least twenty (20) days' notice of the time and date of each meeting, together with an agenda and appropriate data and information relating to the matters to be considered at that meeting. By notice to all the other Participants, any Participant

can advise of additional matters which such Participant desires to be considered at the meeting, and provided such notice is given at least ten (10) days before the date of the meeting, those matters will be considered.

9.4.2 The Joint Operating Committee shall hold a special meeting upon the request of any of the Participants. Such request shall be made by notice to all the other Participants and state the matters to be considered at that meeting. Upon receiving such request, the Operator shall without delay call a special meeting for a date not less than seven (7) nor more than ten (10) days after receipt of the request.

9.4.3 For any meeting of the Joint Operating Committee, the period of notice stipulated above may be waived with the consent of all the Participants.

9.4.4 Any Participant who is entitled to vote on the matters proposed to be discussed at a scheduled meeting but which is not represented at such meeting may vote on any matter on the agenda for such meeting by either:

(a) appointing a proxy in writing; or

(b) giving notice of such vote to the Operator prior to the submission of such matter for vote at such meeting.

9.4.5 To the extent that a Participant who is entitled to vote on the matters proposed to be discussed at a scheduled meeting of the Joint Operating Committee does not attend such scheduled meeting of the Joint Operating Committee (and also does not make use of its rights pursuant to clause 9.4.4), the Chairman of the Joint Operating Committee shall adjourn the meeting for seven (7) days, and shall notify each Participant of the revised details of the meeting. To the extent that a Participant who is entitled to vote on the matters proposed to be discussed at a scheduled meeting of the Joint Operating Committee does not attend such reconvened meeting of the Joint Operating Committee (and also does not make use of its rights pursuant to clause 9.4.4), such Participant shall be deemed to have voted in the same way as the Participants who are entitled to vote on the matters and who have attended the reconvened meeting.

9.5 **Minutes**

The Chairman of the Joint Operating Committee shall appoint a secretary for the Joint Operating Committee who will prepare the minutes of each meeting and provide each Participant with a copy of them not more than fourteen (14) days after the end of the meeting. Each Participant shall notify all the other Participants of its approval or disapproval of the minutes within seven (7) days of receipt of them. A Participant who either: (i) is not entitled on the matters discussed at the meeting; or (ii) fails to so notify, will be deemed to have approved the minutes. The approval or disapproval of the minutes as aforesaid shall not affect the validity of any action taken in good faith by the Operator prior to receipt of any such notice on the basis of its understanding of the decisions of the Joint Operating Committee.

9.6 **Action without a Meeting**

9.6.1 The Participants may vote on and determine by notice to the Operator any proposal of which they are given notice by the Operator (on its own initiative or on the request of a Participant or by a Participant) and which they could validly determine at a meeting of the Joint Operating Committee if duly held for that purpose. Each Participant who is entitled to vote on the relevant matter shall cast its vote within fourteen (14) days after

the proposal is received by it except that where the Participants are requested to vote on and determine any proposal relating to the deepening, side-tracking, testing, plugging back, suspending or abandoning of a well on which drilling equipment is then located or where, in the reasonable opinion of the Operator or the Non-Operator notifying the proposal as the case may be the matter presented for consideration by its nature requires determination in less than fourteen (14) days and such fact and lesser period are so stated in the notice submitting the proposal, the Participants shall cast their votes within such lesser period which shall not be less than forty-eight (48) hours after receipt of the proposal. Failure by a Participant who is entitled to vote on the relevant matter to cast its vote within the relevant period shall be regarded as a vote by that Participant against the proposal.

9.6.2 The Operator will give prompt notice of the results of any such voting to the Participants and any decision so taken shall be binding on the Participants notwithstanding that any Participant may have requested a special meeting to discuss any such proposal under clause 9.4.2.

9.7 **Sub-Committees**

The Joint Operating Committee may establish such advisory sub-committees as it considers desirable from time to time. Each sub-committee established shall be given written terms of reference and shall be subject to such procedures as the Joint Operating Committee may determine. The meetings of sub-committees will as far as possible be arranged so that the minutes of such meetings can be presented to the Participants in sufficient time for consideration before the next following regular meeting of the Joint Operating Committee.

9.8 **Voting Procedure**

9.8.1 Unless otherwise expressly provided in this Agreement, each Participant shall have a voting interest equal to its Percentage Interest.

Voting

9.8.2 The following voting provisions shall apply during New Magnus Phase 1 and New Magnus Phase 4:

(a) Save for Reserved Matters, decisions of the Joint Operating Committee shall require the affirmative vote of any two (2) or more Participants (and for this purpose a Participant and its Affiliates shall be deemed to be a single Participant) having in aggregate a Percentage Interest of at least eighty percent (80%).

(b) With regard to Reserved Matters all decisions shall require the affirmative vote of both BP and EnQuest but no other Participant.

For the purposes of this clause 9.8.2, if the right of a Participant to vote shall have been excluded pursuant to clause 17.6.1, decisions of the Joint Operating Committee shall be made by the affirmative vote of the Participants entitled to vote.

9.8.3 The following voting provisions shall apply during New Magnus Phase 3:

(a) Save for the Reserved Matters, decisions of the Joint Operating Committee shall require only the affirmative vote of BP, provided that the Operator shall in no event be obliged to carry out any action or

activity which the Operator believes (acting reasonably) would place the Operator in breach of any Legislation.

(b) With regard to the Reserved Matters, all decisions of the Joint Operating Committee shall require the affirmative vote of both BP and EnQuest but no other Participant.

For the purposes of this clause 9.8.4, if the right of a Participant to vote shall have been excluded pursuant to clause 17.6.1, decisions of the Joint Operating Committee shall be made by the affirmative vote of the Participant entitled to vote.

9.8.4 The following matters and decisions ("**Reserved Matters**") require the affirmative vote of BP and EnQuest but no other Participant:

(a) the authorising of the Operator to prosecute or defend litigation outside the United Kingdom as set out under clause 8.3.2(a);

(b) waiver of the period of notice for a meeting of the Joint Operating Committee as set out under clause 9.4.3;

(c) approval of the creation of a New Area as set out under clause 9.10.1;

(d) approval of any development Programme and Budget as set out under clause 11;

(e) any decision to abandon the Joint Operations;

(f) approval of the disclosure of confidential information as set out in clause 19.1;

(g) consent to the transfer of an interest under the Licence or this Agreement;

(h) any amendment of this Agreement;

(i) any change to the Accounting Procedure;

(j) any decision to permanently cease production under and/or to determine the Licence;

(k) any matter or decision relating to Decommissioning, including but not limited to: (i) approval of any Proposed Decommissioning Plan as set out in clause 13.1.2; and (ii) approval under clause 6.5.4(d) where such proposal to award a contract to a third party relates to the carrying out of activities relating to Decommissioning;

(l) the renegotiation of the WoS GSAs such that the Up and Over Service Termination Date differs from that prevailing at the date of this Agreement;

(m) prior to the Up and Over Service Termination Date, the service of a notice under [clause 2.3(b)(iii) and/or clause 2.6.1] of the WoS GSAs; and [***Note: clause refs to be checked against GSAs prior to execution***]

(n) prior to the Up and Over Service Termination Date, ceasing to provide a service to Seller (as defined under the WoS GSAs) under one or more of the WoS GSAs on the grounds that it has become uneconomic to

operate, repair and maintain the Buyer's Facilities (as defined under the WoS GSAs).

9.8.5 Notwithstanding any provision to the contrary in this Agreement, the exercise by either EnQuest or BP of any right to serve a notice under clause 2 shall not require the approval or consent of the Joint Operating Committee.

9.8.6 Each Participant shall be bound by each decision of the Joint Operating Committee duly made in accordance with the provisions of this Agreement.

9.8.7 Where this Agreement provides that the agreement, approval or consent of the Joint Operating Committee is not to be unreasonably withheld or delayed in respect of any matter, then no Participant shall unreasonably withhold or delay its vote in respect of such matter and each Participant shall act reasonably when exercising its right to vote in respect of such matter.

9.9 **Licence Provisions**

9.9.1 Work Obligations

Where the Secretary prescribes conditions for the continuation of a Licence in accordance with its terms, any such conditions involving the carrying out of work on the Licence shall be considered as Work Obligations as between those Participants who have elected to continue the Licence under clause 9.9.2.

9.9.2 Not less than two hundred and seventy (270) days prior to the latest date on which notice may be given to continue or extend the Licence beyond its original term, the Operator shall convene a special meeting of the Joint Operating Committee to decide whether to continue or extend the Licence and what notice, if any, is to be given to the Secretary. At each such meeting:

(a) should no Participant vote to continue or extend the Licence then the Licence shall be determined at the expiration of the applicable term; or

(b) should any of the Participants vote to continue or extend the Licence, notice to continue the Licence shall be given in accordance with this clause.

9.9.3 In relation to the continuation or extension of the Licence, each of the Participants agrees to execute such documents as may be necessary to effect the continuation of the Licence for the benefit of those Participants desiring to continue the Licence.

**9.10 New Areas**

9.10.1 One or more Participants having a beneficial interest in a proposed New Area and wishing to create such New Area by transferring to another Participant or a third party all or part of their respective Percentage Interests in such New Area shall be entitled to do so only upon satisfaction of all of the following requirements:

(a) those Participants intending to create a New Area (the "**Proposing Participant**") notifying the other Participants of their intention to create such New Area (the boundaries of which shall be clearly identified);

(b) the Joint Operating Committee approving such New Area;

(c) receipt of all necessary third party approvals;

(d) the transfer of all or part of the said Proposing Participant's Percentage Interest in respect of the New Area (the "**Transferred Interest**") having effect in accordance with clause 23;

(e) the party acquiring the Transferred Interest (the "**Acquiring Party**") assuming all Benefits and Liabilities under this Agreement insofar as it relates to the New Area in respect of such Transferred Interest (whether actual, accrued, contingent or otherwise or whether arising before, at or after the time of the said transfer) as if the Acquiring Party had at all times been a party to this Agreement insofar as it relates to the New Area in place of the Participant from who it acquired the Transferred Interest.

9.10.2 Immediately after the provisions of clause 9.10.1 taking effect, this Agreement shall take effect as two (2) separate and distinct agreements as follows:

(a) one (1) agreement which shall apply as a separate and distinct agreement (the "**New Area JOA**") between those Participants holding a beneficial interest in the New Area (the "**New Area JOA Participants**"); and

(b) the other agreement which shall apply as a separate and distinct agreement (the "**Remaining Area JOA**") between those Participants holding a beneficial interest in the Remaining Area (the "**Remaining Area JOA Participants**").

9.10.3 The New Area JOA Participants and the Remaining Area JOA Participants (together with any other persons that are licensees of the Licence) shall enter into appropriate trust and indemnity arrangements in respect of the New Area and the Remaining Area which unless agreed otherwise shall be in the form attached hereto as Schedule 2.

9.10.4 For the avoidance of doubt and subject always to the arrangements described in clause 9.10.3:

(a) the New Area JOA Participants may amend, supplement, substitute, terminate, restate and novate the New Area JOA without the participation of or reference to the Remaining Area JOA Participants and provided further that the New Area JOA Participants shall have no Benefits or Liabilities under the Remaining Area JOA unless they currently are or subsequently become party to it; and

(b) The Remaining Area JOA Participants may amend, supplement, substitute, terminate, restate and novate the Remaining Area JOA without the participation of or reference to the New Area JOA Participants and provided further that the Remaining Area JOA Participants shall have no Benefits or Liabilities under the New Area JOA unless they currently are or subsequently become party to it.

## 10. EXPLORATION AND APPRAISAL PROGRAMMES AND BUDGETS

### 10.1 Annual Programme and Budget

10.1.1 The Operator shall, if the Joint Operating Committee so decides and as soon as practicable after such decision, submit to the Participants a proposed exploration and/or appraisal Programme and Budget for the next Year showing:

(a) in the exploration section of the Programme and Budget, the exploration wells to be drilled and other work to be undertaken, specifying in each case where any approval is requested on a contingent basis, dependent on the success of another part of the work programme;

(b) in the appraisal section of the Programme and Budget, the appraisal wells to be drilled and other work to be undertaken, specifying in each case where any approval is requested on a contingent basis, dependent on the success of another part of the work programme;

(c) the information required under clause 15; and

(d) such other information as the Joint Operating Committee may have required the Operator to provide.

10.1.2 The proposed exploration and/or appraisal Programme and Budget shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall consider such exploration and/or appraisal Programme and Budget and make such revisions to it as it may determine as soon as practicable but in any event not later than 1st October. Not later than 1st December the Joint Operating Committee shall approve an exploration and/or appraisal Programme and Budget and such approval shall, subject to clauses 10.2 and 10.3, authorise and oblige the Operator to proceed with the exploration section of the Programme and Budget. The Operator shall not however be authorised nor obliged to proceed with any items identified as contingent items in the Programme and Budget unless and until approved as firm items by the Joint Operating Committee. Notwithstanding the above, where commitments are required prior to approval of the Programme and Budget, the Joint Operating Committee will use reasonable endeavours to approve such commitments in advance of approving the Programme and Budget and in time to allow such commitments to be made and any commitments so approved shall form part of the approved Programme and Budget to which they relate.

10.1.3 In the event of a Discovery, the Operator shall, if the Joint Operating Committee so decides and as soon as practicable after such decision, submit to the Participants an appraisal Programme and Budget to evaluate such Discovery (to the extent not already covered by the Programme and Budget referred to in clause 10.1.1) which shall to the extent practicable, incorporate the elements referred to in clause 10.1.1 and which shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall, as soon as practicable following submission of the proposed appraisal Programme and Budget consider such Programme and Budget and make such revisions to it as may be agreed. Unless the Joint Operating Committee otherwise decides, the Joint Operating Committee shall approve or reject the proposed appraisal Programme and Budget within ninety (90) days of its submission by the Operator to the Participants and such approval shall, subject to clauses 10.2 and 10.3, authorise and oblige the Operator to proceed with it.

10.2 **Authorisation for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any commitment or incurring any capital expenditure or seismic expenditure in excess of one million Pounds (£1,000,000) under an approved exploration and/or appraisal Programme and Budget submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, the Operator shall be authorised and obliged, subject to clauses 6.5 and 10.3, to proceed with such commitment or expenditure. The Operator shall prepare and submit to the Participants a separate AFE for each exploration or appraisal well, on a dry-hole basis. Drill stem testing shall be a contingent item.

10.3 **Review and Amendments**

10.3.1 The Operator shall, as and when required by the Joint Operating Committee, review the approved exploration and/or appraisal Programme and Budget and submit to the Participants a report thereon.

10.3.2 At any time any Participant may, by notice to the other Participants, propose that an approved exploration and/or appraisal Programme and Budget and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised exploration and/or appraisal Programme and Budget incorporating any such amendment and showing the matters listed under clause 10.1.1. To the extent that any such amendment or revised exploration and/or appraisal Programme and Budget is approved by the Joint Operating Committee, the approved exploration and/or appraisal Programme and Budget and/or AFE shall be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

10.4 **Expenditure Overruns**

The Operator shall use reasonable endeavours not to exceed the approved exploration and/or appraisal Programme and Budget but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of an approved exploration and/or appraisal Programme and Budget up to ten per cent (10%) of the amount of the approved Programme and Budget.

Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 10.4, the Operator shall revise the appropriate AFE and/or Programme and Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment.

## 11. DEVELOPMENT PROGRAMMES AND BUDGET

11.1 **Development Programme and Budgets**

11.1.1 The Operator shall, if the Joint Operating Committee so decides and as soon as practicable after such decision, submit to the Participants a proposed development Programme and Budget for a Discovery showing:

(a) the projects and other work to be undertaken;

(b) the information required under clause 15;

(c) the manner in which the development is to be managed with details of the number of employees and contract personnel required;

(d) an estimate of the date of commencement of production and of the annual rates of production; and

(e) such other information as the Joint Operating Committee may have required the Operator to provide.

11.1.2 The proposed development Programme and Budget shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall meet to consider such development Programme and Budget as soon as practicable and to make such revisions to it as it may determine. Unless the Joint Operating Committee otherwise decides, the Joint Operating Committee shall approve or reject the development Programme and Budget within one hundred and twenty (120) days of its submission by the Operator to the Participants.

11.2 **Authorisation for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any commitment or incurring any capital expenditure in excess of five hundred thousand Pounds (£500,000) with respect to the preparation of a development Programme and Budget or under an approved development Programme and Budget submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, the Operator shall be authorised and obliged, subject to clauses 6.5 and 11.3, to proceed with such commitment or expenditure. The Operator shall prepare and submit to the Participants a separate AFE for each development well.

11.3 **Review and Amendment**

11.3.1 The Operator shall, in each Year, review the approved development Programme and Budget and submit to the Participants not later than 1st September a report thereon together with an update of such development Programme and Budget dealing separately with the next Year and the remaining phases of the approved development Programme and showing the matters listed under clause 11.1.1.

11.3.2 At any time any Participant may, by notice to all the other Participants, propose that an approved development Programme and Budget and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised development Programme and Budget incorporating any such amendment and showing the matters listed under clause 11.1.1. To the extent that any such amendment or revised development Programme and Budget is approved by the Joint Operating Committee, the approved development Programme and Budget and/or AFE shall, subject to obtaining any necessary consent of the Secretary, be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitments or expenditure made by the Operator prior to such amendment.

11.4 **Expenditure Overruns**

11.4.1 The Operator shall use reasonable endeavours not to exceed the approved development Programme and Budget but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of an approved development Programme and Budget up to ten per cent (10%) of the amount of such approved Programme and Budget.

11.5 Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 11.5, the Operator shall revise the appropriate AFE and/or Programme and Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment.

## 12. PRODUCTION PROGRAMMES AND BUDGETS

12.1 **Production Programme and Budget**

12.1.1 The Operator shall not later than 1st September in [the Year prior to the expiry of the Agreed WP&B and each subsequent Year/each Year] until cessation of production, submit to the Participants a proposed production Programme and Budget for the next Year showing:

(a) the projects and other work to be undertaken;

(b) the information required under clause 15;

(c) an estimate of the date of commencement of production (if appropriate) and of the monthly total production for each major production stream and injection stream and the maximum daily rate to be achieved for each such stream in each Month; and

(d) such other information as the Joint Operating Committee may have required the Operator to provide.

12.1.2 The proposed production Programme and Budget shall be subject to consideration, revision and approval by the Joint Operating Committee. The Joint Operating Committee shall meet to consider such production Programme and Budget and make such revisions to it as it may determine as soon as practicable but in any event not later than 1st October. Not later than 1st December the Joint Operating Committee shall approve a production Programme and Budget and such approval shall, subject to clauses 12.2 and 12.3, authorise and oblige the Operator to proceed with it. Notwithstanding the above, where commitments are required prior to approval of the production Programme and Budget, the Joint Operating Committee will use reasonable endeavours to approve such commitments in advance of approving the production Programme and Budget and in time to allow such commitments to be made and any commitments so approved shall form part of the approved Programme and Budget to which they relate. If the Joint Operating Committee does not approve a production Programme and Budget by 31st December then, unless otherwise decided by the Joint Operating Committee, the Operator shall continue to operate the Joint Property to produce Petroleum in accordance with the most recently approved

production profile for the field and with Good Oilfield Practice for the next ninety (90) days and shall be entitled to incur operating expenditure (and such capital expenditure as is necessary to maintain assets) in order to do so. If no agreement on a production Programme and Budget is reached during such ninety (90) day period, then at the end of such period the Operator shall cease production.

12.2 **Authorisations for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any capital commitment or incurring any capital expenditure in excess of two million Pounds (£2,000,000) under an approved production Programme and Budget submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, the Operator shall be authorised and obliged, subject to clauses 6.5 and 12.3, to proceed with such capital commitment or capital expenditure. The Operator shall prepare and submit to the Participants a separate AFE for each production well.

12.3 **Amendment**

At any time any Participant may, by notice to all the other Participants, propose that an approved production Programme and Budget and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised production Programme and Budget incorporating any such amendment and showing the matters listed under clause 12.1.1. To the extent that an amendment is approved by the Joint Operating Committee, the approved production Programme and Budget and/or AFE shall (subject to obtaining any necessary consent of the Secretary) be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

12.4 **Expenditure Overruns**

12.4.1 The Operator shall use reasonable endeavours not to exceed the approved production Programme and Budget but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of an approved production Programme and Budget up to ten per cent (10%) of the amount of the approved Programme and Budget.

Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 12.4, the Operator shall revise the appropriate AFE and/or Programme and Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment.

## 13. DECOMMISSIONING PROGRAMME AND BUDGET

13.1 **Decommissioning Programme and Budget**

13.1.1 The Operator shall submit to the Participants by 30 June each Year a proposed Decommissioning Programme and Decommissioning Budget (the "**Proposed Decommissioning Plan**") showing:

(a) a geological/reservoir review of the field;

(b) the work to be undertaken to facilitate Decommissioning;

(c) an updated Other Property Register showing any changes from the previous year;

(d) the information required under clause 15;

(e) an estimate of the dates on which Decommissioning will commence and be completed;

(f) all other matters relevant to the proper preparation for and management of Decommissioning, including but not limited to decommissioning options, alternative uses for Joint Property, an assessment of eligibility for derogation from removal obligations, and the salvage value of Joint Property where it cannot be reused;

(g) any necessary post-Decommissioning monitoring, maintenance and insurance to be obtained; and

(h) such other information as the Joint Operating Committee may have required the Operator to provide,

provided that: (x) the items to be included in the Proposed Decommissioning Plan listed in this clause 13.1.1 shall at all times be based on the information available to the Operator at the time, acting as a Reasonable and Prudent Operator; and (y) until the date that is five (5) Years prior to the anticipated date of submitting a Decommissioning Programme to the Secretary in accordance with clause 13.1.2, such Proposed Decommissioning Plan will be submitted to the Participants for information purposes only and will not be subject to approval or revision by the Joint Operating Committee pursuant to clause 13.1.3 (provided however that the Participants shall be entitled to provide comments on and revisions to such Proposed Decommissioning Plan, and the Operator shall be obliged (acting reasonably and in good faith) to take account of such comments and proposed revisions.

13.1.2 Without prejudice to clause 13.1.1, no later than a date twelve (12) Months prior to the anticipated date of submitting a Decommissioning Programme to the Secretary for approval under the Petroleum Act 1998, the Operator shall re-submit to the Participants the latest Proposed Decommissioning Plan, which shall require the unanimous approval of the Joint Operating Committee in accordance with clause 9.8.

13.1.3 The Joint Operating Committee shall meet to consider the Proposed Decommissioning Plan as soon as practicable following receipt of the Proposed Decommissioning Plan pursuant to clause 13.1.2 and shall make such revisions to it as it may determine prior to submission to the Secretary as the Decommissioning Programme. Unless the Joint Operating Committee otherwise decides, the Joint Operating Committee shall approve or reject the Proposed Decommissioning Plan within ninety (90) days of its re-submission by the Operator.

13.1.4 If approval is given in accordance with clause 13.1.3, such approval shall authorise and oblige the Operator to submit the Decommissioning Programme forming part of such Proposed Decommissioning Plan to the Secretary for approval under the Petroleum Act 1998.

13.1.5 If the Joint Operating Committee has not approved the Proposed Decommissioning Plan by a date which is six (6) Months prior to the due date for submission of a Decommissioning Programme to the Secretary, then the Proposed Decommissioning Plan proposed by the Operator shall be deemed to be approved by the Joint Operating Committee and the Operator shall be authorised and obliged to submit the Decommissioning Programme forming part of such Proposed Decommissioning Plan as the Decommissioning Programme to the Secretary for approval under the Petroleum Act 1998.

13.1.6 Upon the Secretary approving a Decommissioning Programme the Operator shall, subject to clauses 13.2 and 13.3, be authorised and obliged to proceed with it as approved.

13.1.7 The Proposed Decommissioning Plan approved (or deemed approved) by the Joint Operating Committee pursuant to this clause 13.1 (the Decommissioning Programme part thereof also being approved by the Secretary) shall be the "**Approved Decommissioning Plan**".

13.2 **Authorisation for Expenditure**

Except as provided in clause 6.10.2, the Operator shall, before entering into any commitment or incurring any decommissioning expenditure in excess of two million Pounds (£2,000,000) under an Approved Decommissioning Plan, submit to the Participants an AFE for it in accordance with the Accounting Procedure. To the extent that the Joint Operating Committee approves an AFE, such approval not to be unreasonably withheld or delayed where the AFE is consistent with the Approved Decommissioning Plan, the Operator shall be authorised and obliged, subject to clauses 6.5 and 13.3, to proceed with such commitment or expenditure.

13.3 **Amendment**

At any time any Participant may, by notice to all the other Participants, propose that the Approved Decommissioning Plan be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised Approved Decommissioning Plan incorporating any such amendment and showing the matters listed under clause 13.1.1. To the extent that the Joint Operating Committee approves an amendment, the Approved Decommissioning Plan shall be deemed amended accordingly, subject to any necessary approval by the Secretary, provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

13.4 **Expenditure Overruns**

The Operator shall use reasonable endeavours not to exceed the Decommissioning Budget forming part of the Approved Decommissioning Plan but shall be entitled without prior approval of the Joint Operating Committee to incur expenditure:

(a) in excess of an approved AFE up to ten per cent (10%) of the amount of the approved AFE; and

(b) subject to (a) above, in excess of such a Decommissioning Budget up to ten per cent (10%) of the amount of such Decommissioning Budget.

Whenever it appears to the Operator that the over-expenditure for any item will exceed the amount authorised under this clause 13.4, the Operator shall revise the appropriate AFE and/or

Decommissioning Budget and will seek the prior approval of the Joint Operating Committee to incur the additional expenditure prior to entering into any further commitment, such approval not to be unreasonably withheld or delayed where the over-expenditure is necessary to comply with the Approved Decommissioning Plan.

**14. [AGREED WORK PROGRAMME AND BUDGET] [*DRAFTING NOTE: TO REMOVE IF AGREED WP&B HAS EXPIRED AT DATE OF BP TRANSFER*]**

14.1 [Each Participant acknowledges and agrees that the Agreed WP&B shall apply in respect of all work to be performed and expenditure to be incurred in respect of the Joint Operations for the period provided for in the Agreed WP&B, and that the provisions of clauses 10 to 13 shall not apply in respect of any matter identified in the Agreed WP&B. From the date of this Agreement, the Operator shall, subject to clause 14.2, be authorised and obliged to proceed with the Agreed WP&B as it then applies.

14.2 For the duration of the Agreed WP&B, the Operator shall submit to the Participants an AFE for expenditure in accordance with the Accounting Procedure:

14.2.1 before incurring any capital expenditure in excess of two million Pounds (£2,000,000) in respect of those items identified as "CAPEX items requiring AFEs" in Schedule 4 pre-approved under the Agreed WP&B; and

14.2.2 before incurring any expenditure in respect of the well that is contingent under the Agreed WP&B.

14.3 To the extent that the Joint Operating Committee approves an AFE issued pursuant to clause 14.2 (such approval, in respect of clause 14.2.1, only being withheld by a Participant which is entitled to vote if such Participant believes (acting reasonably) that the approval of such AFE would expose the Participants to greater health, safety, security and/or environmental risk than would be expected in the ordinary course of Joint Operations performed in accordance with Good Oilfield Practice), the Operator shall be authorised and obliged, subject to clause 6.5, to proceed with such commitment or expenditure. If a Participant which is entitled to vote withholds its approval to an AFE issued pursuant to clause 14.2, the Participant shall provide to EnQuest details of its reasons for withholding such approval.

14.4 At any time any Participant may, by notice to all the other Participants, propose that the Agreed WP&B and/or an approved AFE be amended. The Joint Operating Committee shall consider such proposal and, if the Joint Operating Committee so requires, the Operator shall prepare and submit to the Participants a revised Agreed WP&B incorporating any such amendment. To the extent that an amendment is approved by the Joint Operating Committee, the Agreed WP&B and/or AFE shall (subject to obtaining any necessary consent of the Secretary) be deemed amended accordingly provided always that any such amendment shall not invalidate any authorised commitment or expenditure made by the Operator prior to such amendment.

**15. GENERAL PROVISIONS RELATING TO BUDGETS**

15.1 Each Programme and Budget required under clauses 10 to 13 shall include:

15.1.1 an estimate in Pounds of the total cost of the applicable Joint Operations and a sub-division of such total into each main classification and sub-classification of cost to provide a breakdown of the workscope into work elements in sufficient detail to allow adequate cost allocation and control. The estimate for each such classification and sub-classification of cost shall be phased on an accrual basis and shall be shown by

Quarter for the first Year and, where applicable, by Year for each subsequent Year of the Programme and Budget;

15.1.2 an estimate of the amount if in excess of one million Pounds (£1,000,000) equivalent of each currency other than Pounds in which such total cost is to be paid, together with the exchange rates used. Such estimate shall be phased by Quarter for the first Year and, where applicable, by Year for each subsequent Year of the Programme and Budget;

15.1.3 the amount of any escalation allowance added;

15.1.4 the amount of any contingency allowance added;

15.1.5 an estimate of the timing and value of AFEs;

15.1.6 an estimate of the cost and the total number of man-Months budgeted; and

15.1.7 a statement indicating which budget items, if any, are contingent upon the outcome of other budget items such as the testing of wells.

15.2 In addition, each development Programme and Budget required under clause 11 shall include:

15.2.1 an estimate of funding currency requirements phased on a cash basis detailing Quarterly requirements for the first Year and annual requirements for each subsequent Year of the development; and

15.2.2 an estimate of the timing and value of commitments to be made under the development Programme and Budget identifying the total commitments under each main classification of cost as provided in clause 15.1.1 in each Quarter of the first Year and in each of the subsequent Years of the development.

15.3 In addition, each production Programme and Budget required under clause 12 shall be divided into capital expenditure and operating expenditure sections and shall include:

15.3.1 an estimate of payments under any major rental contracts and, where relevant, the production profile upon which these payments have been determined;

15.3.2 in the capital expenditure section an estimate of the capital cost to complete activities brought forward commencing in the respective Programme and Budget Year.

15.4 Each review of or amendment to a Programme and Budget as provided in clauses 10 to 13 shall include:

(a) actual cash payments, net of Receipts and accruals to date;

(b) actual commitments to date; and

(c) revised estimates of all items detailed in clauses 15.1 and 15.2 as appropriate.

15.5 The Operator may, with the prior approval of the Joint Operating Committee, transfer sums between Programme and Budget sub-classifications after Programme and Budgets have been approved.

## 16. ACCOUNTING AND CASH CALLS

### 16.1 The Accounting Procedure

16.1.1 The Accounting Procedure is part of this Agreement.

16.1.2 The provisions of paragraph 4 of Schedule 1 shall apply in respect of Cash Calls made pursuant to this Agreement. In the event of any conflict between any provision in the main body of this Agreement and any provision in the Accounting Procedure, the provision in the main body shall prevail.

**16.2 Cash Calls during New Magnus Phase 1**

16.2.1 During New Magnus Phase 1, the Operator shall issue Cash Calls to each of the Participants in proportion to their respective Percentage Interests.

16.2.2 Except as set out in clause 16.2.3, all Cash Calls issued to EnQuest during New Magnus Phase 1 shall be paid in accordance with part G of schedule 2 of the SPA and all Cash Calls issued to the other Participants shall be paid in accordance with the Accounting Procedure.

16.2.3 To the extent any Cash Calls issued during New Magnus Phase 1 relate to Decommissioning, responsibility for such Cash Calls shall be as set out in clause 16.5.2 below. To the extent any Cash Calls issued during New Magnus Phase 1 relate to Retained Expenditure, responsibility for such Cash Calls shall be as set out in clause 16.6 below.

**16.3 Cash Calls during New Magnus Phase 3**

16.3.1 During New Magnus Phase 3, the Operator shall issue Cash Calls to BP only.

16.3.2 Except as set out in clause 16.4.3, regardless of the Participants' respective Percentage Interests at such time, EnQuest shall have no responsibility to pay any Cash Calls during New Magnus Phase 3 and BP shall be responsible for paying a one hundred per cent (100%) Percentage Interest share of all Cash Calls.

16.3.3 To the extent any Cash Calls issued during New Magnus Phase 3 relate to Decommissioning, responsibility for such Cash Calls shall be as set out in clause 16.5.2 below. To the extent any Cash Calls issued during New Magnus Phase 3 relate to Retained Expenditure, responsibility for such Cash Calls shall be as set out in clause 16.6 below.

16.3.4 Notwithstanding any other provision of this Agreement, during New Magnus Phase 3:

(a) BP agrees to indemnify, keep indemnified and hold harmless on demand, EnQuest against any New Magnus Phase 3 Costs which are incurred by EnQuest;

(b) BP agrees to indemnify, keep indemnified and hold harmless on demand, EnQuest against any Liabilities arising or incurred by EnQuest in connection with BP's decision to serve a BP New Phase 4 Notice in breach of the WoS GSAs; and

(c) EnQuest agrees to pay to BP an amount equal to all New Magnus Phase 3 Benefits received by EnQuest (net of any applicable taxes and less any directly applicable costs).

For the avoidance of doubt, this clause 16.4.4 shall prevail over the provisions of clause 22.2.2.

16.3.5 Any amount to be paid in accordance with:

(a) clauses 16.4.4(a) and 16.4.4(b) shall be paid by BP within twenty (20)

Working Days of notification from EnQuest to the EnQuest Nominated Account; and

(b) clause 16.4.4(c) shall be paid by EnQuest within twenty (20) Working Days of receipt by EnQuest of the relevant New Magnus Phase 3 Benefit to the BP Nominated Account.

In the event of default or delay of any payment when due of any sums payable under this clause 16.4.5, interest shall accrue and be payable on such sum (calculated on a simple basis on the accumulated daily balances) in respect of the period from the date payment becomes due until (but excluding) the date of actual payment, at the Interest Rate plus six per cent (6%) per annum from time to time during that period.

**16.4 Cash Calls during New Magnus Phase 4**

16.4.1 For any Liabilities which arise during New Magnus Phase 4 and which do not relate to Decommissioning: the Operator shall issue Cash Calls as set out in clause 16.2.1 above and payment of such Cash Calls shall be made as set out in clause 16.2.2.

16.4.2 For any Liabilities relating to Decommissioning, the Operator shall issue Cash Calls separately in respect of a twenty-five per cent (25%) Percentage Interest (a "**25% Interest Decommissioning Cash Call**") and in respect of a seventy-five per cent (75%) Percentage Interest (a "**75% Interest Decommissioning Cash Call**") regardless of the Participants' respective Percentage Interests at such time and shall in each such Cash Call identify and itemise whether such Liabilities relate to Existing Property, Seller P&A Wells, the Sweetening Facilities, Other Property or New Magnus Phase 3 Property (and provide reasonable supporting evidence for such identification and itemisation).

16.4.3 The Operator shall issue:

(a) each 75% Interest Decommissioning Cash Call to BP and BP shall be responsible for and shall pay all 75% Interest Decommissioning Cash Calls; and

(b) the Operator shall issue each 25% Interest Decommissioning Cash Call to EnQuest; however: (i) BP shall be responsible for and shall pay any Liabilities identified in each 25% Interest Decommissioning Cash Call as relating to Existing Property, Seller P&A Wells, the Sweetening Facilities and New Magnus Phase 3 Property; and (ii) EnQuest shall be responsible for and shall pay any Liabilities identified in each 25% Interest Decommissioning Cash Call as relating to Other Property.

**16.5 Cash Calls relating to Retained Expenditure**

16.5.1 During all New Magnus Phases, the Operator shall issue Cash Calls which relate to Retained Expenditure to BP only.

16.5.2 Regardless of the Participants' respective Percentage Interests at such time, EnQuest shall have no responsibility to pay any Cash Calls which relate to Retained Expenditure and BP shall be responsible for paying a one hundred per cent (100%) Percentage Interest share of all such Cash Calls.

16.5.3 Notwithstanding any other provision of this Agreement, during all New Magnus Phases:

(a) BP agrees to indemnify, keep indemnified and hold harmless on demand, EnQuest against any Retained Expenditure which are incurred by EnQuest in its capacity as the Operator and a Participant; and

(b) EnQuest agrees to pay to BP an amount equal to any Benefit received by EnQuest in respect of any Seller Retained Claims (net of any applicable taxes and less any directly applicable costs).

For the avoidance of doubt, this clause 16.6.3 shall prevail over the provisions of clause 22.2.2.

## 17. DEFAULT

### 17.1 Default

The provisions of this clause 17 shall be without prejudice to any remedies otherwise agreed between BP and EnQuest pursuant to the Transaction Documents or this Agreement.

17.1.1 During New Magnus Phase 1 and New Magnus Phase 4, the following shall constitute a default for the purposes of this Agreement:

(a) in respect of EnQuest, if an EnQuest Material Adverse Event occurs;

(b) in respect of EnQuest, if EnQuest fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement or the SPA (excluding any Cash Call or part thereof which BP is required to pay on EnQuest's behalf) by the due date in accordance with the Accounting Procedure;

(c) in respect of BP, BP fails to pay in full its share of any Cash Call (including any Cash Calls which it is required to pay on behalf of EnQuest pursuant to this Agreement or the SPA) by the due date in accordance with the Accounting Procedure; and

(d) in respect of any other Participant, such Participant fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement by the due date in accordance with paragraph 4.4 or paragraph 4.6 of the Accounting Procedure.

17.1.2 During New Magnus Phase 3, the following shall constitute a default for the purposes of this Agreement:

(a) in respect of EnQuest, if an EnQuest Material Adverse Event occurs;

(b) in respect of BP, BP fails to pay in full its share of any Cash Call (including any Cash Calls which it is required to pay on behalf of EnQuest pursuant to this Agreement or the SPA) by the due date in accordance with the Accounting Procedure; and

(c) in respect of any other Participant, such Participant fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement by the due date in accordance with paragraph 4.4 or paragraph 4.6 of the Accounting Procedure.

17.2 **Notice of Default**

If any of the events described in clause 17.1 occurs, EnQuest (in the case of clauses 17.1.1(c), 17.1.1(d), 17.1.2(b) and 17.1.2(c)), or BP (in the case of clauses 17.1.1(a), 17.1.1(b) and 17.1.2(a)) shall as soon as practicable give notice to all the Participants of such default and the date of its commencement (a "**Default Notice**").

For the purposes of this clause 17, "**Defaulting Participant**" shall mean BP in the case of clauses 17.1.1(c), and 17.1.2(b), EnQuest in the case of clauses 17.1.1(a), 17.1.1(b) and 17.1.2(a) and any Participant that fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement in all other instances in clause 17.1.

17.3 **Failure to Pay**

[If a Participant is in default pursuant to clauses 17.1.1(b), 17.1.1(c), 17.1.1(d), 17.1.2(b), or 17.1.2(c):

17.3.1 with the exception of the Defaulting Participant each Participant ("**Non-Defaulting Participant**") shall contribute, in accordance with this clause 17.3, a share of the amount in default in the proportion that its Percentage Interest bears to the total of the Percentage Interests of the Non-Defaulting Participants and pending receipt of such additional contributions the Operator shall make arrangements to meet any commitments falling due by borrowing the necessary finance or by making the necessary finance available itself and all costs of any such finance shall be charged to the Non-Defaulting Participants; finance made available by the Operator shall bear interest calculated on a day to day basis at a rate equal to two (2) per cent above the Interest Rate from time to time;

17.3.2 within three (3) Working Days following the date of service of the Default Notice, the Operator shall notify all the Participants of the liability of each of the Non-Defaulting Participants to contribute to the amount in default and shall make a further Cash Call accordingly to take effect on the expiry of the six (6) Working Days specified in clause 17.3.1 or on such later date as the Joint Operating Committee may decide; and

17.3.3 if such default continues for more than six (6) Working Days after the date of service of the Default Notice each of the Non-Defaulting Participants shall on the Working Day next following such sixth or later agreed Working Day pay the amount notified under clause 17.3.2, and thereafter shall continue to pay, in addition to its share of subsequent Cash Calls, the same proportion of that part of all such subsequent Cash Calls attributable to the Defaulting Participant until such time as the Defaulting Participant has remedied its default in full or until forfeiture of its interest pursuant to clause 17.7, and failure by any Participant to make such payments shall likewise and with the same results render that Participant in default.

17.4 **Remedy of Default**

17.4.1 The Defaulting Participant shall have the right to remedy the default at any time prior to forfeiture of its interest pursuant to clause 17.7. In respect of a default under clauses 17.1.1(b), 17.1.1(c), 17.1.1(d), 17.1.2(b), or 17.1.2(c) a Participant may remedy the default by payment in full to the Operator or, if the Non-Defaulting Participants have paid any amounts under clause 17.3), the Non-Defaulting Participants, in proportion to the amounts so paid by them, of all amounts in respect of which the Defaulting Participant is in default, together with interest thereon calculated

on a day to day basis at a rate equal to the rate stipulated from time to time under the Late Payment of Commercial Debts (Interest) Act 1998, from and including the due date for payment of such amounts until the actual date of payment.

17.4.2 If the default is remedied in accordance with clause 17.4.1, the Defaulting Participant shall (from the day after the date on which the default is remedied) have restored to it the right to take in kind and dispose of its Percentage Interest share of Petroleum subject to any lifting procedures, but for the avoidance of doubt shall not be entitled to receive or be compensated for any Petroleum sold by the Operator on its behalf pursuant to clause 17.5 during any period in which it was in default.

17.5 **Disposal of Petroleum**

17.5.1 If any default under clauses 17.1.1(b), 17.1.1(c), 17.1.1(d), 17.1.2(b), or 17.1.2(c) continues for more than six (6) Working Days after the date of notification by the Operator under clause 17.2 then, for so long as the default so continues, the Defaulting Participant shall not be entitled to take in kind and dispose of its Percentage Interest share of Petroleum which shall instead be taken in kind and disposed of on behalf of the Defaulting Participant by the Operator and the actual proceeds of such sale (after the deduction of any costs incurred by the Operator in respect of such sale) shall be applied as follows:

(a) first to discharge the liability of the Defaulting Participant to the Non-Defaulting Participants as specified in clause 17.2 (by application to first the interest and then the principal), in the proportions in which their respective Percentage Interests bear to the total of such liability; and

(b) if any proceeds remain in the hands of the Operator after all Liabilities arising under clause 17.4 have been settled, to discharge any outstanding liability of the Defaulting Participant pursuant to any of the Transaction Documents; and

(c) if any proceeds remain in the hands of the Operator after all Liabilities arising under clause 17.4 and any of the Transaction Documents have been settled, to discharge any outstanding liability of the Defaulting Participant to make provision for the costs of Decommissioning; and

(d) if any proceeds remain in the hands of the Operator after all Liabilities arising under clauses 17.5.1(a), 17.5.1(b) and 17.5.1(c) have been settled, the Operator shall transfer such proceeds promptly to the Defaulting Participant.

17.6 **Rights under this Agreement suspended**

17.6.1 After service of a Default Notice and during the continuation of any default the Defaulting Participant shall not be entitled to be represented at meetings of the Joint Operating Committee or any sub-committee of it nor to vote thereat and clause 9.8 shall apply in relation to any matters requiring the consent or approval of Participants under this Agreement, subject to the following provisions:

(a) for any decision requiring the consent or approval of all Participants (including for the avoidance of doubt the approval of any forfeiture pursuant to clause 22.3), the consent or approval of the Defaulting

Participant shall not be required and the consent or approval of all Non-Defaulting Participants shall be sufficient to decide the matter; and

(b) the Defaulting Participant shall be bound by decisions of the Joint Operating Committee or, where this Agreement requires unanimity, by decisions of all of the Non-Defaulting Participants, made during the continuation of the default.

17.6.2 After service of a Default Notice and during the continuation of any default the Defaulting Participant shall have no further access to any data and information relating to the Joint Operations other than such information or data as may be necessary to enable the Defaulting Participant to remedy its default.

17.7 **Forfeiture of interest**

17.7.1 Subject to the remaining provisions of this clause 17.7, in the event that the default by a Participant continues for more than sixty (60) days from the date of service of a Default Notice in respect of a single default (or for a cumulative period of sixty (60) days in respect of a number of defaults within any twelve (12) successive Months) then each of the Non-Defaulting Participants shall have the right to have forfeited to it and to acquire, by notice to the other Participants, the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement.

17.7.2 Until any Non-Defaulting Participant exercises such right as is mentioned in clause 17.7.1 then, without prejudice to any rights of the Non-Defaulting Participants, and unless all the Non-Defaulting Participants agree to abandon the Joint Operations, the Joint Operations shall continue and the Operator shall continue to apply the provisions of clause 17.5.

17.7.3 Any forfeiture of the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement pursuant to clause 17.7.1 shall be:

(a) subject to any necessary consent of the Secretary;

(b) without prejudice to any other rights of each Participant other than the Defaulting Participant;

(c) acquired as beneficial owner or owners free of any charges and encumbrances (other than rent and royalty under the Licence); and

(d) effective as of the date of the transfer of interest.

17.7.4 Upon forfeiture and acquisition of the interest of a Defaulting Participant under clause 17.7.1, a Defaulting Participant shall promptly join in such actions as may be necessary or desirable to obtain any necessary consent of the Secretary and shall execute and deliver any and all documents necessary to effect any such forfeiture and acquisition, and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or land and buildings transaction tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

17.7.5 No other Participant shall be entitled to exercise its rights of forfeiture over EnQuest's Percentage Interest. In the event that BP is entitled to exercise its rights of forfeiture:

(a) BP shall first be obliged to procure that, subject to clause 17.7.5 below,, the Security Trustee exercises its rights pursuant to the Parent Share Charge before BP exercises any of its rights pursuant to any other Security Document or pursuant to its rights of forfeiture;

(b) BP may, following the release and/or discharge of the secured liabilities under the Parent Share Charge or if clause 17.7.5 applies, and subject to clause 17.7.5 below, exercise forfeiture on EnQuest's interest under this Agreement, provided that it shall also be obliged at the same time to procure that the Security Trustee enforces its security over all (and not part only) of the remaining assets secured by the Security Documents; and

(c) the provisions relating to fair market value to be paid by the Security Trustee to EnQuest set out in clauses 16.11 and 16.12 of the Security Trust and Waterfall Deed shall apply.

17.7.6 Clause 17.7.5(a) shall not require BP to procure that the Security Trustee exercises its rights pursuant to the Parent Share Charge where the value of the shares in EnQuest has been adversely affected by EnQuest taking on additional assets or liabilities in breach of its obligations under the Transaction Documents.

17.7.7 Clause 17.7.5(b) shall not require BP to procure that the Security Trustee exercises its rights pursuant to any Security Document over all (and not part only) of the remaining assets secured by the Security Documents where the value of one or more of such assets have been adversely affected by EnQuest taking on additional assets or liabilities in breach of its obligations under the Transaction Documents, provided such obligations shall continue to apply to the unaffected assets.

17.7.8 In the event that BP exercises its rights of forfeiture under this clause 17, EnQuest shall be deemed to have resigned as Operator and BP shall be the successor Operator in accordance with the procedure set out in clause 5.7.

17.8 **Power of Attorney**

17.8.1 The Defaulting Participant appoints the Non-Defaulting Participants to be its attorney for the purposes of:

(a) taking and disposing on its behalf of its Percentage Interest share of any Petroleum and applying the proceeds as set out in clause 17.5;

(b) taking such actions as may be necessary or desirable to obtain any necessary consent of the Secretary to a forfeiture pursuant to clause 17.7.2;

(c) executing and delivering on its behalf and in its name any and all documents necessary to effect any such forfeiture and acquisition; and

(d) where relevant, transitioning the role of Operator to a successor Operator,

and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or land and buildings transaction tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

17.9 **Set off**

Each Participant acknowledges and accepts that a fundamental principle of this Agreement is that each Participant pays its full share of any Cash Call due under this Agreement as and when required. Accordingly, any Participant that becomes a Defaulting Participant undertakes that, in respect of either any exercise by the Non-Defaulting Participants of any rights under or the application of any of the provisions of this clause 17, such Participant hereby waives any and all rights of set-off, counterclaim, withholding or any deduction of any kind including for any Taxation, banking transfer or other costs or claims except to the extent required by Law. Each Participant further agrees that the nature and the amount of the remedies granted to the Non-Defaulting Participants are reasonable and appropriate in the circumstances.

17.10 **Default following release of Security**

The terms of this clause 17 shall be disapplied, and Schedule 6 shall apply in its place, following release of the Security (as defined in and in accordance with the terms of the Security Trust and Waterfall Deed).

## 18. DISPOSAL OF PETROLEUM

18.1 Subject to clause 17.5 and (in respect of BP and EnQuest only) the terms of the SPA, in respect of any Petroleum produced from the Licence Area:

(a) subject to clause 16.4.4(c), each of the Participants shall have the right to take in kind and separately dispose of its Percentage Interest share in the total quantities of Petroleum available under this Agreement, provided always that the Operator shall have the right to use in any Joint Operations as much of such Petroleum as may be needed by it for that purpose and the quantities to be so used shall be excluded from the estimates to be provided by the Operator;

(b) subject to clause 16.4.4(c), each of the Participants shall have the right to take in kind and separately dispose of its Percentage Interest share in all Petroleum produced; and

(c) the Participants which have or may have Percentage Interests in respect of such development shall prior to the commencement of production agree allocation, attribution and lifting procedures to reflect the principles set out at paragraphs (a) and (b) of this clause 18.1.

18.2 Subject to clause 19 and to the extent permitted by applicable law, for the duration of EnQuest's role as Operator under this Agreement, it shall provide BP with details (along with all reasonable supporting information) of all aggregated volumes and monthly aggregate sales information in respect of its Percentage Interest share in the total aggregate quantities of Petroleum available under this Agreement (the "**Operating Participant's Petroleum Receipts**") in accordance with the Accounting Procedure.

## 19. DATA AND CONFIDENTIALITY

19.1 **Confidential Data and Information**

19.1.1 All data and information acquired or received by any Participant (including by the Participant acting in the capacity of Operator) under this Agreement shall be held confidential by such Participant during the continuance of this Agreement and for a

period of five (5) years thereafter and shall not be divulged in any way to any third party, without the prior written approval of all the other Participants provided that:

(a) any Participant (including the Participant acting in the capacity of Operator) may, without such approval, disclose such data and information:

(i) to the extent required by the Acts, the Licence, any other applicable Legislation or by any government, statutory or regulatory body or to comply with the rules of a recognised stock exchange or the Stock Exchange Commission of the United States of America;

(ii) to the extent that it is already lawfully known to the Participant at the date of disclosure under no obligation of confidentiality;

(iii) to the extent that it is in the public domain or enters into the public domain except by breach of this Agreement; or

(iv) to the extent that it becomes available to the Participant through a third party which expressly represents that it is under no obligation of confidentiality in respect of it;

(b) any Participant (including the Participant acting in the capacity of Operator) may, subject to clause 19.1.1(c), disclose such data and information to:

(i) its employees, directors, officers and contractor personnel;

(ii) any Affiliate of such Participant and its employees, directors, officers and contractor personnel provided that the Participant shall be responsible for the acts of such Affiliate and its employees, directors, officers and contractor personnel in respect of such data and information as if they were its own; or

(iii) (in respect of disclosure by all Participants other than EnQuest) any bona fide intended assignee of such Participant, or bona fide intended purchaser of shares in such Participant or in a holding company of such Participant; or

(iv) any outside professional consultants; or

(v) any bank or financial institution from whom such Participant is seeking or obtaining finance; or

(vi) any insurer or insurance broker from which such Participant is seeking insurance.

(c) Before disclosing any such data or information to any person under the provisions of clause 19.1.1(b), the Participant shall procure that the proposed recipient of such information is (i) made aware of the terms of this Agreement; and (ii) except where disclosure is made under the provisions of clause 19.1.1(b)(i) or (ii), is bound to the Participant to maintain confidentiality of such data or information by professional confidentiality or on terms no less onerous than those set out in this clause.

(d) The Operator may disclose such data and information to:

(i) its employees, directors, officers and contractor personnel;

(ii) such persons as may be necessary in connection with the conduct of the Joint Operations; and

(iii) any party requesting a release pursuant to the provisions of the Guidelines for Release of Proprietary Seismic Data agreed between the Secretary and Oil and Gas UK, provided that such party executes a seismic release agreement substantially in the form of the industry standard seismic release agreement published from time to time by Oil and Gas UK.

(e) In the event of any Participant ceasing to hold a Percentage Interest, such Participant shall nevertheless remain bound by this clause 19.1.

19.2 **Trading Rights**

The Operator may, with the prior written approval of all the Participants and on such terms and conditions as they may determine, exchange any such data and information for other similar data and information and the Operator shall promptly provide all the Participants with a conformed copy of the agreement relating to such exchange and all such other data and information. In any event, the Operator shall enter into such trade or exchange agreements for and on behalf of itself and the other Participants and shall obtain an undertaking in substantially the same terms as clause 19.1 from any third party to such trade. Notwithstanding the foregoing provisions of this clause 19, if any Participant is also the owner or part owner of such other data and information it shall not be entitled to prevent an exchange which has been approved by all the other Participants.

19.3 **Licensed Data**

Where the Joint Operating Committee authorises the Operator to obtain a licence of data (including inter alia seismic data), the following principles shall apply unless otherwise unanimously agreed by the Participants:

19.3.1 subject to clause 19.3.2 below, in the case of newly licensed data, the cost of the original aggregate licence fee shall be apportioned between the Participants in proportion to their Percentage Interests (excluding any Participant that is already licensed to use the data in question in relation to Joint Operations);

19.3.2 any assignee of a Percentage Interest will be jointly and severally liable with the assignor for the full amount of any fee payable by the licensee as a result of such assignment and/or as a result of the access to or use of the licensed data by such assignee; and

19.3.3 where any Participant is subject to a direct or indirect change of control, such Participant shall be liable for the full amount of any fee payable by the licensee as a result of such change of control.

## 20. PUBLIC ANNOUNCEMENTS

20.1 Subject to clause 20.2, the Operator shall be responsible for the preparation and release of all public announcements and statements regarding this Agreement or the Joint Operations provided always that no such public announcement or statement shall be issued or made

unless all the Participants have been furnished with a copy in advance and the approval of the Joint Operating Committee has been obtained, except that the Operator shall not be prohibited from making such public announcements as it may think appropriate in the case of serious incidents of personal injury or pollution where obtaining the consent of the Joint Operating Committee is not practicable but shall promptly furnish all the Participants with a copy thereof.

20.2 If any Participant shall itself wish to issue or make any public announcement or statement regarding this Agreement or the Joint Operations it shall not do so unless it furnishes all the Participants with a copy of such announcement or statement in advance and obtains the approval of the Joint Operating Committee provided that, notwithstanding any failure to obtain such approval, no Participant or any Affiliate of such Participant shall be prohibited from issuing or making any such public announcement or statement if it is necessary to do so in order to comply with any applicable law or the regulations of a recognised stock exchange or the Securities and Exchange Commission of the United States (a "**Legally Required Announcement**"). The Participants issuing or making any Legally Required Announcement shall, contemporaneously with the issuing or making thereof, provide a copy to each other Participant. To the extent any Participant makes a Legally Required Announcement, each other Participant shall be entitled to issue or make a public announcement or statement without the approval of the Joint Operating Committee, provided such public announcement or statement relates to the same facts, matters or circumstances as described or referred to in the Legally Required Announcement.

## 21. OUTGOINGS AND GRANTS

### 21.1 Outgoings

The Participants shall be liable for the payment of their respective Percentage Interest shares of all sums which may be properly payable under the Acts and the Licence provided that to the extent permitted by the Acts and the Licence, the Operator shall pay all such sums excepting royalties from the Joint Account. Each Participant shall be responsible for the settlement of its own royalties in accordance with the provisions of the Licence.

### 21.2 Grants

Grants received by any of the Participants from any governmental agency or body in the United Kingdom or of the European Union in respect of their respective expenditures made pursuant to this Agreement will be retained by the Participant receiving them. The Operator shall supply to any Participant applying for a grant, at the sole cost of the Participant requiring it, all requisite data and information which such Participant may reasonably require for the purpose.

### 21.3 Emissions allowances and credits

Prior to the start of production under any development the Participants shall consider how to deal with any allowances or credits in respect of the emission of any substance into the environment which are issued to the Operator in respect of the field or any Joint Property and shall develop procedures for the allocation and/or disposal of any such allowances or credits not required for Joint Operations and, without prejudice to the right and obligation of the Operator to purchase such allowances or credits as may be necessary to comply with its obligations under clause 6.2.2, for the purchase or other provision of additional allowances or credits where insufficient allowances and credits are issued to the Operator for the purposes of Joint Operations.

## 22. COVENANT, UNDERTAKING AND RELATIONSHIP

### 22.1 Covenant and Undertaking

Without prejudice to the overriding responsibility of the Operator under clause 6.2.2, each Participant hereby covenants and undertakes with each other Participant that it will comply with all the applicable provisions and requirements of the Acts and the Licence and will do all such acts and things within its control as may be necessary to keep and maintain the Licence in force and effect.

### 22.2 Relationship

22.2.1 The liability of the Participants hereunder shall be several and not joint or collective and each Participant shall be responsible only for its individual obligations hereunder. It is expressly agreed that it is not the purpose or intention of this Agreement to create, nor shall it be construed as creating, any mining partnership, commercial partnership or other partnership.

22.2.2 Subject to clauses 2.12.1, 6.2.4, 8.3.3, 16.4.4, 16.6.3 and 19.3, each Participant agrees to indemnify and keep each other Participant, its Affiliates and any directors, officers and employees or Agency Personnel of the indemnified Participant or its Affiliates (together the "**Participant Group**") indemnified, to the extent of its Percentage Interest share, for any claim by or liability to (including any costs and expenses necessarily incurred in respect of such claim or liability) any person not being a Participant hereto, arising from or in connection with the Joint Operations including (without prejudice to the generality of the foregoing) any such claim or liability resulting from the actual negligence of any member of the Participant Group but excluding any such claim or liability which is caused by the Wilful Misconduct of any Participant. In the case of any such claim or liability which is caused by the Wilful Misconduct of a Participant, such Participant shall indemnify and defend the other Participants and hold them harmless against such claim or liability (including any award of damages and any legal or other costs and expenses incurred in respect of such claims or liability) but in no event or circumstance whatever (including Wilful Misconduct) shall such Participant be liable for any Consequential Loss of another Participant.

22.2.3 In respect of any representative of a Participant exercising its rights of access under clause 7.3 in any offshore site where Joint Operations are being conducted:

(a) the Participant shall be responsible for and shall defend, indemnify, and hold harmless the other Participants, the Operator, its Affiliates and their respective directors, officers and employees (including Agency Personnel) from and against any loss, damage, claim or liability (including any award of damages and any legal or other costs and expenses incurred in respect of such claim or liability) in respect of loss of or damage to the property of and personal injury (including death or disease) to such representative, irrespective of negligence and/or breach of duty (whether statutory or otherwise) on the part of any indemnified person except only for any loss, damage, claim or liability resulting from the Wilful Misconduct of the indemnified person; and

(b) any loss, damage, claim or liability (including any award of damages and any legal or other costs and expenses incurred in respect of such

claim or liability) in respect of loss of or damage to Joint Property or property of the other Participants, the Operator, its Affiliates and their respective directors, officers and employees (including Agency Personnel) or personal injury (including death or disease) to such persons arising out of or connected to the visit of such representative shall be treated as arising from or in connection with Joint Operations for the purposes of clause 22.2.2.

**22.3 Anti-Bribery**

22.3.1 For the purpose of this clause 22.3 "Operator" shall be deemed to include the Operator and any Participant acting as Operator from time to time for the purpose of this Agreement.

22.3.2 Each Participant:

(a) warrants that neither it nor any member of its Group has Bribed at any time in connection with this Agreement, the Licence or Joint Operations;

(b) agrees that it shall not, and shall procure that no member of its Group shall, Bribe in connection with this Agreement, the Licence or Joint Operations; and

(c) agrees that if it becomes aware of any suspected failure by it or any member of its Group to comply with this clause 22.3.2 that it will conduct an appropriate investigation in relation to the same and shall give due consideration to whether such investigation should by conducted by or with the assistance of an independent reputable firm of professionals with relevant experience.

22.3.3 The Operator and any Participant providing services in connection with Joint Operations, or whose Affiliates provide such services:

(a) shall, and shall ensure that such Affiliates shall, devise and maintain adequate internal controls in connection with the obligations set out in clause 22.3.2;

(b) shall, and shall ensure that such Affiliates shall, establish, prepare, maintain and retain books and records in connection with Joint Operations in accordance with generally accepted accounting practices applicable to each of them, properly record and report their respective transactions in a manner that accurately and fairly reflects in reasonable detail such transactions, and maintain such books and records for a period of five (5) years after the date of termination of this Agreement;

(c) confirms that it and such Affiliates have adequate Policies and Procedures in place in respect of compliance with Applicable Anti-Bribery Law, and agrees that it and they will comply with such Policies and Procedures in respect of Joint Operations; and

(d) agrees that it and such Affiliates have taken and will take reasonable steps, where appropriate, to impose on contractors engaged by it or its Affiliates to carry out services in connection with Joint Operations (and, where appropriate, has required or will require them to impose on any

subcontractors) a duty to comply with Applicable Anti-Bribery Law and, where appropriate, with Policies and Procedures in respect of compliance with Applicable Anti-Bribery Law.

22.3.4 Where it is legally able to do so, and subject to the consent of the Competent Authority where applicable, each Participant shall notify the other Participants in writing as soon as practicable upon:

(a) becoming aware of any material failure by such Participant or any member of its Group to comply with any provisions of clause 22.3.2 (i) and (ii) relating to this Agreement, the Licence or Joint Operations; or

(b) becoming aware of any investigation or proceeding initiated by a Competent Authority relating to an alleged breach of Applicable Anti-Bribery Laws by such Participant or any member of its Group relating to this Agreement, the Licence or Joint Operations and, except for any information subject to legal privilege, such Participant shall use reasonable efforts to keep the other Participants informed as to the progress of such investigation or proceeding.

## 23. ASSIGNMENT

### 23.1 Restriction

No transfer of any interest under the Licence (in so far as it relates to the Licence Area) or this Agreement shall be made by any Participant otherwise than in respect of an undivided interest in all or part of its interest in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement (so that any such transfer shall include all or a corresponding part of any interest of such Participant in a Sole Risk Project) in accordance with the following provisions of this clause or the provisions of clause 24.

### 23.2 Conditions

Except for BP (and except, in accordance with the terms of the SPA and Security Trust and Waterfall Deed, EnQuest), who may transfer, assign or sell its rights in the Licence or this Agreement freely, no transfer shall be effective or binding upon the Participants unless the remaining, non-transferring Participants shall each have consented to such transfer in writing (which consent may only be withheld on grounds that the financial responsibility and technical capability of the proposed transferee to discharge the obligations under this Agreement as they relate to the interest to be transferred has not been adequately demonstrated).

### 23.3 Effective Date

No transfer shall be effective or binding upon the Participants until the date upon which each of the following has occurred:-

23.3.1 any necessary consent and approval of the Secretary to such transfer shall have been obtained and evidence of it furnished to all the Participants by the transferring Participant; and

23.3.2 all Participants (including the transferring Participant) execute a written instrument (in form and content satisfactory to the Participants and duly executed by the transferee) in which the transferee accepts and assumes in place of the transferring Participant:

(a) all of the obligations under this Agreement in so far as the interest transferred is concerned whether incurred before, on or after the effective date of the transfer;

(b) all of the obligations under the Decommissioning Security Agreement in so far as the interest transferred is concerned and the transferee makes such provision (if any) in respect of the costs of Decommissioning as is required under the Decommissioning Security Agreement;

**23.4 Consent**

A Participant (including the Participant acting in the capacity of Operator) shall promptly join in such reasonable actions as may be necessary or desirable to obtain any consent and approval of the Secretary in connection with, and shall execute and deliver any and all documents reasonably necessary to effect, any such transfer.

**23.5 Costs**

All costs and expenses pertaining to any such assignment shall be the responsibility of the transferring Participant. For the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such transfer shall either be paid by the transferring Participant, or the transferring Participant shall be responsible for procuring the payment of it by the transferee.

23.6 **Encumbrance**

Nothing contained in this clause 23 shall prevent a Participant from mortgaging, pledging or otherwise encumbering all or part of its interest in the Licence and in and under this Agreement for the purpose of security relating to finance provided that:-

23.6.1 such Participant shall remain liable for all obligations relating to such interest; and

23.6.2 the mortgage, pledge or encumbrance shall be subject to any necessary approval of the Secretary and be expressly subordinated to the rights of the other Participants under this Agreement, including without limitation those set out in clause 17;

23.6.3 such Participant shall ensure that any such mortgage, pledge or encumbrance shall be and shall be expressed to be without prejudice to the provisions of this Agreement; and

23.6.4 if such Participant assigns or grants a mortgage, pledge or encumbrance over its rights under this Agreement the "**Charging Participant**"), it shall as soon as reasonably practicable give notice of such to the other Participants, and the liability of the other Participants to any other person entitled to the Charging Participant's rights under this Agreement pursuant to this clause 23.6 shall not be greater than it would have been had such assignment or grant not taken place, and all the rights, benefits and protections afforded to the other Participants shall continue to apply for the benefit of the other Participants as against the assignee or such other person as they would have applied as against the Charging Participant.

**24. WITHDRAWAL**

24.1 Notwithstanding any other provision to the contrary, no Participant shall be entitled withdraw from the Licence or this Agreement without the consent of the other Participants.

## 25. FORCE MAJEURE

25.1 Each obligation of a Participant (including the Participant acting in the capacity of Operator) hereunder, other than the obligation to make payments of money, shall be suspended while such Participant is prevented or hindered from complying therewith by any cause beyond the reasonable control of such Participant provided that a lack of funds shall be deemed not to be a cause beyond reasonable control. In such event, such Participant shall give notice of suspension as soon as reasonably possible to the other Participants stating the date and extent of such suspension and the cause of it. Any of the Participants whose obligations have been suspended as aforesaid shall resume the performance of such obligations as soon as reasonably possible after the removal of the cause and shall so notify all the other Participants.

In this clause 25 "**Force Majeure**" means any cause beyond the reasonable control of such Participant, and which such Participant by the exercise of reasonable diligence is unable to prevent, avoid or remove, provided that a lack of funds shall not constitute Force Majeure.

## 26. DISPOSAL OF JOINT PROPERTY AND DECOMMISSIONING

26.1 If the Operator shall consider that any item of the Joint Property is no longer needed or suitable for the Joint Operations, the Operator shall, subject to the provisions of the Licence and the Accounting Procedure, dispose of such Joint Property.

26.2 If the Joint Operating Committee shall decide to cease the Joint Operations, in whole or in part:

26.2.1 the Operator shall endeavour to recover and dispose of as much of the Joint Property as the Joint Operating Committee directs can economically and reasonably be recovered or as may be required to be recovered under the Petroleum Act 1998, the Licence or any other applicable law, and the net proceeds shall be apportioned in accordance with the principles described in clauses 16.5.3(b) and 16.5.3(b); and

26.2.2 in respect of any development, the Operator shall proceed to decommission in accordance with the Approved Decommissioning Plan.

## 27. INTELLECTUAL PROPERTY

27.1 Any Intellectual Property developed specifically for Joint Operations the development of which is charged to the Participants in proportions to their Percentage Interests and which neither contains nor is derived from existing Intellectual Property of any of the Participants is termed "**Joint Operations Intellectual Property**" and, subject to the provisions of clause 19, shall be part of Joint Property. Intellectual Property Rights in Joint Operations Intellectual Property ("**Joint Operations Intellectual Property Rights**") shall vest in the Operator on behalf of and for the benefit of the Participants.

27.2 Any Participant and any of its Affiliates shall have an irrevocable, perpetual, royalty-free, fully paid-up worldwide right to use such Joint Operations Intellectual Property, and an irrevocable, perpetual, royalty-free, fully paid-up worldwide licence to use such Joint Operations Intellectual Property Rights, for its/their own operations and in any other bona fide operations in which such Participant and/or its Affiliates has/have an interest, always provided that, in the case of such bona fide operations, any other person participating in such operations gives a prior written undertaking to each of the Participants:

(a) to keep such Joint Operations Intellectual Property confidential in terms no less stringent than those which bind the Participant in question hereunder;

(b) not to use Joint Operations Intellectual Property Rights for any purpose except in connection with such operations; and

(c) to enter into such commercial arrangements with respect to such use as the Joint Operating Committee may reasonably require.

27.3 In the event that the Intellectual Property of any of the Participants (other than Joint Operations Intellectual Property) is offered for use in connection with Joint Operations then the Participant proposing to supply such Intellectual Property shall be entitled to require that, prior to its Intellectual Property being made available as aforesaid, the right to use its Intellectual Property, together with a licence under any relevant Intellectual Property Rights, shall be granted to the other Participants on such reasonable terms and conditions as may be agreed having due regard to the respective interests of each of the Participants. A Participant's Intellectual Property used under any licence granted under this clause shall not constitute Joint Operations Intellectual Property and clause 27.2 shall not apply to it.

27.4 Notwithstanding the provisions of clause 5 or any other provisions of this Agreement, neither the Operator nor any other Participant shall be obliged to disclose any of its own or its Affiliates' Intellectual Property to any of the other Participants or to grant a licence of its or its Affiliates' Intellectual Property Rights for use in connection with Joint Operations.

## 28. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

28.1 Except as provided in this clause 28, no provision of this Agreement is intended by the Participants to be construed as creating any right(s) enforceable by a third party and all third party rights implied by law are, to the extent permissible by law, excluded from this Agreement.

28.2 Subject to the remaining provisions of this clause, clauses 6.2.4, 22.2.2 and 22.2.3(a) are intended to be enforceable by the persons specifically referred to in that clause, by virtue of the Contracts (Rights of Third Parties) Act 1999.

28.3 Notwithstanding clause 28.2, this Agreement may be rescinded, amended or varied by the Parties without notice to or the consent of any person who is not a Party even if, as a result, that person's right to enforce a term of this Agreement may be varied or extinguished.

28.4 The rights of any person under clause 28.2 shall be subject to such person's written agreement to submit irrevocably to the exclusive jurisdiction of the English Courts in respect of all matters relating to such rights.

## 29. APPLICABLE LAW

29.1 This Agreement and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation (including any non-contractual disputes or claims) (a "**Dispute**") shall be governed by and construed in accordance with English law.

29.2 Any Dispute shall be subject to the exclusive jurisdiction of the English courts.

## 30. NOTICES

30.1 A notice or other communication given under or in connection with this Agreement shall be:

30.1.1 in writing;

30.1.2 in the English language; and

30.1.3 sent by the Permitted Method to the Notified Address.

30.2 The "**Permitted Method**" means the methods set out in the first column below. The second column below sets out the date on which a notice given by the corresponding Permitted Method in the first column opposite shall be deemed to be given to the extent the notice is properly addressed and sent in full to the Notified Address:

| **(1)**<br>**Permitted Method** | **(2)**<br>**Date on which Notice deemed given** |
|---|---|
| Registered or international registered or prepaid air-mail | Five (5) Working Days after the date of posting (not including the date of posting) |
| E-mail, with the notice attached in PDF format | On 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 |

30.3 The notified address of each of the Participants is as set out below (each a "**Notified Address**"):

| **Name of Participant** | **Address** | **Marked for the attention of:** |
|---|---|---|
| BP | BP Exploration Operating Company Limited<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| EnQuest | EnQuest<br>Annan House<br>Palmerston Road<br>Aberdeen<br>AB11 5QR | Legal Manager |
| [●] | [●] | [●] |

or such other Notified Address as any of the Participants may, by written notice to the other Participants, substitute for their Notified Address set out above, but without prejudice to the effectiveness of any notice already given in accordance with clause 30.1.

## 31. MISCELLANEOUS

### 31.1 Costs and Expenses

Each Participant shall bear its own costs and expenses in relation to the negotiation and execution of this Agreement.

31.2 **Amendment**

This Agreement shall not be amended except by written instrument executed by all the Participants.

31.3 **Waiver**

No waiver by any Participant of any provisions of this Agreement shall be binding unless made expressly in writing. No waiver by any Participant of any rights under this Agreement or arising out of any breach of this Agreement shall be considered as a waiver of any subsequent rights arising under the same or any other provision.

31.4 **Severance**

If any provision (or part of it) of, or pursuant to, this Agreement is or becomes unlawful, void or unenforceable, the legality, validity or enforceability of any other part of that provision or any other provision shall not be affected but shall continue in full force and effect.

31.5 **Precedence**

In the event of any conflict between the body of this Agreement and the Schedules, the terms of the body of this Agreement shall take precedence. In the event of any conflict between this Agreement and the SPA, the terms of the SPA shall prevail.

**IN WITNESS WHEREOF** the Participants have caused this Agreement to be executed as a deed and delivered by their duly authorised representatives the day and year first above written.

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **BP EXPLORATION OPERATING COMPANY LIMITED** | ) | |
| on being signed by | ) | ..... |
| | | Attorney, acting under a Power of Attorney |
| ..... | ) | dated ..... |
| in the presence of: | ) | |

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **[ENQUEST NNS LIMITED]** | ) | |
| on being signed by | ) | ..... |
| ..... | ) | Director |
| in the presence of: | ) | |

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

**Schedule 1**
**Accounting Procedure**

## SECTION I – GENERAL PROVISIONS

### 1. DEFINITIONS

1.1 For the purposes of this Schedule:

"**Cost Control Report**" has the meaning given to it in paragraph 31;

"**Joint Audit Committee**" means the multi-venture audit committee established by the Operator in respect of all of its operations;

"**LIBOR**" means the London interbank offered rate for one month for the currency in question as published electronically by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) applicable on, in relation to paragraph 1.14.3.1, the date upon which the relevant material is transferred to Joint Operations;

provided that where the London interbank offered rate falls below zero per cent (0%), the London interbank offered rate shall be deemed to be zero per cent (0%);

"**Major Surplus Item**" has the meaning given to it in paragraph 26.1;

"**Personnel Rate**" has the meaning given to it in paragraph 12.1;

"**SOAPs**" means Standard Oil Accounting Procedures issued by Oil and Gas UK from time to time;

"**Technical Support and General Expertise**" has the meaning given to it in paragraph 22.1.

1.2 Words and expressions defined in the Agreement have the meanings ascribed to them in clause 1.

1.3 Reference in this Agreement to any clause shall be a reference to a clause in the Agreement.

1.4 Reference in this Agreement to any Section shall be a reference to a section of this Schedule.

1.5 Unless the context otherwise requires, reference to any paragraph is to a paragraph of this Schedule.

### 2. GENERAL PRINCIPLES

2.1 The Operator shall charge and credit the Joint Account for all Liabilities and Receipts properly and necessarily incurred and relating to the conduct of Joint Operations in accordance with this Accounting Procedure and, if the Joint Operating Committee so determines, in accordance with the principles set out in the SOAPs in effect on the date on which the transaction is charged or credited to the Joint Account provided that in the event of any conflict between the SOAPs and this Accounting Procedure, this Accounting Procedure shall prevail.

2.2 The purpose of this Accounting Procedure is to establish the principles of accounting which shall truly reflect the Operator's actual cost to the end that the Operator shall, subject to the provisions of the Agreement, neither gain nor lose by reason of the fact that it acts as the Operator. Accordingly, it is the intention of the Participants that there shall be no duplication of items charged to the Joint Account.

2.3 It is intended that the Accounting Procedure is fair and equitable as regards the Liabilities and Benefits attributed to the Joint Account and to their apportionment amongst the Participants and as regards the rights of the Participants on the disposal of assets and surplus materials. The Participants agree that if the Joint Operating Committee considers that the methods described in this Agreement are materially inequitable, the Participants shall meet and in good faith endeavour to agree on changes in methods deemed appropriate to correct any inequity.

2.4 The Operator shall advise the Participants of changes to its internal accounting procedures that will materially affect the basis and level of charge or income to the Joint Account at least ten (10) Working Days in advance of the change.

## 3. ACCOUNTING RECORDS

3.1 The Operator shall open and maintain such separately identifiable accounting records as may be necessary to record in a full and proper manner Cash Call payments received by the Operator from each Participant and all Liabilities incurred and all Receipts obtained by the Operator in connection with Joint Operations.

3.2 Liabilities and Receipts funded or received in currencies other than Pounds shall be converted into Pounds at the Conversion Rate in accordance with the Operator's standard accounting practice. Where expenditure is incurred in any currency other than Pounds but settled in Pounds, the sum charged to the Joint Account shall be the actual cost in Pounds of the other currency purchased. Any exchange gain or loss shall be for the Joint Account.

3.3 Each of the Participants is responsible for maintaining its own accounting records to comply with all legal requirements and to support all fiscal returns or any other accounting reports required by any governmental authority in regard to Joint Operations, except those (if any) which it is the statutory obligation of the Operator to prepare and submit on behalf of itself and the Participants. The Operator will provide the other Participants with such accounting data and information as may be necessary to:

3.3.1 fulfil any statutory obligation to which the other Participants are subjected; and

3.3.2 permit any other Participant to claim any allowance or grant to which it may be entitled and for which an application is required by such Participant,

to the extent that such accounting data and information could reasonably be expected to be available from accounting records maintained by the Operator.

3.4 The Operator shall in addition to the data required under this Accounting Procedure supply to any Participant such further accounting data which such Participant may reasonably request, to the extent that such accounting data and information could reasonably be expected to be available from accounting records maintained by the Operator and provided that the cost of provision of such further data shall be to the account of the requesting Participant.

## 4. BILLING

4.1 Subject to clause 19 and to the extent permitted by applicable law, on or before the tenth ($10^{th}$) day of each Month, the Operator shall submit a statement (the "**Monthly Operator Statement**") to each Participant of the costs and expenditures incurred by the Operator during the prior Month, indicating by appropriate classification the nature of the costs, the corresponding budget category and the portion of the costs apportioned to each Participant. Subject to clause 19 and to the extent permitted by applicable law, the Monthly Operator Statements shall also contain the following information for the relevant Month:

4.1.1 In respect of the Monthly Operator Statement provided to BP only, details (along with all reasonable supporting information) of the Operating Participant's Petroleum Receipts;

4.1.2 full details of all Cash Calls made relating to the relevant Month and the funds received pursuant to Cash Calls;

4.1.3 the accrued expenditures in connection with Joint Operations;

4.1.4 the current account balance of each Participant (being the statement showing the opening cash position of each Participant, all Cash Calls, all billings, and the closing balance in respect of each Participant's Percentage Interest share); and

4.1.5 the working capital balance of the Joint Account.

The Operator shall group the expenditures in each Monthly Operator Statement by the categories and line items designated in any approved Programme and Budget to aid the Participants in comparing the actual expenditures against such Programme and Budget.

4.2 In respect of any approved Programme and Budget, the Operator shall submit to the Participants Cash Calls for the next Month's operations allocated in accordance with clause 16. All Cash Calls shall in aggregate equal the Operator's good faith estimate of the money it will spend to perform its duties under the approved Programme and Budget during the next Month. For informational purposes, the Operator shall submit with all Cash Calls an estimate of the funds required for each of the two (2) Months following the Month for which the Cash Call(s) is/are made on the relevant Participants. The Cash Call and the two (2) Month estimate shall be detailed by the categories designated in the approved Programme and Budget.

4.3 The Operator shall submit each Cash Call in writing and deliver it to all Participants not less than ten (10) Working Days before the due date for payment of the Cash Call. The Operator shall set the due date, but the due date shall be no sooner than the first Working Day of the Month for which the funds subject of the Cash Call are required. Each Non-Operator shall pay any Cash Call free of bank charges. Any bank charges deducted from the payment of a Cash Call shall be borne by the Non-Operator that made the payment.

4.4 Each Non-Operator which is responsible for paying the relevant Cash Call (or part thereof) shall transfer to the Joint Account the Non-Operator's required share of the full amount of each Cash Call in Pounds on or before the due date for payment.

4.5 If payment of a Cash Call by a Non-Operator exceeds its share of cash expenditures for a Month, then the next Cash Call for that Non-Operator shall be reduced by the excess. However, if the excess is greater than the estimated Cash Call for that Non-Operator for the next Month, then the Non-Operator may request a refund from the Operator of the difference between the excess and the estimated Cash Call for that Non-Operator for the next Month if the difference is more than £1 million. The Operator shall refund the difference within five (5) Working Days after receipt of a request from the Non-Operator. If the Operator does not refund the money within the time required, the Operator shall, at the sole cost and expense of the Operator, pay the Non-Operator that requested the refund interest on the unpaid balance at the Interest Rate plus six per cent. (6%) from the due date until the payment is received by the Non-Operator that requested the refund.

4.6 If the amounts paid by a Non-Operator pursuant to a Cash Call are less than its share of cash expenditures for the Month covered by the Cash Call, the Operator may add the deficiency to subsequent Cash Calls.

4.7 Interest paid into the Joint Account shall be applied against the next Cash Call or, if directed by the Joint Operating Committee, paid to the Participants. The interest thus received shall be allocated to the Participants on a proportionate basis pursuant to clause 16 taking into consideration the date of funding by each Participant of the account in proportion to the total funding of the account.

4.8 Any late payment of a Cash Call by a Participant shall accrue interest in favour of the Operator at the Interest Rate plus six per cent. (6%) from its due date until the earlier of the date payment is received by the Operator or the beginning period of default if that Participant becomes a Defaulting Participant.

## 5. INVENTORIES OF MATERIAL/ASSET RECORDS

5.1 The Operator shall keep the following records:

5.1.1 records of any stock of Material purchased by the Operator shall be kept by the Operator or its agent in accordance with the Operator's standard procedures for controlling such Material; and

5.1.2 records of expenditure in relation to the acquisition of Joint Property for Joint Operations.

5.2 At reasonable intervals a complete inventory shall be taken by the Operator of all controllable Material forming part of Joint Property, in accordance with the Operator's standard materials procedures in force from time to time.

5.3 At reasonable intervals a reconciliation shall be made between an inventory list and the records of stocks held on the Joint Account and a list of surpluses and shortages shall be determined by the Operator. Inventory adjustments shall be made by the Operator to the Joint Account for surpluses and shortages, with relevant explanations where available.

5.4 A special inventory shall be taken upon any change of the Operator, the cost of which shall be charged to the Joint Account.

## 6. ADJUSTMENTS

6.1 Payment of any Cash Calls shall not prejudice the right of any Participant to protest or question the correctness of any amount included in any Cash Call or billing schedule. Subject to the right of audit under paragraph 7 all Cash Calls or billing schedules rendered to each Participant by the Operator in relation to any Year shall conclusively be presumed to be true and correct after twenty four (24) Months following the end of such Year unless within the said twenty four (24) Month period any Participant makes written exception to it and makes claim on the Operator for adjustment. The provisions of this paragraph shall not prevent adjustments resulting from accounting adjustments, physical inventories of property as provided in paragraph 5 nor prevent the settlement of any claims involving a third party nor prevent adjustments required as a result of any statutory provisions. No interest will be payable on such adjustments.

## 7. AUDITS

7.1 Subject to paragraph 7.2 below, all Participants shall have the right to audit the accounts and records of the Joint Account for each Year including each Monthly Operator Statement Cash Call and billing statement relating to it and to obtain all necessary information for such purposes, before the end of the twenty-fourth (24th) Month following the end of such Year. The Participants shall give at least sixty (60) days' notice to the Operator of their intention to conduct

an audit. The right of audit includes the right of access at all reasonable times during normal business hours to all accounts and records, pertaining to the Joint Account, maintained by the Operator and its Affiliates.

7.2 Audits of accounts and records pertaining to the Joint Account (including each Monthly Operator Statement) which:

7.2.1 include information generally accepted as proprietary and confidential; or

7.2.2 relate to charges made under paragraphs 11 (Personnel Costs), 12 (Personnel Rates) and 22 (Technical Support);

7.2.3 relate to produced petroleum volumes and per-barrel sales information taken into account for the purposes of preparing the Monthly Operator Statements;

7.2.4 relate to multi-field or multi-operator contracts pursuant to clause 6.5.3 and contain information which the Operator considers to be commercially sensitive (for example and without limitation, itemised rates, prices, price structures and incentives).

shall, unless the Joint Operating Committee decides otherwise, be audited in accordance with paragraph 7.3 or 7.4 as applicable.

The Participants acknowledge and agree that the Operating Participant's Petroleum Receipts shall not form part of the information covered by this paragraph 7.2.

7.3 For the accounts and records referred to in paragraphs 1.7.2.1, 7.2.2 and 7.2.3 above, the Operator's statutory auditors (provided they accept such appointment) shall conduct such audit in accordance with terms of reference established by the Operator from time to time subject to the agreement of the Joint Audit Committee (where it exists) or the Participants (where no Joint Audit Committee exists) such agreement not to be unreasonably withheld. The terms of reference shall include as a minimum those referred to in paragraph 7.6 below. If the Operator's statutory auditors will not accept such appointment, an external auditor of international standing, to be appointed by the Joint Operating Committee, shall conduct such audits. Provided that such accounts and records relating to paragraphs 11 and 12 as are not proprietary and confidential (and for these purposes accounts and records relating to paragraph 12.1.3 shall be considered non-confidential) shall be audited by a combined team of the Operator's statutory auditors and representatives of the Participants.

7.4 For the accounts and records referred to in paragraph 7.2.4 above, the audit shall be conducted:

7.4.1 according to the process adopted by the Joint Audit Committee; or

7.4.2 in the event that no such process is adopted by the Joint Audit Committee or to the extent that the process adopted does not apply to any accounts and records referred to in paragraph 7.2 above, such audits shall be conducted jointly by the Operator's contract compliance accountants and the representatives of the Participants working together.

7.5 Subject to clause 19 and to the extent permitted by applicable law, the Participants shall appoint one (1) representative and an alternate who shall participate in any such audits of accounts and records referred to in paragraph 7.3 and in paragraph 7.2 above and shall, as soon as possible after such appointment, give notice to the Operator of the name of such representative and alternate.

7.6 Subject to the prior approval of the Joint Operating Committee, the Operator will arrange for a regular audit of the accounts and records referred to in paragraph 7.2 above. The auditors will be asked to certify:

7.6.1 the salary and related benefits described in paragraph 12 are consistent with the payroll records;

7.6.2 any administrative overhead costs have been allocated in accordance with paragraph 12.1.3 and have been correctly charged to the Joint Account and in accordance with the Operator's standard accounting policies and practices.

7.7 In respect of contracts entered into by the Operator on behalf of the Participants, the Operator shall use reasonable endeavours to obtain audit rights for all Participants in all contracts. Where the Operator obtains audit rights the Participants may carry out audits of such contracts jointly with the Operator.

7.8 The Participants shall make every reasonable effort to conduct audits jointly in a manner which will result in a minimum of inconvenience to the Operator. The Operator shall make every reasonable effort to co-operate with the Participants and, where appropriate, the auditors conducting an audit under paragraph 7.2 and will provide reasonable facilities and assistance.

7.9 At the conclusion of each audit, the Participants shall endeavour to settle outstanding matters with the Operator and a written report will be circulated to all the Participants within three (3) Months of the conclusion of each audit. The report shall include all claims arising from such audit together with comments pertinent to the operation of the accounts and records. The Operator shall reply to the report in writing as soon as possible and in any event not later than three (3) Months following receipt of the report. Should the Participants consider that any matter in the report or reply requires further investigation, the Participants shall have the right to conduct further investigation in relation to such matter notwithstanding that the period of twenty-four (24) Months referred to in paragraph 7.1 may have expired. Such further investigation shall be commenced within thirty (30) days and be concluded within sixty (60) days of the receipt of such a report or reply, unless mutually agreed by all the Participants. Such agreement is not to be unreasonably withheld. If any outstanding matter is not settled within nine (9) Months of the conclusion of the audit then it shall be referred to the Joint Operating Committee in accordance with paragraph 7.11 below.

7.10 Notwithstanding that the said period of twenty-four (24) Months may have expired, if evidence exists that the Operator has been guilty of Wilful Misconduct, the Participants shall have the right to conduct further audits in respect of any earlier periods.

7.11 All adjustments resulting from an audit agreed between the Operator and the Participants conducting the audit shall be rectified promptly in the Joint Account by the Operator and reported to the Participants. If any dispute shall arise in connection with an audit, it shall be referred to the Joint Operating Committee for resolution by unanimous agreement. In the event that unanimous agreement is not reached, then such matter shall be referred to an expert appointed by the President of the Institute of Chartered Accountants in England and Wales. The decision of such expert shall be binding on all Participants.

7.12 Costs incurred by the Operator in connection with carrying out any audit under this paragraph 7 shall be charged to the Joint Account. Costs incurred by the Participants in connection with carrying out any audit under this paragraph 7 shall not be charged to the Joint Account.

**8. FORECASTING AND REPORTING**

8.1 The Operator shall furnish each Participant with AFEs and Cost Control Reports in accordance with the procedures described in Section IV.

**9. MODIFICATION AND REVISIONS**

9.1 The Accounting Procedure may be revised or amended from time to time by agreement of all of the Participants or, where expressly so provided, by agreement of the Joint Operating Committee.

**SECTION II- CHARGEABLE EXPENDITURE**

**10. GENERAL**

10.1 Subject to the limitations set out in this Section and to other relevant provisions of the Agreement the Operator shall charge, with effect from the date of signature of the Agreement, the Joint Account with the items of expenditure set out in this Section II insofar as they relate to and are necessary for the conduct of Joint Operations.

**11. PERSONNEL COSTS**

11.1 The Operator shall be entitled to charge to the Joint Account the Personnel Rates in respect of all personnel who work on Joint Operations, as set out in paragraphs 11 and 12, or on such other basis as may be proposed by the Operator from time to time and is approved by the Joint Operating Committee.

11.2 Subject to paragraph 11.3, all personnel who work on Joint Operations under the direct control of the Operator shall maintain time sheets for the purpose of charging salary and related benefits direct to the Joint Account. Time sheets will record time worked either as hours or a percentage split of the time spent for the timesheet period on Joint Operations and all other operations whether such personnel are engaged full time or part time on Joint Operations and will show the time worked on the various projects and other classifications of cost to enable costs to be allocated to AFEs and Programme and Budget classifications. The Operator shall ensure such time sheets are promptly checked and approved by its experienced supervisory personnel.

11.3 The following personnel need not maintain time sheets:

11.3.1 personnel dedicated to Joint Operations, in which case the salary and related benefits of such personnel shall be charged to Joint Operations on the basis of actual costs as specified in paragraph 12; or

11.3.2 personnel who support Joint Operations and where it is impracticable to maintain time sheets, in which case the salary and related benefits of such personnel shall be recovered under the provisions of paragraph 12.

11.4 Personnel Employed by the Operator or any of its Affiliates

The amount to be charged to the Joint Account for each person who is employed by the Operator or by any of its Affiliates and who is working on Joint Operations under the direct control of the Operator, other than personnel who:

11.4.1 fall within paragraph 11.3; or

11.4.2 are involved in providing services under paragraph 16.2, in which case the cost of salary, related benefits and associated administrative overhead will be recovered through the rate charged under that paragraph; or

11.4.3 work in a location for which the cost of salary, related benefits and associated administrative overhead is to be charged direct under paragraph 21;

shall be determined from the hours recorded for such person to Joint Operations, as shown on the time sheets, as the product of such hours and the Personnel Rates calculated in accordance with paragraph 12.1.

The Operator shall recover non-direct time such as annual holidays, public holidays, sickness, staff training, general administration and other like items both from Joint Operations and other operations conducted each year on equitable bases.

11.5 Personnel Seconded to the Operator or any of its Affiliates from the other Participants (other than in respect of those providing services in paragraph 11.6) or hired from third party agencies

The amount to be charged to the Joint Account for each person who is working full-time or part-time on Joint Operations and who is either seconded to the Operator or any of its Affiliates from any other Participant, or hired from any third party agency, other than personnel who:

11.5.1 fall within paragraph 11.3; or

11.5.2 are involved in providing services under paragraphs 16.1 and 16.2, in which case the cost of such seconded or hired personnel is through the rate charged under those paragraphs; or

11.5.3 work in a location for which the cost of such seconded or hired personnel and associated administrative overhead is to be charged direct under paragraph 12;

shall be determined from the hours time recorded for such person to Joint Operations, as shown on the time sheets, as the product of such hours and the Personnel Rates calculated in accordance with paragraph 12.1.

11.6 Personnel employed or hired by the Participants (other than the Operator) who provide services to the Joint Operations (other than in respect of those seconded to the Joint Operations in paragraph 11.5).

Where the Operator requests such services, the amount to be charged shall be determined as the product of hours time recorded for such person to Joint Operations, as shown on time sheets, and the Personnel Rates calculated in accordance with paragraph 12.1.1 and, where appropriate, the Participant's administrative overhead costs in accordance with paragraph 12.1.3 below, such amounts to be charged to the Operator by monthly invoice.

## 12. PERSONNEL RATES

12.1 For the purposes of this Accounting Procedure "**Personnel Rates**" shall comprise the following:

12.1.1 salary and related benefits of personnel under paragraphs 11.4, 11.5 and 11.6 above including:

(a) gross salary plus related allowances and benefits payable generally by the Operator or any of its Affiliates or a Participant from whom personnel are seconded or who provide services to the Joint Account as part of its standard terms of employment in force in the relevant period;

(b) pension costs (assessed as a percentage of salary cost for all the Operator's or its Affiliates' employees from time to time);

(c) National Insurance cost;

(d) any governmental tax, duty, levy and/or impost that may be levied upon the Operator or any of its Affiliates or a Participant from whom personnel are seconded or who provide services to the Joint Account in respect of such personnel; and

(e) in the case of personnel hired from third party agencies, the cost invoiced by the third party agency.

12.1.2 employment cost of persons under paragraph 11.5 above

The cost of the person as invoiced by the other Participant consistent with paragraph 12.1.1 above, or the invoice from the third party agency.

12.1.3 Administrative overhead costs

Administrative overhead costs, which shall exclude any costs and expenses of a corporate nature, comprise the items detailed below which are incurred by the Operator or any of its Affiliates or a Participant from whose offices the Operator has requested the services in paragraph 11.6. These shall be allocated in accordance with the Operator's or its Affiliates' or the Participant's standard accounting policies and practices in force from time to time which will be advised to the Participants and the Operator as appropriate:

(a) Salary and related benefits (as described in paragraph 12.1.1) of the personnel referred to in paragraph 11.3 who are employed on Joint Operations or who support Joint Operations. Such personnel may be employed by, seconded to or hired from any third party agency by the Operator or any of its Affiliates.

(b) Overhead costs incurred in supporting Joint Operations such as property costs, personnel department costs, office services, routine computer applications and costs of other support departments and like items.

(c) All other costs of the Operator and any of its Affiliates in respect of personnel supporting Joint Operations which are not specifically provided as chargeable to the Joint Account elsewhere in this Section II other than any other type of expenditure which may be specifically approved by the Joint Operating Committee under paragraph 24 as being separately chargeable.

12.2 Personnel Rates shall be charged as follows:

12.2.1 The Personnel Rates for each cost area in the Operator's or the Participant's organisation as the case may be, shall reflect the average salary and related benefits together with administrative overhead costs as defined in paragraph 12.1.3 above incurred by such cost area.

12.2.2 The Personnel Rates calculated for each cost area shall be based on the Operator's or the Participant's annual budget as the case may be, for administrative overhead costs divided by the annual time writing hours budgeted for each cost area and shall be applied consistently to all operations undertaken by the Operator or the Participant.

12.2.3 For charging purposes during the budget year, the Personnel Rates for any cost area may be adjusted by the Operator or the Participant to reflect actual cost experience during the year and to reflect appropriate levels of administrative overhead for each cost area.

12.2.4 Following the end of each year, the Operator or the Participant shall adjust the charges to the Joint Account for each cost area to the costs actually incurred using the same allocation bases as in the Operator's or the Participant's annual budget as the case may be. The total adjustment to the Joint Account will be highlighted in the relevant billing if material.

12.2.5 Payments in respect of retirement, severance and other like items shall be allocated equitably to Joint Operations and other operations of the Operator and its Affiliates (such allocation to be subject to the prior approval of the Joint Operating Committee). Such costs in respect of personnel seconded to the Operator from another Participant who provides services to the Joint Account shall remain a cost of that Participant.

## 13. EXPENSES INCURRED BY PERSONNEL

13.1 The Operator shall be entitled to charge to the Joint Account all direct expenses reasonably and necessarily incurred by personnel who work under the direct control of the Operator or any of its Affiliates on Joint Operations including:

13.1.1 travel and relocation expenses; and

13.1.2 living allowance (when paid in lieu of hotel expenses for visits to site).

13.2 All expenses charged to the Joint Account under this paragraph shall be in accordance with the Operator's or the Participant's standard terms of employment in force in the relevant period and shall include those incurred in connection with the families of personnel where appropriate.

13.3 Relocation expenses at the termination of a period of work on Joint Operations will be on the basis of a return to domicile within the United Kingdom unless the personnel involved return to a location outside the United Kingdom from which they have been drawn for work on Joint Operations when the relocation expenses shall be on the basis of a return to that location. Direct expenses charged under the provisions of this paragraph will be charged on an equitable basis taking into consideration time spent by personnel on both Joint Operations and on other operations of the Operator or its Affiliates. Where relocation costs are to be charged to the Joint Account at the termination of a period of work on Joint Operations, relocation costs at the start of such period of work shall not be charged to the Joint Account and vice versa (unless the relocation was for the sole benefit of the Joint Operations, in which case relocation costs at the start and at the termination of a period of work on the Joint Operations shall be charged to the Joint Account).

## 14. MATERIAL

14.1 The Operator shall be entitled to charge to the Joint Account Material purchased by the Operator from third parties or transferred from the Operator or any of its Affiliates for use in connection with Joint Operations, including Material purchased for or transferred from warehouse stock, at values provided in paragraphs 14.2 and 14.3 unless otherwise chargeable under this Section II. So far as is reasonably practical and consistent with efficient and economical operation and with adequate provision for emergencies, only such Material shall be

purchased or transferred to Joint Property as may be required for immediate use, and the accumulation of surplus stocks of Joint Property shall be avoided.

14.2 Material which is purchased specifically for Joint Operations shall be charged at the cost price which shall reflect net invoice charges (after deducting all trade and cash discounts actually received which, for the avoidance of doubt, shall include all discounts obtained by the Operator (and or its Affiliates) in relation to contracts provided to more than one field and/or more than one operator), freight, inspection, forwarding and documentation fees, packing costs, duties, licence fees and other like charges.

14.3 Material transferred to Joint Operations from the Operator's warehouse and which is normally held as part of the Operator's common warehouse stocks shall be charged as follows:

14.3.1 in the event such material is not replaced in stock, the price for the relevant material as recorded by the Operator's inventory accounting system, together with a financing charge of six per cent (6%) above LIBOR multiplied by the average stock turnover for that stock category in months divided by twelve (12) (or such other figure as may be decided by the Joint Operating Committee from time to time to cover the cost of financing the holding of such stocks), or such other value as the Joint Operating Committee decides;

14.3.2 in the event that such material is replaced in stock: (a) the price for the relevant material as recorded by the Operator's inventory accounting system; or (b) if there is a material difference between the price specified in (a) and the cost price (as specified in paragraph 14.2), the cost price to replace such material or such other charge as the Joint Operating Committee decides prior to such transfer;

14.3.3 if any item of Material is not exclusively transferred to Joint Operations, the Participants shall only be charged the relevant proportion of the price or value;

14.3.4 chemicals and gas oil shall be excluded from the calculation and no financing charge shall be levied on issues of these items.

14.4 Material purchased for Joint Operations which the Operator wishes to use on other operations and which has a value in excess of £500,000 shall only be so used following approval by the Joint Operating Committee unless the material has previously been declared surplus to the requirements of Joint Operations. The value to be charged to the Operator for material so used shall be on the basis of paragraph 14.2 for material not normally held as warehouse stocks or paragraph 14.3 in the case of materials held in stock or as otherwise decided by the Joint Operating Committee.

14.5 Material transferred from the Operator or any of its Affiliates for use on Joint Operations in the safeguarding of lives or property or the prevention of, or mitigation of pollution under clause 6.10.2 shall be charged in accordance with the provisions of paragraphs 14.2 or 14.3 as appropriate.

14.6 In the case of any Material which is defective and in respect of which there exists a manufacturer's or supplier's guarantee, express or implied, the Operator shall endeavour to recover from the manufacturer or supplier in question under such guarantee provided that a Benefit shall not pass to the Joint Account until an adjustment has been received by the Operator from the manufacturer or supplier.

## 15. TRANSPORT

15.1 The Operator shall be entitled to charge to the Joint Account the cost of transport to move personnel and Material necessarily incurred by the Operator or any of its Affiliates in connection with Joint Operations, unless otherwise chargeable in this Section II.

## 16. SERVICES

16.1 Services Provided by Participants and Third Parties

The Operator shall, subject to the approval of the Joint Operating Committee where required under clause 6.5 of the Agreement, be entitled to charge to the Joint Account the cost of consultants and other services and facilities provided by Participants (other than the Operator) and third parties for Joint Operations, unless otherwise chargeable in this Section II.

16.2 Services Provided by the Operator or by any of its Affiliates

The Operator shall be entitled to charge to the Joint Account the cost of any services and facilities owned, partly owned, leased or hired by the Operator or any of its Affiliates where authorised by the Operator for use on Joint Operations subject to the approval of the Joint Operating Committee where required under clause 6.5 of the Agreement as follows:

16.2.1 The costs to be charged shall include the operating costs including normal depreciation and interest, where applicable, and all other costs normally associated with the provision of such services and facilities including, inter alia, salary and related benefits and attributable overheads of personnel involved in providing the services.

16.2.2 If such services are used in connection with other operations, the costs charged to the Joint Account shall be a proportion calculated on an equitable basis, in accordance with the standard accounting procedure of the Operator or the Affiliate as appropriate and in force from time to time and each shall notify the other Participants of any material change in the basis of such allocations.

16.2.3 Services and facilities charged on the above basis may include, inter alia, laboratory, general, engineering, computing, environmental protection services, material procurement and common operational services and facilities, provided that where a drilling rig, seismic vessel, other vessel or other major facility, which is owned, partly owned, leased or hired by the Operator or any of its Affiliates, is used for Joint Operations, the cost to be charged shall include the operating costs including the normal depreciation and interest, where applicable, and all other costs normally associated with the provision of such services and facilities including, inter alia, mobilisation, demobilisation, repair and recertification costs. Such costs shall be comparable with prevailing market rates.

## 17. DAMAGE AND LOSSES

17.1 The Operator shall be entitled to charge to the Joint Account all costs and expenses (less any insurance recoveries) arising out of any loss or damage to Joint Property, or otherwise sustained in connection therewith, including any necessary repair or replacement of it due to fire, flood, storm, theft, accident or any other cause except to the extent such costs and expense arise out of the Wilful Misconduct of the Operator.

**18. LEGAL EXPENSES**

18.1 The Operator shall be entitled to charge to the Joint Account all costs and expenses of litigation and other legal services necessary or expedient in connection with Joint Operations provided however, that costs of the Operator's legal personnel shall be chargeable pursuant to the provisions of paragraph 2. The provisions of this paragraph shall not apply to any costs incurred in relation to any claim by any Participant against any other Participant.

**19. TAXES**

19.1 The Operator shall be entitled to charge to the Joint Account all taxes and other governmental levies of every kind and nature (other than those on profits or income of the Participants) assessed or levied upon or in connection with Joint Operations which have been paid by the Operator for the benefit of or on behalf of the Participants and which are not recoverable by the Operator. If the Operator demonstrates that any tax which is normally recoverable cannot be so recovered, such tax will be chargeable under this paragraph.

**20. CLAIMS**

20.1 Subject to the provisions of this Agreement, the Operator shall be entitled to charge to the Joint Account expenditures made in settlement of any claims, damages and other such expenses, in connection with Joint Operations.

**21. FIELD EXPENSES**

21.1 The Operator shall be entitled to charge to the Joint Account the cost (including salary, related benefits and associated administration overhead of personnel employed by the Operator or by any of its Affiliates and including the cost of personnel seconded to the Operator or any of its Affiliates from a Participant (other than the Operator) or hired from any third party agency) of establishing and maintaining shore bases, warehouses, camps and other field facilities used in connection with Joint Operations. If such facilities are used in connection with other operations the cost charged to the Joint Account shall be a proportion calculated on an equitable basis, provided that in respect of the costs of initial receipt, internal handling, maintenance and storage of material held at the Operator's field bases the proportion of such costs to be charged to the Joint Account shall be in accordance with the standard accounting practice of the Operator and which shall be made on an equitable basis.

**22. TECHNICAL SUPPORT AND GENERAL EXPERTISE**

22.1 For the purposes of this paragraph 22 "**Technical Support and General Expertise**" shall mean the cost of providing technical support and general expertise not specifically charged elsewhere in this Accounting Procedure due to the impracticality of so doing, including but not limited to general advisory services such as health, safety and environmental advice, technical services, research and development support, geological, geophysical, drilling, petroleum engineering and other support activities where it is impractical to charge on a measured usage basis.

22.2 The Operator shall be entitled to charge to the Joint Account on a fair and equitable basis Technical Support and General Expertise monthly on the basis of expenditure against approved Programme and Budgets at the rate of one percent (1%) of all such expenditure. For the purpose of this paragraph 22 such expenditure shall exclude:

22.2.1 the charge for Technical Support and General Expertise itself;

22.2.2 any taxes;

22.2.3 any pipeline tariffs paid by the Operator to third parties for the transportation of hydrocarbons; and

22.2.4 the cost of services provided by a Participant and charged to the Joint Account.

The costs of Technical Support and General Expertise will be separately stated in the annual Programme and Budget and on the Cash Calls to the Participants.

**23. LICENCE PAYMENTS**

23.1 The Operator shall be entitled to charge to the Joint Account Licence rentals and fees of whatever nature paid by the Operator on behalf of the Participants in connection with the Joint Operations.

**24. OTHER TYPES OF EXPENDITURE**

24.1 The Operator shall be entitled to charge to the Joint Account any type of expenditure not covered by the types of expenditure described in paragraphs 10 to 23 incurred by Operator which is necessary and proper for Joint Operations, provided it is approved by the Joint Operating Committee. Such other types of expenditure shall be subject to audit in accordance with paragraph 7.

**SECTION III- RECEIPTS**

**25. GENERAL**

25.1 The Operator shall promptly credit to the Joint Account all net proceeds received in connection with Joint Operations as a result of:

25.1.1 sale of Material and other Joint Property as provided in paragraphs 26 and 27;

25.1.2 services provided to third parties or individual Participants by the Operator on behalf of the Participants whether using Material, other Joint Property, facilities, expertise or otherwise as provided in paragraph 28;

25.1.3 reimbursement by third parties of any sums expended by the Operator on behalf of the Participants;

25.1.4 insurance claims made by the Operator in respect of insurance carried for the benefit of all the Participants;

25.1.5 claims made by the Operator on behalf of the Participants;

25.1.6 Material returned to the Operator or any of its Affiliates from Joint Operations as provided in paragraph 29;

25.1.7 Material transferred to other activities which has previously been purchased for Joint Operations;

25.1.8 grants or other payments from Governmental sources;

25.1.9 all taxes (including Value Added Tax), rentals and other fees recoverable by the Operator; and

25.1.10 other event giving rise to a Receipt (including interest) by the Operator on behalf of the Participants.

## 26. DISPOSAL OF MATERIAL PURCHASED FOR JOINT OPERATIONS

26.1 If the Operator shall consider that any items of Material having an original unit cost to the Joint Account of more than one hundred thousand Pounds (£100,000) or aggregate or original unit costs totalling more than five hundred thousand Pounds (£500,000) ("**Major Surplus Items**") are no longer needed or suitable for Joint Operations it shall give notice to the other Participants accompanied by details of the Major Surplus Items and obtain the prior approval of the Joint Operating Committee before disposing of such Major Surplus Items in the manner provided in this paragraph 26.

26.2 The provisions of this paragraph 26 shall also apply to material which is normally held as part of the Operator's warehouse stocks and which has been transferred to Joint Operations from the Operator's common warehouses if not accepted by the Operator in accordance with paragraph 29.

26.3 Material Purchased by the Participants

26.3.1 The Operator shall have a prior right to purchase any surplus Material, other than Major Surplus Items, but is under no obligation to do so. In the case of Major Surplus Items, the disposal of which has been approved by the Joint Operating Committee, each of the Participants shall be entitled for a period of thirty (30) days from the date of such approval, subject to paragraph 26.3.2, to offer to purchase such Major Surplus Items by giving notice to the Operator.

26.3.2 If more than one Participant indicates, within the said period of thirty (30) days, a wish to acquire the same Major Surplus Items, then the Operator shall promptly, in respect of each such item, give notice to the other Participants which wish to acquire that item. The Participants concerned shall be allowed fourteen (14) days from the date of such notification to agree upon a division or allocation of each such item between themselves. If the Participants concerned are unable to agree upon the division or allocation of any Major Surplus Item, the Operator shall request competitive bids from the Participants concerned in respect of that item and shall accept the highest bid. Where the Operator bids in competition with other Participants it shall arrange the bidding procedure to ensure that it gains no advantage from acting as the Operator.

26.3.3 Unless otherwise decided by the Joint Operating Committee, all items of surplus Material to be sold under paragraph 26.3.1 or 26.3.2, shall be sold at prices determined by the Operator in accordance with the values stipulated in paragraph 14.

26.4 Material Transferred to Other Operations

In the event that Material purchased and used in Joint Operations has a residual value and is transferred by the Operator for use in connection with other operations, apportionment of the original cost, together with the cost of necessary repair and refurbishment, will be determined in accordance with the Operator's standard accounting practices.

26.5 Material Purchased by Others

If no Participant has notified the Operator, in accordance with paragraph 26.3.1, of its wish to purchase any or all Major Surplus Items or if the Operator does not exercise its option to purchase any other items or surplus Material, then the Operator shall, unless the nature or value of an item makes tendering impracticable or uneconomic, prepare a list of the items for sale and competitive bids shall be requested from third parties. Subject to its right to refuse any offer the Operator shall customarily accept the highest offer, provided that if the highest offer is

not accepted, the Operator will inform the Participants in advance of refusing such offer, giving its reason for doing so.

26.6 Alternative Methods of Disposal

In the event that no such bids for items of surplus Material are received or if the nature or value of an item makes tendering impracticable or uneconomic, the Operator shall dispose of such items as it thinks fit other than to itself or its Affiliates provided that, if any Major Surplus Items are involved, the Operator shall make a recommendation to the Joint Operating Committee for an alternative method of disposal and shall obtain the approval of the Joint Operating Committee to it prior to implementation.

26.7 All documentation relating to the disposal of surplus Materials shall be retained as part of the records available for audit.

## 27. DISPOSAL OF JOINT PROPERTY OTHER THAN MATERIAL

27.1 If the Operator shall consider that any item of Joint Property, other than Material, which has an aggregate cost to Joint Operations of more than one hundred thousand Pounds (£100,000), is no longer needed or suitable for Joint Operations it shall inform the Joint Operating Committee and the Joint Operating Committee shall decide whether such item shall be disposed of and, if so, the terms and conditions of disposal.

## 28. SERVICES PROVIDED TO THIRD PARTIES OR INDIVIDUAL PARTICIPANTS BY THE OPERATOR ON BEHALF OF THE PARTICIPANTS

28.1 Services using Material, other Joint Property, facilities, expertise or other resources available to Joint Operations may be rendered to third parties or individual Participants as provided in this paragraph 28, except that in no instance shall the provision of such services jeopardise, hinder or unreasonably interfere with Joint Operations. The provisions of this paragraph 28 shall not apply to the provision of services to a third party or individual Participants in an emergency, nor to services rendered by the Operator in accordance with paragraphs 14.3, 16.2 and 21.

28.2 If the Operator shall consider that the Material, other Joint Property, facilities, expertise or other resources available to Joint Operations which is required to fulfil any request for a service made by a third party or a Participant has an original cost to the Joint Account of more than two hundred and fifty thousand Pounds (£250,000) ("**Major Service**"), the Operator shall give notice to each Participant accompanied by details of the Major Service requested, the identity of the third party or Participant making such request and the Operator's recommendation as to the terms and conditions on which the Major Service should be provided and obtain the prior approval of the Joint Operating Committee before rendering such Major Service to such third party or Participant.

28.3 Unless otherwise decided by the Joint Operating Committee, services other than a Major Service shall be provided at rates which are not less than those charged by third parties for like services on comparable terms in the areas where Joint Operations are located. Where applicable the rates shall include interest and depreciation.

28.4 The Joint Operating Committee shall decide any necessary order of priority when several conflicting requests for the same service are made.

## 29. MATERIAL RETURNED TO THE OPERATOR'S WAREHOUSES FROM JOINT OPERATIONS

29.1 Material which was transferred to Joint Operations from the Operator's warehouses in accordance with the provision of paragraph 14.3 shall be returned to the Operator at the price charged in accordance with paragraph 14.3.1 less the cost of any inspection and/or reconditioning. The Operator shall have the right to determine the suitability of Material to be re-warehoused and Material which is not accepted will be disposed of under paragraph 26 of this Section III.

## SECTION IV - FORECASTING AND REPORTING PROCEDURE

## 30. AUTHORISATION FOR EXPENDITURE

30.1 AFEs will be established for each classification or sub-classification of cost in a Programme and Budget. Where individual items of expenditure are attributable to more than one such classification or sub-classification such items shall be apportioned on an equitable basis.

30.2 Notwithstanding the above, AFEs for expenditure on wells included in any Programme and Budget which constitutes capital expenditure shall be issued separately on a dry hole and tested basis.

30.3 The Operator shall request approval of an AFE at a time when the main details of the relevant commitment can be ascertained and the AFE shall be approved by the Participants in accordance with paragraph 30.6 below.

30.4 If Joint Operating Committee so determines it may set a level of expenditure below which, or categories of expenditure in respect of which, AFEs are not required, which levels and/or categories may vary for different types of Programmes and Budgets.

30.5 The AFE will describe the scope of work, give the estimate of the items of expenditure necessary to complete such work, give the estimated timings of such expenditure and show separately the base cost (being the Operator's estimate of the most likely cost at the time of preparation of the AFE), escalation (being the Operator's estimate of increases in unit cost of labour, Materials or services, if any, for the period of the AFE), and any contingency (being the Operator's estimate of contingent occurrences). The total of the base cost, contingency and escalation shall be the "Estimated Final Cost". Necessary further details to support the Estimated Final Cost of activities will be included as attachments to the extent reasonably required by the Joint Operating Committee in order to approve such AFEs.

30.6 A Participant voting in favour of an AFE shall confirm its approval of such AFE by signing an AFE form and returning it to the Operator within thirty (30) days of receipt. Any Participant not approving such AFE shall confirm their non-approval as soon as possible and, in any event, not later than thirty (30) days from receipt, giving the reason for such non-approval. All such notification of approval or non-approval of AFEs to the Operator shall be notified by the voting Participant to all other Participants. Notwithstanding the foregoing, an AFE may still be valid if approved by the requisite number of Participants within ninety (90) days of receipt.

30.7 After approval of an AFE by the Joint Operating Committee the Operator shall promptly notify all the Participants indicating the identity of those Participants whose authorisations have formed part of such approval.

30.8 In circumstances where the Operator reasonably believes it necessary, it may request the Joint Operating Committee to reduce the normal notice periods for approval of an AFE.

## 31. COST CONTROL REPORTS

31.1 The Operator will closely control all costs and will furnish the Participants on or before the 25th of the Month following each Quarter-end, with a Cost Control Report which shall contain a breakdown of the types of operating, capital and decommissioning expenditure incurred, together with a comparison against the relevant approved work programme and budget. Each Cost Control Report shall include, in respect of operating expenditure, a full year forecast and in respect of capital and decommissioning expenditure, inception to date actuals by AFE together with the estimated final cost.

31.2 A "Cost Control Report" shall mean a report containing such information on actual operating and capital costs against estimates and such other information as the Joint Operating Committee may decide from time to time.

**SCHEDULE 2**
**TRUST DEED**

**DATE:** **20[•]**

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**TRUST DEED IN RESPECT OF UNITED KINGDOM PETROLEUM PRODUCTION LICENCE NO. P.XXX, BLOCK XXXX**

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Between

**[•] LIMITED**

and

**[•] LIMITED**

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***Note: Provisions in italics need only be included where the Part Areas are horizontally/stratigraphically divided***

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**THIS TRUST DEED** is made on the [•] day of [•] 20[•]

**BETWEEN:**

(1) **[•]**, a company registered in England (company number [•]) and having its registered office at [•] ("[•]");

(2) **[•]**, a company registered in England (company number [•]) and having its registered office at [•] ("[•]");

(3) **[•]**, a company registered in England (company number [•]) and having its registered office at [•] ("[•]");

**WHEREAS:**

(A) Each of the Parties is a party to the Licence; and

(B) The Parties wish to make certain declarations and confirmations as to the terms on which each of them hold their respective beneficial interests in each part of the Licence Area.

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

**1. DEFINITIONS**

1.1 In this Trust Deed (including the recitals hereto) the following expressions shall have the following meanings:

"**Acts**" means the Petroleum Act 1998 and the Continental Shelf Act 1964 and any regulations issued under them.

"**Block**" means a block within the UKCS as shown on the reference map deposited at the Department of Business, Enterprise and Regulatory Reform;

"**Block xxx**" means the area known by that name and bounded by the co-ordinates set out in the applicable part of schedule 1 hereto;

"**Licence**" means United Kingdom Petroleum Production Licence No. P.xxx granted by deed of licence dated [•], under the Acts and presently comprising Block xxx;

"**Licence Area**" means Block xxx, being the area in which for the time being the Parties or any of them may exercise the rights granted by the Licence;

*"**Lower Layer Parties**" means those of the Parties who are the Part Area Owners of the Lower Layers;*

*"**Lower Layers**" means [•];*

"**Operating Agreement**" means any operating agreement from time to time between the relevant Part Area Owners relating to the management of operations in any Part Area;

*"**Other Parties**" means those of the Parties who are not Lower Layer Parties;*

"**Part Area**" means each part of the Licence Area to which a separate Operating Agreement applies or in which a Party holds the entire beneficial interest, as further defined in schedule 1;

"**Part Area Owner**" means a Party which has a beneficial interest in one or more Part Areas, as further defined in schedule 2;

"**Secretary**" means in relation to the Licence, the "Minister" as defined therein, or, in relation to the exercise of functions under the Acts, the person designated to exercise such functions, as the case may be;

*"**Senior Supervisory Personnel**" means any person employed by a Party as a director or other corporate officer or who occupies a senior managerial position in such Party with direct responsibility for the conduct of operations in relation to the Upper Layers or the Lower Layers;*

*"**Upper Layers**" means [•];*

*"**Wilful Misconduct**" means, in relation to a Party, an intentional or conscious or reckless disregard by its Senior Supervisory Personnel of good and prudent oil and gas field practice or of any of the terms of this Agreement in utter disregard of avoidable and harmful consequences but shall not include any act, omission or error of judgment or mistake made in the exercise in good faith of any function, authority or discretion vested in or exercisable by such Senior Supervisory Personnel and which in the exercise of such good faith is justifiable by special circumstances including but not limited to safeguarding of life, property or the environment and other emergencies.*

1.2 For the purposes of this Trust Deed the "Percentage Share" of a Part Area Owner in a particular Part Area shall be that percentage which the percentage interest share (howsoever expressed in the relevant Operating Agreement from time to time) held by such Part Area Owner in that Part Area is of the aggregate of all of the percentage interest shares of all the Part Area Owners of the same Part Area. The percentage shares as at the date of this Agreement are as set out in schedule 2.

1.3 In this Trust Deed (including the recitals hereto):

1.3.1 where the context requires, words denoting the singular shall also include the plural and vice versa;

1.3.2 all references to clauses and the schedule are, unless otherwise expressly stated, references to clauses of and schedules to this Trust Deed; and

1.3.3 the schedule forms part of this Trust Deed and shall have the same force and effect as if expressly set out in the body of this Trust Deed.

## 2. DECLARATION OF TRUST

2.1 The benefit of all estate, rights and interests of the Parties in and under the Licence in relation to the Licence Area shall be applied in accordance with the terms of this Trust Deed.

2.2 Each Part Area Owner confirms and undertakes that notwithstanding the terms of the Licence, it holds a beneficial interest in the estate, rights and interests in and under the Licence in respect of the Part Area(s) of which it is a Part Area Owner.

2.3 [Each Part Area Owner declares that it holds its entire estate, rights and interests in and under the Licence in respect of each Part Area of which it is not a Part Area Owner in trust for and to the benefit of the Part Area Owners which have a beneficial interest in such Part Area.] [2]

2.4 Each of the Parties will do all such acts and things within its control as may be necessary to keep and maintain the Licence in full force and effect and will refrain from doing anything within its control which would justify revocation of the Licence.

[2] Insert only if the Part Area Owners are not the same in all of the Part Areas

2.5 Nothing contained in this Trust Deed shall prejudice or affect the rights and obligations of the Part Area Owners of the same Part Area inter se pursuant to the relevant Operating Agreement applying from time to time to that Part Area.

**3. COVENANTS AND UNDERTAKINGS**

3.1 Each Part Area Owner (in this clause 3, the "**Covenantor**") covenants (separately in respect of each Part Area of which it is a Part Area Owner) that upon the request and at the cost of each of the Part Area Owners of another Part Area (in this clause 3, the "Requesting Parties"), the Covenantor will:

3.1.1 comply with any and all reasonable directions given by the Requesting Parties; and

3.1.2 promptly execute all such deeds and documents and do all such acts and things as the Requesting Parties may reasonably request in relation to the Part Area of which the Requesting Parties are the Part Area Owners PROVIDED THAT such compliance, execution or action would not constitute a breach of the Licence and PROVIDED FURTHER THAT any necessary approval has been obtained of the Secretary.

3.2 Each of the Parties undertakes (except in accordance with clause 3.1) that:

3.2.1 it will not assign, charge or otherwise dispose of or encumber any interest in a Part Area of which it is not a Part Area Owner or purport to do so; and

3.2.2 it will not otherwise deal with any such interest or exercise any right or power granted by the Licence in relation to any Part Area of which it is not a Part Area Owner or any right derived from a right so granted except to comply with any direction of the Secretary as required by law.

**4. INDEMNITY**

4.1 Each Part Area Owner (in this clause 4, the "**Covenantor**") undertakes that it will indemnify and keep indemnified each and any Part Area Owner of another Part Area (in this clause 4, the "Indemnified Party") against each and any claim, demand, action, proceeding, loss, damage and/or expense (including without limitation legal expenses) made against or suffered or incurred by the Indemnified Party (and any costs, including legal costs, reasonably incurred by it in respect thereof) as a result of any failure by the Covenantor to comply with the covenants and undertakings given by it in this Trust Deed and/or arising under the Licence as a result of any operations carried on in the Part Area of which the Covenantor is a Part Area Owner whether arising on, before or after the date of this Trust Deed PROVIDED THAT if more than one Covenantor is liable to indemnify the same Indemnified Party against the same claim, demand, action, proceeding, loss, damage, cost (including legal cost) and/or expense then:

4.1.1 if all such Covenantors are Part Area Owners of the same Part Area, the liability of each shall be limited to that proportion of the aggregate liability to the Indemnified Party which its Part Area Owner's Percentage Share bears to the aggregate of the Part Area Owners' Percentage Shares of all the Covenantors who are so liable; but

4.1.2 if such Covenantors are Part Area Owners of different Part Areas, the aggregate liability to the Indemnified Party shall be apportioned between such Part Areas pro rata to the area covered by each. Thereafter, the share of liability attributed to each individual Part Area Owner shall be discharged in accordance with clause 4.1.1; and

PROVIDED FURTHER THAT an Indemnified Party shall not be entitled to an indemnity pursuant to this clause 4 if and to the extent that any claim, demand, action, proceeding, loss, damage, cost and/or expense made against or suffered or incurred by it arises as a result of its own negligence, omission, breach of duty (statutory or otherwise) or breach of the provisions of the Licence or this Trust Deed.

**5. PERIODIC PAYMENTS**

5.1 The periodic payments payable to the Secretary pursuant to the terms of the Licence shall be apportioned between the Part Areas pro rata to the area from time to time covered by each and then apportioned between the respective Part Area Owners in accordance with the relevant Operating Agreement applying from time to time to such Part Area in the proportion that each Part Area Owner's Percentage Share bears to the aggregate of all Part Area Owners' Percentage Shares for such Part Area. *Where one Part Area overlies another Part Area the payments due in relation to the aggregate of such Part Areas shall first be prorated equally between the Part Areas and then apportioned between the owners of the respective Part Areas as aforesaid.* The Parties shall bear and discharge the obligations of the licensees of the Licence with regard to royalties in proportion to their entitlements to the petroleum in respect of which such royalties become payable or deliverable and the Parties shall indemnify one another accordingly.

**6. STRATIGRAPHICALLY DIVIDED AREAS**

6.1 The Lower Layer Parties shall with the consent of each of the Other Parties (not to be unreasonably withheld) and with all other necessary consents and approvals, including those of the Secretary, and subject to clause 6.2, have access to the Lower Layers from the surface of the area comprised in the Licence or otherwise through the Upper Layers PROVIDED THAT such access shall not interfere with any operations or planned or proposed operations of the Part Area Owners of the Upper Layers.

6.2 Without prejudice to clause 4 prior to the Lower Layers Parties gaining access to the Lower Layers pursuant to clause 6.1, whether from the surface of the area comprised in the Licence or otherwise through the Upper Layers, they shall: (i) provide security to the satisfaction of the Other Parties, whose approval of such security shall not be unreasonably withheld, provided that a Lower Layer Party meeting or exceeding a current rating of "AA" by Standard & Poor's or "Aa2" by Moody's or is a 100% subsidiary of an entity holding such rating shall not be required to provide such security; and (ii) notwithstanding any conflicting provisions in the Operating Agreement applicable to the Lower Layers and to the extent only of its Percentage Interest as set out in the Operating Agreement, indemnify each of the Other Parties against any claim suffered by the Other Parties as a result of or in connection with such access or any associated operations including any loss of or damage to any reservoir or hydrocarbon accumulation provided however that, where the Lower Layer Parties have submitted a well programme to the Other Parties and the Other Parties have approved such well programme, following the granting of such approval and where such well is drilled in accordance with such well programme by the Lower Layer Parties, the Lower Layer Parties and their contractors shall have no liability to the Other Parties for any claim, demand, action, proceeding, loss, damage or expense suffered or incurred by the Other Parties as a result of or in connection with such access or any associated operations including loss or damage to any reservoir or hydrocarbon accumulation irrespective of the negligence or breach of duty (statutory or otherwise), save to the extent that such claim, demand, action, proceeding, loss, damage or expense is attributable to the Wilful Misconduct of

the Lower Layer Parties, (iii) The Contract (Rights of Third Parties) Act 1999 shall only apply in respect of the benefit created in favour of the contractors referred to in this clause 6.2. Clause 6.2 may be amended, varied or terminated by the Parties without notice to or the consent of such contractors even if such contractors' rights under this clause 6.2 would be amended, varied and/or terminated.]

## 7. ASSIGNMENT

7.1 No transfer of any interest in a Part Area shall be effective or binding upon the Parties unless the remaining, non-transferring Parties shall each have consented to such transfer in writing (which consent may only be withheld on grounds that the financial responsibility and technical capability of the proposed transferee to discharge the obligations of the transferring Party as they relate to the interest to be transferred has not been adequately demonstrated).

7.2 No such transfer shall be effective or binding upon the Parties until the date upon which each of the following has occurred:

7.2.1 any necessary consent and approval of the Secretary to such transfer shall have been obtained and evidence of it furnished to all the Parties by the transferring Party; and

7.2.2 all Parties (including the transferring Party) execute a written instrument (in form and content satisfactory to the Parties and duly executed by the transferee) in which the transferee accepts and assumes in place of the transferring Party:

(a) all of the obligations under this Trust Deed in so far as the interest transferred is concerned whether incurred before, on or after the effective date of the transfer; and

(b) all of the obligations under any agreement between the relevant Part Area Owners in which the Part Area Owners make provision for the costs of decommissioning in so far as the interest transferred is concerned and the transferee makes such provision (if any) in respect of the costs of decommissioning as is required under the provisions of such agreement;

and which includes a new schedule to replace the then current schedule showing the relevant percentage interest shares of the Parties in each Part Area subsequent to the transfer.

7.3 A Party shall promptly join in such reasonable actions as may be necessary or desirable to obtain any consent and approval of the Secretary in connection with, and shall execute and deliver any and all documents reasonably necessary to effect, any such transfer.

7.4 All costs and expenses pertaining to any such assignment shall be the responsibility of the transferring Party. For the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such transfer shall either be paid by the transferring Party, or the transferring Party shall be responsible for procuring the payment of it by the transferee.

7.5 Nothing contained in this clause 7 shall prevent a Party from mortgaging, pledging or otherwise encumbering all or part of its interest in a Part Area and in and under this Trust Deed for the purpose of security relating to finance provided that:

(a) such Party shall remain liable for all obligations relating to such interest;

(b) the mortgage, pledge or encumbrance shall be subject to any necessary approval of the Secretary and be expressly subordinated to the rights of the other Parties under this Trust Deed; and

(c) such Party shall ensure that any such mortgage, pledge or encumbrance shall be and shall be expressed to be without prejudice to the provisions of this Trust Deed.

**8. MISCELLANEOUS**

8.1 Without prejudice to any rights, obligations or liabilities then accrued, the provisions of this Trust Deed as they affect a particular Party shall terminate and cease to have effect with respect to that Party on such date as such Party ceases to hold any interest in the Licence Area.

8.2 This Trust Deed may be executed in any number of counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Trust Deed but all the counterparts shall together constitute but one and the same instrument.

8.3 *Save as set out in clause 6.2,* a third party shall have no right pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed, but this does not affect any right or remedy which exists apart from such Act and which may be available to such third party.

8.4 This Trust Deed shall be governed by and construed in accordance with English law and the Parties submit to the exclusive jurisdiction of the English Courts.

**IN WITNESS WHEREOF** this Trust Deed has been duly executed by the Parties the day and year first above written.

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **[•] LIMITED** | ) | ..... |
| on being signed by: | ) | Director |
| ..... | ) | |
| and ..... | ) | ..... |
| | | Director/Secretary |

| | | |
|---|---|---|
| Executed as a deed by | ) | |
| **[•] LIMITED** | ) | ..... |
| on being signed by: | ) | Director |
| ..... | ) | |
| and ..... | ) | ..... |
| | | Director/Secretary |

**Schedule 1**

**Part 1**
**Area A (Block __/___)**

| Latitude | Longitude |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Part 2**
**Area A (Block __/___)**

| Latitude | Longitude |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Part 3**
**Area A (Block __/___)**

| Latitude | Longitude |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Part 4**

**Area A (Block __/___)**

| **Latitude** | **Longitude** |
|---|---|
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |
| __Degr __' __.___"N | __Degr __' __.___"W |

**Schedule 2**

**Part 1**

**Area A Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Part 2**

**Area B Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Part 3**

**Area C Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Part 4**

**Area D Percentage Interest Shares**

| Area A Owner | Percentage Interest Share |
|---|---|
| * | % |
| | % |

**Schedule 3**

**Associated Agreements**

| | Doc Title | Date |
|---|---|---|
| **Magnus** | | |
| 1. | Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sales and Services Agreement | 6 September 2000 |
| 2. | Engineering Services Agreement in relation to Magnus Enhanced Oil Recovery Project | 6 September 2000 |
| 3. | Magnus EOR Project Letter Agreement | 6 September 2000 |
| 4. | Terms for Evacuation of WoS Gas Following Termination of the Gas Sales Agreements | 5 September 2001 |
| 5. | Space and Services Agreement for Murchison Platform | 31 January 2006 |
| 6. | Services Agreement for Emissions Trading under the EU Scheme (version 2.0) in relation to the Magnus Platform | 17 July 2008 |
| 7. | Penguins Field Study Agreement | 2 July 2010 |
| 8. | Select Stage Cost Sharing Agreement | 2 November 2011 |
| 9. | Funding Agreement in respect of intervention operation work to lock open the NLGP Spurline on a temporary basis | 24 September 2013 |
| 10. | Flotel Sharing Agreement | 22 April 2014 |
| 11. | Cost Share Agreement in respect of the Brent Bypass Project | 15 July 2016 |
| 12. | Supplementary Cost Share Agreement with Quad in respect of the Brent Bypass Project | 15 July 2016 |
| 13. | Supplementary Cost Share Agreement with Clair in respect of the Brent Bypass Project | 15 July 2016 |
| 14. | Bypass Principles Letter Agreement | 15 July 2016 |
| 15. | Letter Agreement re. NLGP TPA Amendment | 15 July 2016 |
| 16. | Letter Agreement re. WOS Brent Bypass Cost Reconciliation Principles | 15 July 2016 |
| 17. | Brent Bypass Agreement | 14 October 2016 |
| 18. | Letter Agreement re WOS/SEGAL Access | 15 July 2016 |
| 19. | Strathspey Pipelines Crossing Agreement | 4 June 1993 |

| | | |
|---|---|---|
| 20. | Pipeline Crossing Agreement for the Alwyn Liquids Export Pipeline | September 1997 |
| 21. | Agreement relating to the proximity arrangements in respect of the Clair Oil Pipeline, the Caisson and the Magnus Gas Pipeline | 17 June 2003 |
| 22. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus EOR Pipeline | 8 May 2007 |
| 23. | Proximity Agreement in relation to works by the Don Area Group in proximity to the Magnus Platform | 31 May 2007 |
| 24. | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the Magnus Pipeline | 29 April 2011 |
| 25. | Proximity Agreement in respect of the Conduct of Survey Work in Proximity to the Ninian Central Platform | 19 May 2011 |
| 26. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus Pipeline | 27 May 2011 |
| 27. | Pipeline Crossing Agreement in respect of the crossing of the Magnus Pipeline by the Causeway East/Far East Field Lines | 19 January 2012 |
| 28. | Pipeline Crossing Agreement in respect of the crossing of the Magnus to Sullom Voe Gas Pipeline by the Otter to Eider Water Injection Pipeline | 7 August 2013 |
| 29. | Proximity Agreement in respect of the conduct of onshore work in proximity to the Clair Pipeline | 9 August 2013 |
| 30. | Proximity Agreement in respect of the conduct of work in proximity to the Ninian Central Platform | 3 April 2014 |
| 31. | Proximity Agreement in respect of the conduct of survey work in proximity to the Magnus Pipeline | 15 July 2014 |
| 32. | Confidentiality Agreement | 4 July 2013 |
| 33. | Confidentiality Agreement | 12 September 2013 |
| 34. | Confidentiality Agreement | 8 October 2013 |
| 35. | Confidentiality Agreement | 4 August 2014 |
| **Northern Leg Gas Pipeline** | | |
| 36. | Northern Leg Gas Pipeline Participants Agreement *(to the extent it relates to the Magnus Field Group)* | 23 December 1981 |
| 37. | Operating Services Agreement supplemental to the Northern Leg Participants Agreement *(to the extent it relates to the Magnus Field Group)* | 15 January 1988 (*effective from 31 December 1983*) |
| 38. | Agreement for the Transportation and Processing of Northern Leg Gas/NGL in the FLAG System *(to the extent it relates to the Magnus Field)* | 23 December 1981 |
| 39. | Agreement for Admission of Statfjord UK Field to the Northern Leg Gas Pipeline *(to the extent it relates to the* | 22 December 1983 |

| | | |
|---|---|---|
| | *Magnus Field Group)* | |
| 40. | Magnus EOR Project Letter Agreement *(to the extent it relates to the Magnus Field)* | 6 September 2000 |
| 41. | Contract for Provision of Control Room and Hydrocarbon Accounting Services to the Northern Leg Gas Pipeline *(to the extent it relates to the Magnus Field)* | 16 January 2013 |

**Schedule 4**

**[Agreed WP&B] [*DRAFTING NOTE: TO REMOVE IF AGREED WP&B HAS EXPIRED AT DATE OF BP TRANSFER*]**

**[Operating Philosophy**

The Operator shall conduct Joint Operations in a manner designed to achieve the following principles:

- The asset shall be operated safely, with an aim of no harm to people or damage to the environment.
- Extending cessation of production date.
- Maximise operating efficiency and cost efficiency.
- Minimise base decline.
- Managing safety critical overdues to a minimum.
- Continue gas injection to underpin Enhanced Oil Recovery (EOR).
- Progressive reduction in manpower within the limitations of legislation and the provisions of the transfer of operatorship agreements.
- Ensure a safe and efficient transition.
- Delivering the rig recertification programme during 2017.
- Planning for the three infill wells progressed to allow drilling from 4Q 2017.

**Production**

The WP&B underpins the following expected production profile (excludes gas).

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Oil production Mbd** | **12.4** | **20.6** | **22.5** |

**Operating Budget**

The following Magnus budget (GBP£m) is approved for each of years 2017, 2018, and 2019:

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Total** | **100** | **98** | **90** |

Note: excludes tariffs, insurance and corporate overheads; excludes costs and any offsetting revenues allocated to Magnus from SVT, NPS and NLGP. SVT, NPS and NLGP budgets will be agreed within the respective JVs in the normal way.

**Budget Basis**

The budget (GBP£m) has been built up from the following indicative activities and costs. The breakdown below is for illustration purposes only and does not represent spending constraints.

| Activity | 2017 | 2018 | 2019 |
|---|---|---|---|
| Area Operations Mgt | 13 | 12 | 12 |
| Base Management | 1 | 2 | 2 |
| Engineering Services | 10 | 10 | 10 |
| Rig standby; wells integrity and maintenance | 4 | 2 | 3 |
| HSSE | 2 | 3 | 3 |
| Logistics | 11 | 11 | 11 |
| Operations Mgt | 21 | 21 | 20 |
| Reliability & Maintenance | 19 | 19 | 19 |
| Reservoir Management (1) | 0 | 0 | 0 |
| Subsea | 7 | 7 | 7 |
| TARs | 2 | | |
| Magnus Rig Enhancements | 2 | | |
| Contingency | 8 | 11 | 3 |

(1) Onshore support included in Ops Mgt line.

**CAPEX Budget**

The following CAPEX budget (GBP£m) is pre-approved for years 2017, 2018 and 2019 (and shall not require individual AFEs):

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Total** | **28** | **14** | **3** |

The budget (GBP£m) has been built up from the following activities and associated phasing and costs. The breakdown below is for illustration purposes only and does not represent spending constraints.

| Activity | 2017 | 2018 | 2019 |
|---|---|---|---|
| Magnus MOL Line | | 3 | |
| Magnus S13 Caisson Remediation Project | | 7 | |
| Magnus GT Control Systems | 3 | 3 | |
| Magnus Rig Recertification (BP 100%) | 13 | | |
| Magnus Rig Enhancements | 0* | | |
| Magnus Post MLXP Drilling Ramp Up | 6 | 1 | |
| Topsides/subsea production enhancing facilities upgrades | 3 | | 3 |
| Magnus Riser (NLGP) | TBA | | |
| Other | 3 | | |

Note: *Magnus Rig Enhancements (Rig Derrick upgrades to improve pipe storage & handling) are included in opex. Magnus Riser (NLGP) repair (BP 100% Retained Expenditure) will be considered included and approved when determined by the Operator.

**CAPEX items requiring AFEs**

In addition, the following CAPEX budget (GBP£m) is pre-approved for 2017, 2018 and 2019, subject to BP final approval by AFE (in accordance with and subject to Clauses 14.2 and 14.3):

| **Activity** | **2017** | **2018** | **2019** |
|---|---|---|---|
| Magnus MP62 ST (MP57) | 12 | 14 | |
| Magnus WAG09/ PMEP04 | | 31 | |
| Reserves adding Coiled Tubing work | 6 | | 6 |
| Other | | | |
| **Total** | **18** | **45** | **6** |

**Contingent CAPEX**

The following contingent items (GBP£m) are approved in principle, subject to presentation of a technical/ commercial proposal by Operator and BP final approval by AFE (in accordance with and subject to Clauses 14.2 and 14.3).

| **Activity** | **2017** | **2018** | **2019** |
|---|---|---|---|
| **One optional (additional) well** | | | **21** |

**Schedule 5**
**Post Security Default Clause**

## 1. DEFAULT

### 1.1 Notice of Default

If any Participant ("**Defaulting Participant**") fails to pay in full its share of any Cash Call which it is required to pay pursuant to this Agreement or (in respect of BP and EnQuest only) the SPA (excluding any Cash Call or part thereof which BP is required to pay on EnQuest's behalf pursuant to the SPA or this Agreement) by the due date in accordance with [paragraph 4.4 or paragraph 4.6 of the Accounting Procedure] the Operator shall as soon as practicable give notice to all the Participants of such default and the date of its commencement (a "**Default Notice**"):

### 1.2 Failure to Pay

1.2.1 If the Defaulting Participant fails to pay in full its share of any Cash Call by the due date in accordance with [paragraph 4.4 or paragraph 4.6 of the Accounting Procedure]:

(a) with the exception of the Defaulting Participant each Participant ("**Non-Defaulting Participant**") shall contribute, in accordance with this clause 1.2.1 a share of the amount in default in the proportion that its Percentage Interest bears to the total of the Percentage Interests of the Non-Defaulting Participants and pending receipt of such additional contributions the Operator shall make arrangements to meet any commitments falling due by borrowing the necessary finance or by making the necessary finance available itself and all costs of any such finance shall be charged to the Non-Defaulting Participants; finance made available by the Operator shall bear interest calculated on a day to day basis at a rate equal to two (2) per cent above LIBOR from time to time;

(b) within three (3) Working Days following the date of service of the Default Notice, the Operator shall notify all the Participants of the liability of each of the Non-Defaulting Participants to contribute to the amount in default and shall make a further Cash Call accordingly to take effect on the expiry of the six (6) Working Days specified in clause 1.2.1(c) or on such later date as the Joint Operating Committee may decide; and

(c) if such default continues for more than six (6) Working Days after the date of service of the Default Notice each of the Non-Defaulting Participants shall on the Working Day next following such sixth or later agreed Working Day pay the amount notified under clause 1.2.1(b), and thereafter shall continue to pay, in addition to its share of subsequent Cash Calls, the same proportion of that part of all such subsequent Cash Calls attributable to the Defaulting Participant until such time as the Defaulting Participant has remedied its default in full or until forfeiture of its interest pursuant to clause 1.6, and failure by any Participant to make such payments shall likewise and with the same results render that Participant in default.

1.3 **Remedy of Default**

1.3.1 The Defaulting Participant shall have the right to remedy the default at any time prior to forfeiture of its interest pursuant to clause 1.6, by payment in full to the Operator or, if the Non-Defaulting Participants have paid any amounts under clause 1.2, the Non-Defaulting Participants, in proportion to the amounts so paid by them, of all amounts in respect of which the Defaulting Participant is in default, together with interest thereon calculated on a day to day basis at a rate equal to the rate stipulated from time to time under the Late Payment of Commercial Debts (Interest) Act 1998, from and including the due date for payment of such amounts until the actual date of payment.

1.3.2 If the default is remedied in accordance with clause 1.3.1 the Defaulting Participant shall (from the day after the date on which the default is remedied) have restored to it the right to take in kind and dispose of its Percentage Interest share of Petroleum subject to any lifting procedures, but for the avoidance of doubt shall not be entitled to receive or be compensated for any Petroleum sold by the Operator on its behalf pursuant to clause 1.4 during any period in which it was in default.

1.4 **Disposal of Petroleum**

1.4.1 If any default continues for more than six (6) Working Days after the date of notification by the Operator under clause 1.1 then, for so long as the default so continues, the Defaulting Participant shall not be entitled to take in kind and dispose of its Percentage Interest share of Petroleum which shall instead be taken in kind and disposed of on behalf of the Defaulting Participant by the Operator and the actual proceeds of such sale (after the deduction of any costs incurred by the Operator in respect of such sale) shall be applied as follows:

(a) to discharge the liability of the Defaulting Participant to the Non-Defaulting Participants as specified in clause 1.2 (by application to first the interest and then the principal), in the proportions in which their respective Percentage Interests bear to the total of such liability; and

(a) if any proceeds remain in the hands of the Operator after all liabilities arising under clause 1.4.1(a) have been settled, the Operator shall transfer such proceeds promptly to the Defaulting Participant.

1.5 **Rights under this Agreement suspended**

1.5.1 After service of a Default Notice and during the continuation of any default the Defaulting Participant shall not be entitled to be represented at meetings of the Joint Operating Committee or any sub-committee of it nor to vote thereat and clause 9.8 shall apply in relation to any matters requiring the consent or approval of Participants under this Agreement, subject to the following provisions:

(a) for any decision requiring the consent or approval of all Participants (including for the avoidance of doubt the approval of any transfer pursuant to clause 23), the consent or approval of the Defaulting Participant shall not be required and the consent or approval of all Non-Defaulting Participants shall be sufficient to decide the matter;

(b) the Defaulting Participant shall be bound by decisions of the Joint Operating Committee or, where this Agreement requires unanimity, by decisions of all

of the Non-Defaulting Participants, made during the continuation of the default.

1.5.2 After service of a Default Notice and during the continuation of any default the Defaulting Party shall have no further access to any data and information relating to the Joint Operations other than such information or data as may be necessary to enable the Defaulting Party to remedy its default.

1.5.3 After service of a Default Notice and during the continuation of any default the Defaulting Party shall not be entitled to withdraw pursuant to clause 24 and shall be entitled to transfer all or any part of its interest pursuant to clause 23 only if its default is remedied prior to such transfer.

1.6 **Forfeiture of interest**

1.6.1 Subject to the remaining provisions of this clause 1.6, in the event that the default continues for more than sixty (60) days (or thirty (30) days if such default occurs in respect of an a Cash Call issued by the Operator in respect of an exploration well) from the date of service of a Default Notice in respect of a single default (or for a cumulative period of sixty (60) days in respect of a number of defaults within any twelve successive calendar months) then each of the Non-Defaulting Participants shall have the right to have forfeited to it and to acquire, by notice to the other Participants, the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement or, if any other Non-Defaulting Participant exercises such right within thirty (30) days after the first notice of exercise, its proportionate share of the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement, such share being the proportion which its Percentage Interest bears to the total Percentage Interests of the Non-Defaulting Participants exercising such right (or as the Non–Defaulting Participants exercising such right may otherwise agree).

1.6.2 Until any Non-Defaulting Participant exercises such right as is mentioned in clause 1.6.1 then, without prejudice to any rights of the Non-Defaulting Participants, and unless all the Non-Defaulting Participants agree to abandon the Joint Operations, the Joint Operations shall continue and the Operator shall continue to apply the provisions of clause 1.4.

1.6.3 Any forfeiture of the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement pursuant to clause 1.6.1 shall be:

(a) subject to any necessary consent of the Secretary;

(b) without prejudice to any other rights of each Participant other than the Defaulting Participant;

(c) acquired as beneficial owner or owners free of any charges and encumbrances (other than rent and royalty under the Licence); and

(d) effective as of the date of the forfeiture.

1.6.4 Upon forfeiture and acquisition of the interest of a Defaulting Participant under clause 1.6.1, a Defaulting Participant shall promptly join in such actions as may be necessary or desirable to obtain any necessary consent of the Secretary and shall execute and

deliver any and all documents necessary to effect any such forfeiture and acquisition, and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

1.7 **Power of Attorney**

1.7.1 The Defaulting Participant appoints the Operator to be its attorney for the purposes of:

(a) taking and disposing on its behalf of its Percentage Interest share of any Petroleum and applying the proceeds as set out in clause 1.4;

(b) taking such actions as may be necessary or desirable to obtain any necessary consent of the Secretary to a forfeiture pursuant to clause 1.6.3; and

(c) executing and delivering on its behalf and in its name any and all documents necessary to effect any such forfeiture and acquisition;

1.7.2 and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

1.8 **Default by the Operator**

If the Participant acting as Operator fails to pay in full its share of any Cash Call by the due date in accordance with paragraph 4.4 or paragraph 4.6 of the Accounting Procedure (excluding any Cash Call or part thereof which BP is required to pay on EnQuest's behalf pursuant to the SPA or this Agreement) then the Non-Operator having the largest Percentage Interest (and in the event of two or more such Non-Operators with identical Percentage Interests that Non-Operator having held such Percentage Interest for the longest time) shall be entitled to and shall exercise all of the powers of the Operator under this clause 17 in respect of such default, including without limitation the power of attorney in clause 1.7.

1.9 **Set off**

Each Participant acknowledges and accepts that a fundamental principle of this Agreement is that each Participant pays its full share of any Cash Call due under this Agreement as and when required. Accordingly, any Participant that becomes a Defaulting Participant undertakes that, in respect of either any exercise by the Non-Defaulting Participants of any rights under or the application of any of the provisions of this clause 17, such Participant hereby waives any and all rights of set-off, counterclaim, withholding or any deduction of any kind including for any Taxation, banking transfer or other costs or claims except to the extent required by Law. Each Participant further agrees that the nature and the amount of the remedies granted to the Non-Defaulting Participants are reasonable and appropriate in the circumstances.

**Schedule 6**
**Post Security Default Clause**

**Default**

17.1 **Notice of Default**

If any Participant ("**Defaulting Participant**") fails to pay in full its share of any Cash Call by the due date in accordance with [paragraph 4.4 or paragraph 4.6 of the Accounting Procedure] the Operator shall as soon as practicable give notice to all the Participants of such default and the date of its commencement (a "**Default Notice**").

17.2 **Failure to Pay**

17.2.1 If the Defaulting Participant fails to pay in full its share of any Cash Call by the due date in accordance with paragraph 4.4 or paragraph 4.6 of the Accounting Procedure then:-

(a) with the exception of the Defaulting Participant each Participant ("**Non-Defaulting Participant**") shall contribute, in accordance with this clause 17.2, a share of the amount in default in the proportion that its Percentage Interest bears to the total of the Percentage Interests of the Non-Defaulting Participants and pending receipt of such additional contributions the Operator shall make arrangements to meet any commitments falling due by borrowing the necessary finance or by making the necessary finance available itself and all costs of any such finance shall be charged to the Non-Defaulting Participants; finance made available by the Operator shall bear interest calculated on a day to day basis at a rate equal to two (2) per cent above LIBOR from time to time;

(b) within three (3) Working Days following the date of service of the Default Notice, the Operator shall notify all the Participants of the liability of each of the Non-Defaulting Participants to contribute to the amount in default and shall make a further Cash Call accordingly to take effect on the expiry of the six (6) Working Days specified in clause 17.2(c) or on such later date as the Joint Operating Committee may decide; and

(c) if such default continues for more than six (6) Working Days after the date of service of the Default Notice each of the Non-Defaulting Participants shall on the Working Day next following such sixth or later agreed Working Day pay the amount notified under clause 17.2(b), and thereafter shall continue to pay, in addition to its share of subsequent Cash Call, the same proportion of that part of all such subsequent Cash Calls attributable to the Defaulting Participant until such time as the Defaulting Participant has remedied its default in full or until forfeiture of its interest pursuant to clause 17.6, and failure by any Participant to make such payments shall likewise and with the same results render that Participant in default.

17.3 **Remedy of Default**

17.3.1 The Defaulting Participant shall have the right to remedy the default at any time prior to forfeiture of its interest pursuant to clause 17.6, by payment in full to the Operator or, if the Non-Defaulting Participants have paid any amounts under clause 17.2(c),

the Non-Defaulting Participants, in proportion to the amounts so paid by them, of all amounts in respect of which the Defaulting Participant is in default, together with interest thereon calculated on a day to day basis at a rate equal to the rate stipulated from time to time under the Late Payment of Commercial Debts (Interest) Act 1998, from and including the due date for payment of such amounts until the actual date of payment.

17.3.2 If the default is remedied in accordance with clause 17.3.1, the Defaulting Participant shall (from the day after the date on which the default is remedied) have restored to it the right to take in kind and dispose of its Percentage Interest share of Petroleum subject to any lifting procedures, but for the avoidance of doubt shall not be entitled to receive or be compensated for any Petroleum sold by the Operator on its behalf pursuant to clause 17.4 during any period in which it was in default.

17.4 **Disposal of Petroleum**

17.4.1 If any default continues for more than six (6) Working Days after the date of notification by the Operator under clause 17.1 then, for so long as the default so continues, the Defaulting Participant shall not be entitled to take in kind and dispose of its Percentage Interest share of Petroleum which shall instead be taken in kind and disposed of on behalf of the Defaulting Participant by the Operator and the actual proceeds of such sale (after the deduction of any costs incurred by the Operator in respect of such sale) shall be applied as follows:

(a) first to discharge the liability of the Defaulting Participant to the Non-Defaulting Participants as specified in clause 17.3 (by application to first the interest and then the principal), in the proportions in which their respective Percentage Interests bear to the total of such liability; and

(b) if any proceeds remain in the hands of the Operator after all liabilities arising under clauses 17.4.1(a) have been settled, the Operator shall transfer such proceeds promptly to the Defaulting Participant.

17.5 **Rights under this Agreement suspended**

17.5.1 After service of a Default Notice and during the continuation of any default the Defaulting Participant shall not be entitled to be represented at meetings of the Joint Operating Committee or any sub-committee of it nor to vote thereat and clause 9.8 shall apply in relation to any matters requiring the consent or approval of Participants under this Agreement, subject to the following provisions:

(a) for any decision requiring the consent or approval of all Participants (including for the avoidance of doubt the approval of any transfer pursuant to clause 23), the consent or approval of the Defaulting Participant shall not be required and the consent or approval of all Non-Defaulting Participants shall be sufficient to decide the matter;

(b) the Defaulting Participant shall be bound by decisions of the Joint Operating Committee or, where this Agreement requires unanimity, by decisions of all of the Non-Defaulting Participants, made during the continuation of the default.

17.5.2 After service of a Default Notice and during the continuation of any default the Defaulting Party shall have no further access to any data and information relating to

the Joint Operations other than such information or data as may be necessary to enable the Defaulting Party to remedy its default.

17.5.3 After service of a Default Notice and during the continuation of any default the Defaulting Party shall not be entitled to withdraw pursuant to clause 24 and shall be entitled to transfer all or any part of its interest pursuant to clause 23 only if its default is remedied prior to such transfer.

17.6 **Forfeiture of interest**

17.6.1 Subject to the remaining provisions of this clause 17.6, in the event that the default continues for more than sixty (60) days (or thirty (30) days if such default occurs in respect of a Cash Call issued by the Operator in respect of an exploration well) from the date of service of a Default Notice in respect of a single default (or for a cumulative period of sixty (60) days in respect of a number of defaults within any twelve successive calendar months) then each of the Non-Defaulting Participants shall have the right to have forfeited to it and to acquire, by notice to the other Participants, the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement or, if any other Non-Defaulting Participant exercises such right within thirty (30) days after the first notice of exercise, its proportionate share of the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement, such share being the proportion which its Percentage Interest bears to the total Percentage Interests of the Non-Defaulting Participants exercising such right (or as the Non–Defaulting Participants exercising such right may otherwise agree).

17.6.2 Until any Non-Defaulting Participant exercises such right as is mentioned in clause 17.6.1 then, without prejudice to any rights of the Non-Defaulting Participants, and unless all the Non-Defaulting Participants agree to abandon the Joint Operations, the Joint Operations shall continue and the Operator shall continue to apply the provisions of clause 17.4.

17.6.3 Any forfeiture of the interest of the Defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under this Agreement pursuant to clause 17.6.1 shall be:

(a) subject to any necessary consent of the Secretary;

(b) without prejudice to any other rights of each Participant other than the Defaulting Participant;

(c) acquired as beneficial owner or owners free of any charges and encumbrances (other than rent and royalty under the Licence); and

(e) effective as of the date of the forfeiture.

17.6.4 Upon forfeiture and acquisition of the interest of a Defaulting Participant under clause 17.6.1, a Defaulting Participant shall promptly join in such actions as may be necessary or desirable to obtain any necessary consent of the Secretary and shall execute and deliver any and all documents necessary to effect any such forfeiture and acquisition, and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

17.7 **Power of Attorney**

17.7.1 The Defaulting Participant appoints the Operator to be its attorney for the purposes of:

(a) taking and disposing on its behalf of its Percentage Interest share of any Petroleum and applying the proceeds as set out in clause 17.4;

(b) taking such actions as may be necessary or desirable to obtain any necessary consent of the Secretary to a forfeiture pursuant to clause 17.6.3; and

(c) executing and delivering on its behalf and in its name any and all documents necessary to effect any such forfeiture and acquisition;

and all costs and expenses pertaining to any such forfeiture and acquisition (including for the avoidance of doubt any stamp duty or stamp duty land tax incurred on the documents executed to effect such forfeiture and acquisition) shall be the responsibility of the Defaulting Participant.

17.8 **Default by the Operator**

If the Participant acting as Operator fails to pay in full its share of any Cash Call by the due date in accordance with paragraph 4.4 or paragraph 4.6 of the Accounting Procedure then the Non-Operator having the largest Percentage Interest (and in the event of two or more such Non-Operators with identical Percentage Interests that Non-Operator having held such Percentage Interest for the longest time) shall be entitled to and shall exercise all of the powers of the Operator under this clause 17 in respect of such default, including without limitation the power of attorney in clause 17.7.

17.9 **Set off**

Each Participant acknowledges and accepts that a fundamental principle of this Agreement is that each Participant pays its full share of any Cash Call due under this Agreement as and when required. Accordingly, any Participant that becomes a Defaulting Participant undertakes that, in respect of either any exercise by the Non-Defaulting Participants of any rights under or the application of any of the provisions of this clause 17, such Participant hereby waives any and all rights of set-off, counterclaim, withholding or any deduction of any kind including for any Taxation, banking transfer or other costs or claims except to the extent required by Law. Each Participant further agrees that the nature and the amount of the remedies granted to the Non-Defaulting Participants are reasonable and appropriate in the circumstances.

# Financial and Technical Capability Statement

# Contents

- Meeting Objectives
- Transaction Overview
- What does the transaction mean for SVT?
- EnQuest Overview
  - Track Record – Safe Results, Technical Capability, Cost Control and Production Enhancements
  - Financial Capability
- Why is EnQuest the natural Operator of SVT?
  - EnQuest's Operating model for SVT
  - Transition principles and planning
- Engaging with SVT Stakeholders
- Next Steps

# Meeting Objectives

enQuest

# Proposed Objectives of Meeting

- To provide an overview of the transaction - what does it mean for SVT?
- To demonstrate EnQuest's technical and financial capability to be the SVT Operator
- For Partners to ask questions and gain assurance
- To obtain support for EnQuest to be appointed as new SVT Operator

# Transaction Overview

# Transaction Overview

- EnQuest has agreed to acquire from BP an initial 25% interest in the Magnus oil field ("Magnus") and a 3% interest in SVT. EnQuest will also acquire an additional 10.98% of Northern Leg Gas Pipeline ("NLGP") and 3.83% of Ninian Pipeline System ("NPS")
  - EnQuest has existing interests of 2.97% in SVT, 7.24% in NLGP and 2.71% in NPS
- EnQuest has the option to acquire BP's remaining 75% interest in Magnus and BP's remaining equity in SVT (9%)
- EnQuest also has the option to receive $50m in liquidity from BP in exchange for undertaking physical decommissioning on Thistle and repayable by reference to 7.5% of the gross decommissioning cost of Thistle (following asset COP)
- EnQuest intends to become the Operator of Magnus, NPS, NLGP and SVT, subject to government and regulatory approvals and partner consents
- A transition plan is being put in place, and it is anticipated that the change in Operatorship will take place in 6 – 12 months. We recognise that at SVT, EQ's appointment as Operator and transition timeline is subject to Partner approval.

# Positive Financial Impact of Transaction

- No upfront consideration, for the initial 25% EnQuest will meet consideration from positive cumulative cash flows from Magnus (a non-recourse loan structure applies to the 75% option)
- Option to acquire up to 100% of BP's interests
  - BP retains a net cash flow share
- No exposure to negative cash flows
- BP has agreed to provide a guarantee of a working capital facility sufficient to meet the working capital requirements of the SVT
  - £42m guarantee, matching peak working capital requirements of the facility over the last 20 months (most months had a lower requirement)
- $50m additional liquidity if Thistle decommissioning option is exercised

# What does this mean for SVT?

# What does this transaction mean for SVT?

**Appointment of EnQuest as SVT Operator:**

- BP presents package to SVT Owners proposing to resign as operator, subject to (i) appointment of EnQuest as replacement operator; and (ii) agreement of documents necessary to retain ownership of MEOR Facilities
- Consultation with key stakeholders, inc. other owners, Regulators, Shetland Islands Council to enable approvals

**Assuming EnQuest is appointed SVT Operator:**

- Formal transition begins - scope and pace of change at acceptable and manageable level
- BP continues as SVT Operator in interim – no change outline 2017 work programme and budgets

**After Operator transfer:**

- BP will provide a guarantee to enable the establishment of a working capital facility to satisfy the financial obligations of EnQuest as the SVT Operator
- Magnus Enhanced Oil Recovery (MEOR) facility retained by BP – operated by EnQuest
- Fuel Gas still available to SVT, under existing agreements

# EnQuest Overview

# EnQuest Overview

- EnQuest is the largest UK independent oil producer in the UKCS
- EnQuest is the existing Operator of 6 producing hubs, including 5 in the North Sea, and 1 in Malaysia, and is Operator of the Kraken development, also the Tanjong Baram Risk Service Contract in Malaysia
- UKCS: Operator of the Don fields, Heather/Broom, Thistle/Deveron, the Greater Kittiwake Area, Scolty/Crathes, Alma/Galia and the Kraken development; one of the largest ongoing developments in the North Sea, due onstream in H1 2017
- Malaysia: Operator of PM8/Seligi and Tanjong Baram fields
- Life extension experts – natural choice as Operator of maturing assets
- EnQuest's current strategic priorities are:
  - ✓ to deliver on execution targets
  - ✓ to streamline operations
  - ✓ to strengthen the balance sheet

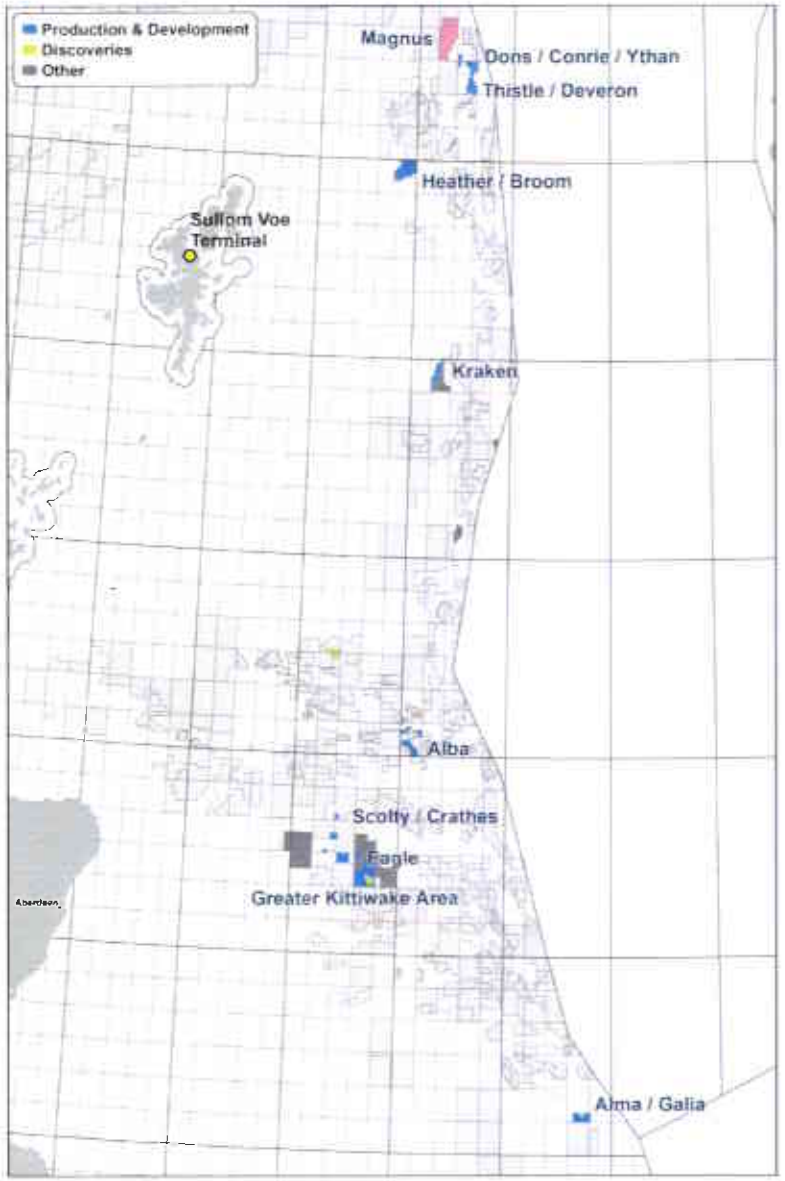



**Fig.1 EnQuest UKCS Interests**

# EnQuest's performance against prevailing strategic priorities

| | |
|---|---|
| **Reduced operating costs** | ▪ H1 2016 unit opex of $23/bbl, down 50% on H1 2014, institutionalised changes<br>▪ Expected to be at low end of $25-27/bbl range for full year 2016, at low $20s post Kraken |
| **Production / Cash generation** | ▪ H1 2016 42,520 Boepd. Kraken to take production above 50,000 Boepd during 2017<br>▪ Includes establishment of successful new business in Malaysia<br>▪ H1 2016 cash from operations of $183m |
| **Balance sheet** | ▪ Kraken full cycle project capex now cut by $675m, from $3.2bn to $2.5bn<br>▪ 2016 cash capex down from $700m - $750m to $620m - $670m |
| **Protection from oil price hedging** | ▪ 2017 hedging, 6MMboe hedged at average of c.$51/bbl |
| **Divested non-core assets** | ▪ Disposed of assets in Norway, Egypt, Tunisia and exploration assets in Malaysia<br>▪ Also disposed of exploration licences in the UK |

**Streamlining operations. Delivering on execution. Strengthening the balance sheet**

# EnQuest's Proven Track Record

- **Safe:** Recognised as safe, responsible, cost-efficient operator
- **Technically Capable:** Strong in-house technical skills, operational scale and high levels of operating efficiency
  - We have in-house experience and understanding of COMAH sites across our technical disciplines and we well-positioned to take on challenge of SVT operations
- **Proven Production Enhancements:** Demonstrates a track record of transforming the performance and extending the life of underdeveloped assets, with excellence in drilling.
- **Cost Efficient:** Excellence in supply chain management
- **Financially Capable**: Excellence in responding to macro conditions to safeguard financial capability

# Proven Track Record
# Safe Results

- EnQuest is committed to the delivery of continual improvement in health, safety and environmental performance.

- Underpinning our approach is our HSEA policy, and our SAFE behaviours philosophy.

- Via SAFE Behaviours, we reinforce our focus on the key behavioural aspects required to deliver Safe Results. These are:

  - Standards – set the highest standards and endorse rules
  - Awareness – prioritise hazard awareness in the workplace
  - Fairness – recognise good behaviours and not tolerate poor ones
  - Engagement – keep SAFE at the top of the agenda.

HSE&A Policy

Health, Safety, Environment & Assurance

EnQuest is the UK's largest independent oil & gas development and production company, operating in the North Sea and internationally. We are committed to operating responsibly and will not compromise our health, safety or environmental standards to meet our business objectives.

Through respect for our people, our contractors, our customers, our stakeholders and the environment, we will operate to achieve our principal aim: *Safe results, with no harm to people and respect for the environment.*

To achieve this we will manage our business such that we:

- Demonstrate strong leadership and visible commitment to HSE&A
- Comply with all applicable legislation and industry standards
- Maintain high-quality systems and processes
- Assess and manage risks
- Maintain safe and healthy workplaces
- Manage and mitigate our impact on the environment
- Provide trained and competent resources
- Encourage open and honest communication
- Ensure our contractors and suppliers comply with our policies and procedures
- Maintain the integrity of our assets over their life cycles
- Assess and manage change
- Plan and be prepared for potential emergencies
- Investigate and learn from incidents
- Strive for continual improvement in our performance

Should operational results and safety ever come into conflict, we all have a responsibility to choose safety over operational results. This includes the responsibility to stop a job whenever activities may conflict with this policy.

Amjad Bseisu
Chief Executive Officer
EnQuest PLC, May 2015

www.enquest.com

# Proven Track Record
# Technical Capability

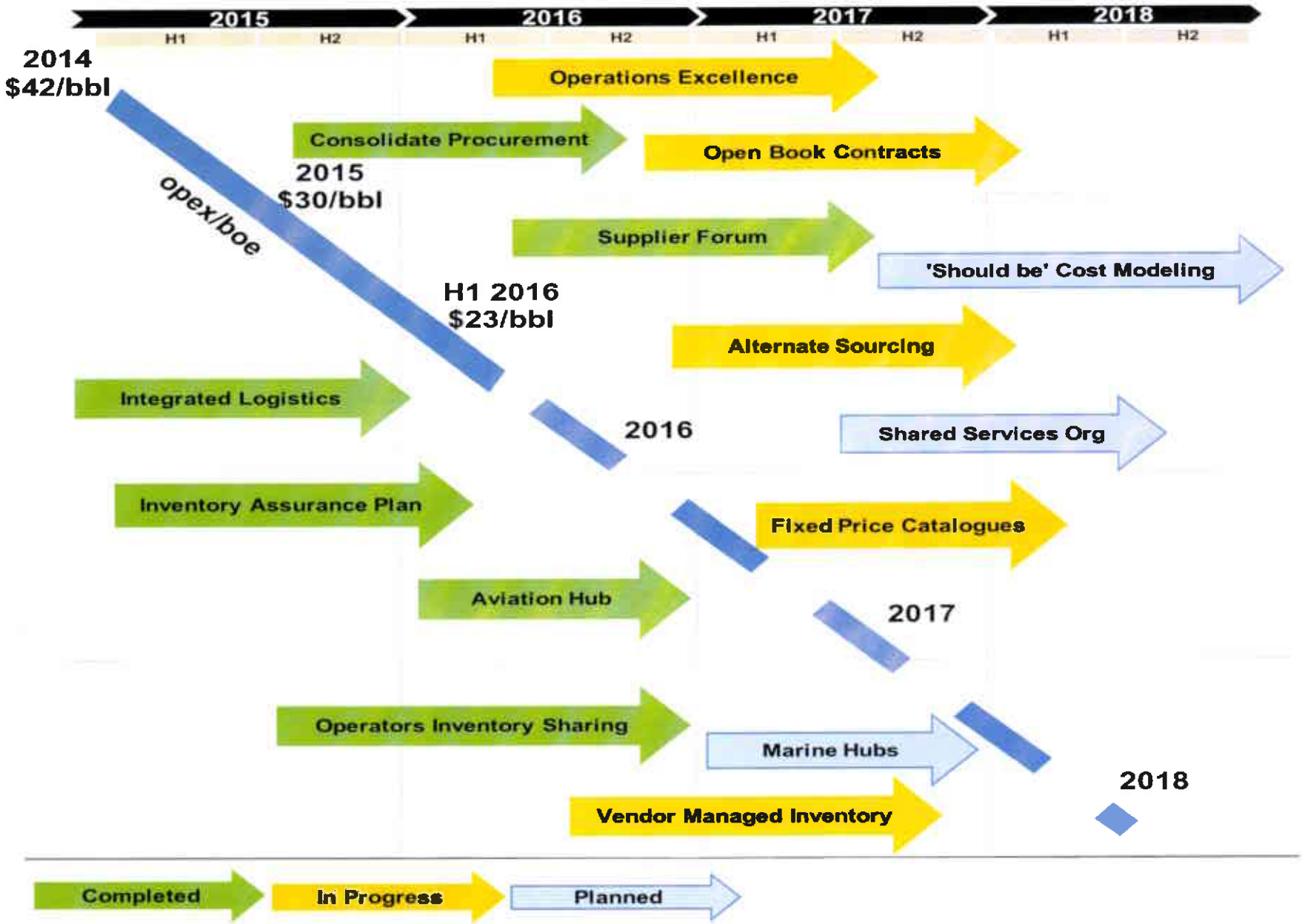
- Our differentiator is the breadth and depth of our knowledge and experience. EnQuest has a strong technical capability in Operations and Asset Integrity

- We operate a flat matrix organisational structure, with low overhead

- We have people within the EnQuest organisation who have direct experience of terminal operations including senior leadership, technical authorities and engineering staff.

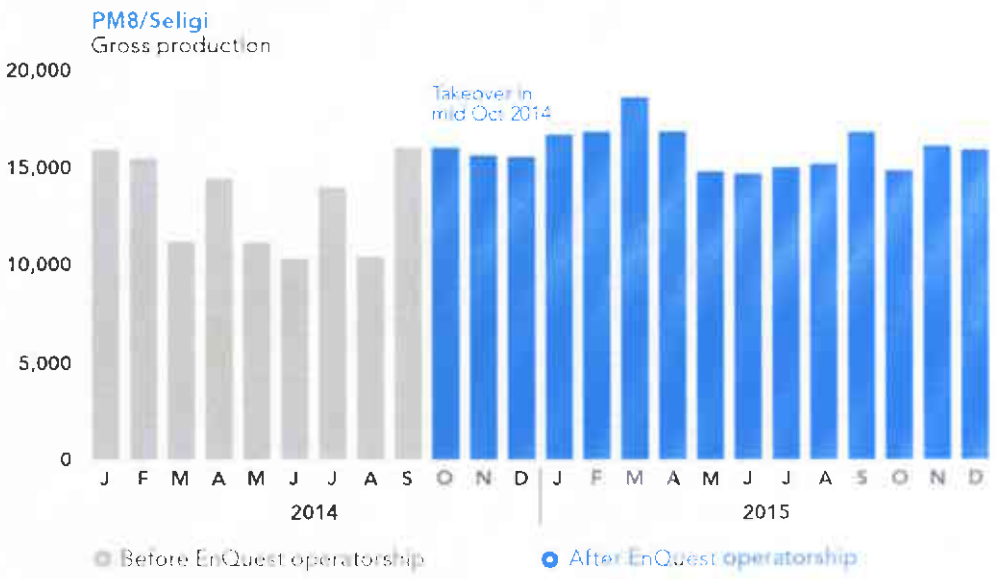
- Our technical capability will be augmented by the high likelihood that the entire workforce at SVT will transfer with the transfer of operatorship, thus providing continuity of staffing, knowledge, experience and expertise.

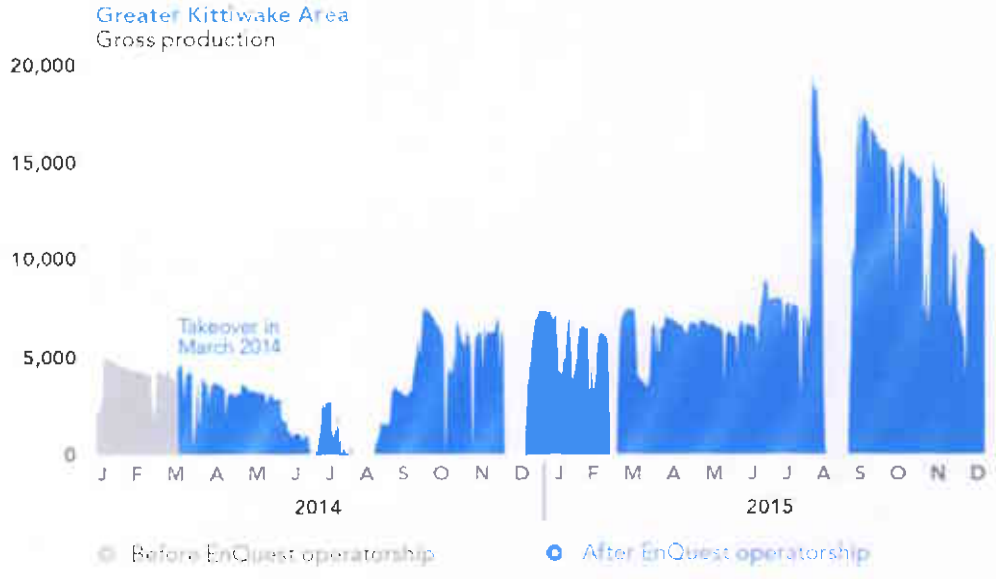
# Proven Track Record
# Cost Control

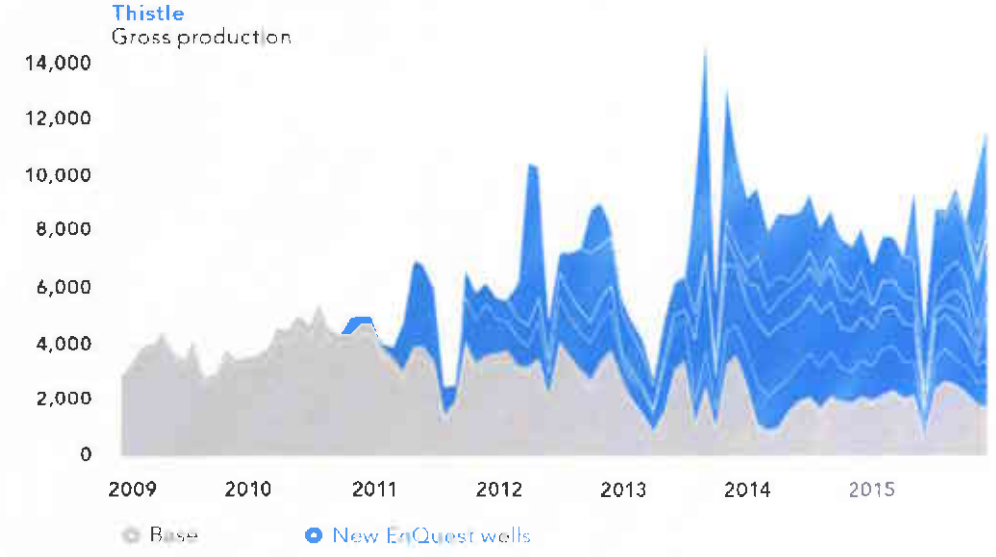


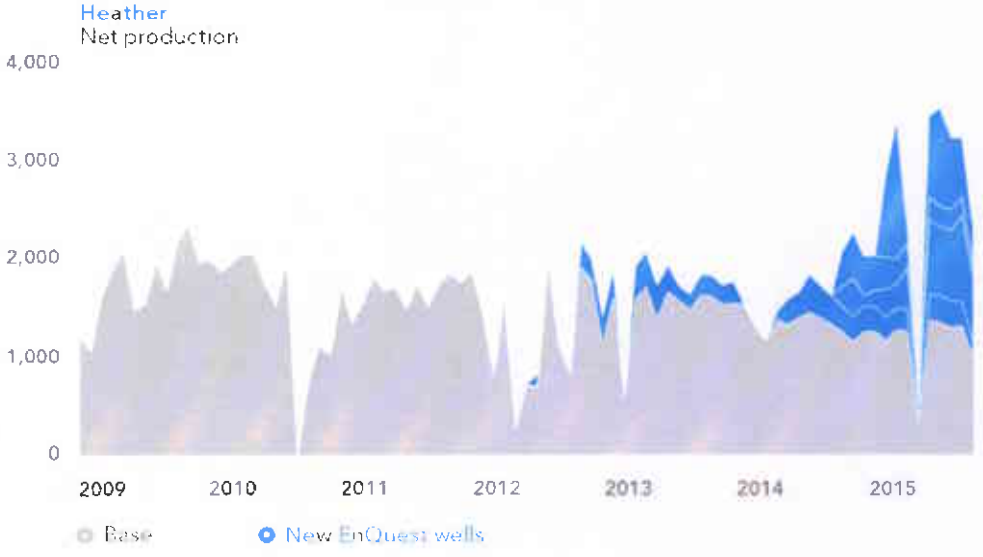
# Proven Track Record
# Production Enhancement

## Production increases delivered by EnQuest operatorship (Boepd)



# Financial Capability

- The rapid decline in oil prices during 2014 resulted in a significant deterioration in the finances of oil and gas companies
- Consequently, EnQuest's liquidity was challenged as development of Alma Galia, Scolty Crathes and Kraken was underway
- Over the last 24 months, EnQuest has been focused on delivering execution targets, streamlining operations and strengthening its balance sheet
- Even in a depressed oil price environment, EnQuest's producing assets have been cash generative
  - Operating cash flow of $183m during H1, 2016
- In late 2016, EnQuest successfully completed a debt restructuring and equity raise, which has significantly strengthened its balance sheet and provided substantial liquidity
  - Restructuring has improved liquidity by c.$400m
- Equity markets have responded positively as EnQuest's stock price has significantly outperformed peers

# Restructuring has strengthened EnQuest's Capital Structure

**Equity raise**

- **Injection of new money:** $100m Placing and Open Offer

**Bank debt**

- **Negotiated restructuring of existing facility**
  - Additional liquidity of c.$240m
  - $1,125m of $1,200m to become a term loan with remaining $75m a revolver
    - no longer dependent on reserves or oil prices
  - Final repayment date extended from 2019 to 2021

**Bonds**

- **Restructuring of £155m retail bond and $650m high yield bond**
  - Cash interest payable if the average oil price is > $65/bbl during the period
  - If average oil price is < $65/bbl for the 6 month period then no cash coupon and it is added to the principal
  - Option to extend final repayment from 2022 to 2023

# Restructuring has improved liquidity by c.$400m

## Balance sheet post restructuring

| | Pre-Restructuring | Post-Restructuring | Liquidity |
|---|---|---|---|
| RCF + Term Loan | *$956.3m* | **$1,200m** | **+ c.$240m** |
| Retail & High Yield Notes | *$857.9m* | *$857.9m* | **+ c.$60m p.a.** |
| Tanjong Baram Loan | *$30.1m* | *$30.1m* | |
| Equity Raise | - | **$100.0m** | **+ $100m** |
| | | | **= c.$400m** |

# External Perspectives: Broker Views

## LTM Share Price Performance (GBp)

## Selected Broker Quotes

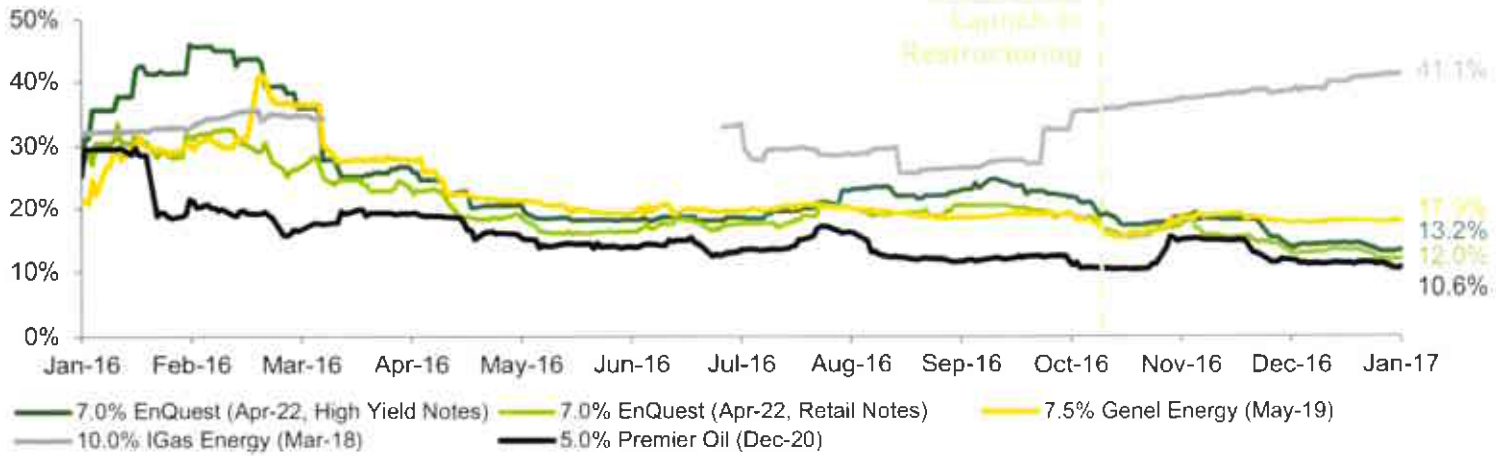
*"November's £82m equity raise and debt restructuring has **significantly improved headroom** for EnQuest - providing immediate working capital and pushing out RCF amortisations and bond coupons. The question is whether it is enough to guarantee delivery of Kraken. Our sensitivity analysis suggests it is: **we calculate sufficient liquidity to bring the field on stream** in any reasonable oil price / delay scenario; and sufficient headroom on leverage covenants to endure at least a 6 month delay at today's spot price"*

***UBS, 21 December 2016***

*"Whilst still eminently leveraged to higher oil prices, the **restructuring puts EnQuest on a surer liquidity footing** looking ahead of 40% volume growth y-o-y due to the Kraken field…With projected spare debt capacity of US$200mn mid-17, **all eyes turn to the delivery of Kraken** on time (and budget). Here, **news has been positive, with the FPSO en route and due to arrive mid-January**."*

***BAML, 9 December 2016***

## LTM Mid Yield-to-Maturity Performance (%)




- **Yields on EnQuest's notes declined following the launch of restructuring**
- **YTMs have kept on stabilised in the last few weeks on the back of stable oil prices in line with peers**

*Source: Bloomberg and FactSet as of as of 11-Jan-2017; broker reports*

# Rating Agencies' Reaction to Restructuring Completion

## Moody's – Caa1

- Moody's **affirmed** EnQuest's corporate family rating at **Caa1** on 24-Nov-2016
  - Senior unsecured rating on $650 million notes affirmed at Caa2
  - Probability of default rating **upgraded to Caa1-PD/LD** from Ca-PD
- The change of outlook to **positive** reflects the successful completion of the debt restructuring which will result in an improved liquidity position of the company
- The **positive outlook** on the ratings reflects:
  - The improved liquidity profile of the company after the completion of the debt restructuring
  - The expectation that the cash flow generation capacity of the company will improve leading to a stronger liquidity profile and ability of the company to delever, once Kraken is on stream in 2017

## S&P – B-

- S&P **raised** EnQuest's long-term rating to **B-** from SD (selective default)
- Rating on existing senior unsecured notes **raised to CCC+** from D
- The rating action follows EnQuest's capital structure and liquidity position following the company's recent restructuring of its capital
  - Capital structure is now sustainable and liquidity is sufficient to reach first oil in the Kraken field

- **Following completion of restructuring, S&P raised EnQuest's long-term rating to B- and Moody's affirmed EnQuest's corporate family rating at Caa1**
- **Successful ramping up at Kraken seen as key rating upgrade catalyst**

*Source: S&P and Moody's rating reports*

# EnQuest financials: broker consensus

| | 2016 | 2017 | 2018 |
|---|---|---|---|
| Production (kboepd) | 41.1 | 53.9 | 64.2 |
| Revenue | 843 | 1,136 | 1,685 |
| EBITDA | 482 | 610 | 1,077 |
| *Margin* | *57%* | *54%* | *64%* |
| Cash flow from operations | 398 | 523 | 944 |
| Opex / bbl | 26.1 | 20.5 | 19.3 |

*Source: FactSet as of 13-Jan-2017*

# Why is EnQuest the Natural Operator of SVT?

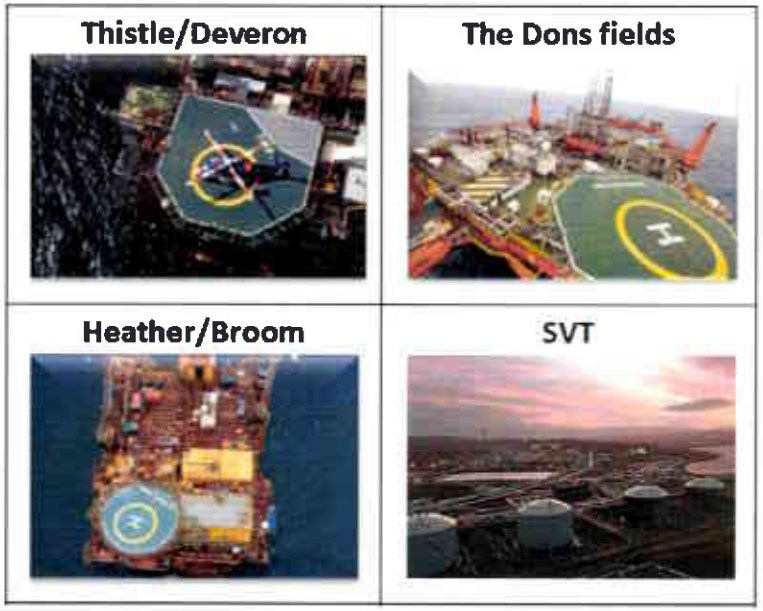
EnQuest

# Why EnQuest is the Natural Operator of SVT?

***"Working together responsibly and innovatively to deliver a reliable and cost-effective export route to market, which will sustain our future".***

- ✓ Already an established SVT Owner and Shipper we have an in depth understanding of the SVT business, including the technical and operational challenges through very active participation in the JV committee and wider user forums
- ✓ Closely involved in ongoing rationalisation, ALSR and SVT strategy projects – we are the "right pair of hands" to deliver these workscopes
- ✓ Application of our proven operating model will create additional value through streamlining operations, eliminating waste, creating economies of scale and operational focus
- ✓ Recognise strategic importance of SVT to East Shetland Basin/West of Shetland Province
- ✓ Protecting area's critical infrastructure will promote maximum recovery from region, benefitting current operations and future developments

# We are well qualified to operate SVT



- **Key NNS stakeholder through existing business**
  - Invested in the success of the terminal
  - Economies of scale: aviation, boats, contracts
- **Focused on Integrity management**
  - Pragmatic, risk-based approach
  - Reducing backlogs, improving integrity
  - SAFE results
- **High technical and operational quality**
  - In-house depth
  - Close supervision of contractors

**Creative and pragmatic solutions to late life issues**

- Award winning Thistle life extension project

**Results focused commercial behaviours**

- Aligned partnerships, focused strategies
- Proven entrepreneurial skills
- Strong supply chain management

**Workforce empowerment**

- Distinctive grassroots approach
- Leadership working to unlock discretionary effort

- **Low overhead**

# Working Capital Support for SVT

- The Operator of SVT meets the costs of running the Terminal before being reimbursed by the other Owners
- BP has agreed to guarantee a working capital facility of £42m to ensure that this working capital requirement will be met and to ensure continuity at SVT.
- EnQuest and BP have worked closely together to ensure that the facility is adequately sized to manage the working capital requirements at SVT
- SVT will ultimately be governed by a highly experienced EnQuest management team who will have full oversight of the operations and are fully aware of the operating and capital costs at SVT

# EnQuest aligned on SVT Decommissioning

- EnQuest is an existing SVT Owner and therefore already incentivised to conduct any decommissioning activities in an efficient and cost effective manner
- BP indemnifies EnQuest in respect of all decommissioning costs attributable to the acquired interest in respect of existing property at SVT and will meet decommissioning cash calls in respect of the same
    - EnQuest will pay consideration to BP up to 30% of BP's after-tax cost related to such decommissioning, capped at the cumulative cash flows received by EnQuest from the assets acquired as part of the wider transaction.
- The overall arrangement increases EnQuest exposure to SVT decommissioning and therefore enhances alignment to minimise decommissioning costs

# SVT: Transition Principles and Planning

- Robust Management of Change process, using EnQuest experience of Transfer of Operatorship on Kittiwake and Duty Holder Transfer on Thistle Alpha, Heather Alpha and the Northern Producer and BP's experience across numerous Transfer of Operatorship processes across the North Sea

- Detailed transition is planning underway:
  - Anticipate process will take 6–9 months
  - Ensure safe and efficient transfer of people, contracts, systems and data
  - Transfer of BP's SVT staff will ensure continuity of staffing, knowledge, experience, expertise
  - Capability gaps will be identified, risk assessed, mitigated during transition process

- SVT is also reliant on a number of key service contracts to support the safe and efficient operation of the Terminal. These service contracts will be transferred as part of the operator transfer process, thus securing continuity of ongoing maintenance and improvement projects.

- We will work with BP during the transition period to ensure that any capability gaps are identified, risk assessed and mitigated as part of the transition process.

- As the new SVT Operator, our first priority will be to ensure the safe and efficient transfer of Operatorship through the transition period.

# Objectives Refresh

- To provide an overview of the transaction - what does it mean for SVT?
- To demonstrate EnQuest's technical and financial capability to be the SVT Operator
- For Partners to ask questions and gain assurance
- To obtain support for EnQuest to be appointed as new SVT Operator

**Any further questions?**

# Additional Information

# EnQuest Overview – Further Information

- The business is listed on the LSE with c.$716m market cap (based on market close on 05.01.17) – EnQuest is also listed on Nasdaq OMX in Stockholm
- Proved plus probable ("2P") reserves of 216mmboe
- As of H1 2016, the Company held interests in: 30 UK production licences, covering 42 blocks or part blocks, and was the operator of 25 of these licences, resulting in significant control over capex plans
- Focus on operating, producing and developing assets with limited exploration exposure; reliable cash flow generation currently from 6 principal producing hubs
- The Company also has interests in Malaysia, with approximately 25% of overall production where its operated assets include the PM8 / Seligi Production Sharing Contract which are profitable even in a low oil price environment
- Over the past two years, EnQuest has been very focused on delivering its current strategic priorities of streamlining operations, delivering on execution, and strengthening the balance sheet.
- Excellent progress has been made against these priorities, substantially reducing operating and capital costs.
- EnQuest continues to demonstrate excellent capabilities in operating mature assets, both in the North Sea and Malaysia, evident through strong production growth in H1 2016, up 43% on H1 2015.
- EnQuest has established a lower cost base, with unit opex in H1 2016 reduced to $23 per barrel, a 50% decrease on the period prior to the oil price declines that started to impact in H2 2014.

# EnQuest is the Operator of most of its assets

| Field (First Oil) | Operator | Working Interest | Partners |
|---|---|---|---|
| **Producing Fields** | | | |
| Thistle/Deveron (1978) | ✓ | 99% | BPI (1%) |
| Don SW/Conrie/Ythan (2009) | ✓ | 60% | Ithaca (40%) |
| West Don (2009) | ✓ | 79% | Ithaca (21%) |
| Heather (1978) | ✓ | 100% | n.a. |
| Broom (2004) | ✓ | 63% | MOL (29%) Ithaca (8%) |
| GKA (1990) | ✓ | 50% | Dana Petroleum (50%) |
| Scolty/Crathes (2016) | ✓ | 50% | MOL (50%) |
| Alma/Galia (2015) | ✓ | 65% | KUFPEC (35%) |
| Alba (1994) | ✗ | 8% | Chevron (23%), Centrica (13%), Endeavour (26%), Mitsui (13%) and Statoil (17%) |
| PM8/Seligi (2014) | ✓ | 50% | Petronas |
| **Development Assets** | | | |
| Kraken (First oil anticipated in H1 2017) | ✓ | 71% | Cairn Energy (30%) |

| Reserves |
|---|
| *Proved plus probable ("2P") reserves of 216 MMboe* |

***Control of fields enables EnQuest to control expenditure***

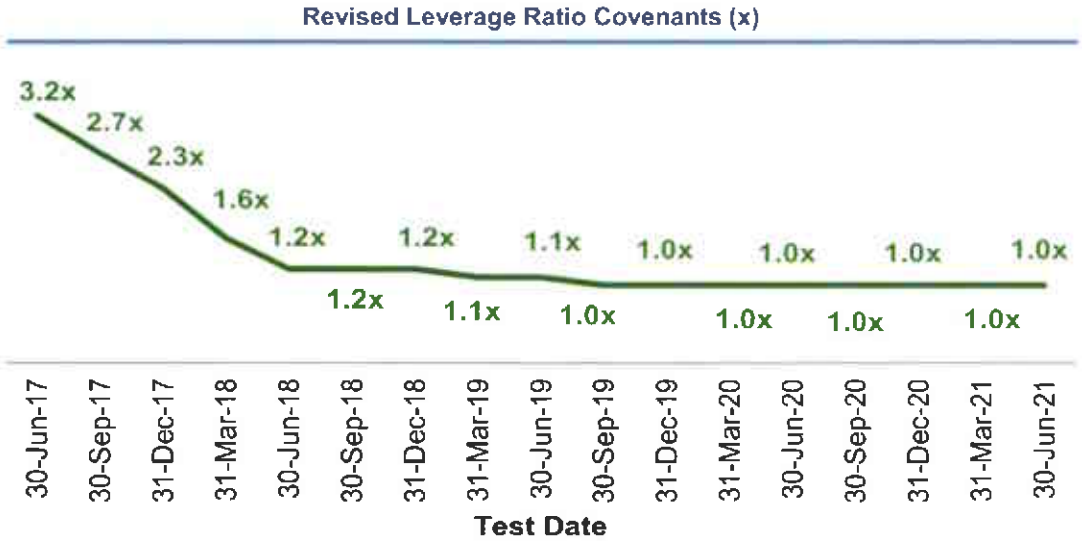
# Financial Capability Appendices

# Restructuring Summary - $100m Equity Raise

- 356.7m of new ordinary shares by way of the placing and open offer for gross proceeds of $100m
- New ordinary shares represent c. 30.8% of the enlarged share capital
- Issue price of GBp 23
- The placing and open offer received approval from shareholders at the general meeting on 14-Nov-2016
- Bookbuilding was completed on 13-Oct-2016, open offer closed on 16-Nov-2016
- Use of proceeds:
  - Continue development of the Kraken asset
  - Continue the development of the Scolty/Crathes asset
  - Provide general corporate and working capital
- New shares were admitted to trading on LSE on 21-Nov-2016

*Source: Company data, placing and open offer prospectus*

# Restructuring Summary - RCF Amendments




- Maturity date extended to 01-Oct-2021
- Commitments split into two parts:
  - Term loan facility of $1.125b
  - Revolving credit facility of up to $75m
- Reserve and resource base value (RRBV) fixed at $890.7m (senior status)
- Loans in excess of RRBV have super senior status
- Interest rates:
  - Super senior loans: LIBOR + 5.25% margin in cash (3.75% PIK margin)
  - Senior loans: LIBOR plus 4.75% margin in cash
- Financial covenants:
  - Leverage ratio: consolidated net financial indebtedness (excluding high yield and retail notes and potential finance lease for Kraken FPSO)/EBITDA
  - Finance charges cover ratio: EBITDA / forecast finance charges (excluding PIK on notes) for the following 12 months:
    - 7.5x for all periods
  - Liquidity test aimed to demonstrate that EnQuest has sufficient funds available to meet all liabilities when due and payable by final maturity date

*Source: Company data, placing and open offer prospectus*

# Restructuring Summary - Notes Amendment

| | |
|---|---|
| **Cash Payment Condition for Interest** | • Coupon on the notes (high yield and retail notes) payable in cash if:<br>– During 6 months preceding the day which is 1 month prior to the relevant interest payment date, average daily Brent is equal to or above $65/bbl; and<br>– No payment event of default is outstanding under RCF<br>• If the cash payment condition is not satisfied, interest will be capitalised and satisfied by the issue of additional notes to noteholders<br>• The cash payment condition will cease to apply upon the earlier of:<br>– Repayment in full of the RCF from cash generated from assets of EnQuest; or<br>– Repayment or refinancing in full of the RCF on terms that enable the disapplication of the condition<br>• Any interest due but not paid on the notes prior to the effective date of the restructuring is capitalised and added to the principal amount |
| **Maturity** | • Option to extend maturity to 15-Apr-2023<br>• Automatic extension to 15-Oct-2023 if RCF is not repaid or refinanced in full prior to 15-Oct-2020 |
| **Other Amendments** | • The notes include amendments to certain financial indebtedness baskets and a restriction on certain payments to shareholders if EnQuest has not redeemed the notes in an amount equal to any capitalised interest thereon, together with any accrued but unpaid interest<br>• Noteholders will also have the benefit of new cross default provisions such that an event of default under one of the two Notes will automatically trigger an event of default under the other Note |
| **Additional Amendments to Retail Notes** | • Retails notes will now accrue a fixed coupon of 7.0% payable semi-annually<br>• The financial covenants are removed |

*Source: Company data, placing and open offer prospectus*

# Financial Restructuring – Public Disclosure

- Launch 13 October 2016:
  - http://otp.investis.com/clients/uk/enquest1/rns/regulatory-story.aspx?cid=201&newsid=806353
- Practice statement
  - https://www.rns-pdf.londonstockexchange.com/rns/4817M_-2016-10-13.pdf
- Prospectus
  - http://www.enquest.co.uk/~/media/Files/E/Enquest/restricted-docs/final-prospectus.pdf
- Completion announcement
  - http://otp.investis.com/clients/uk/enquest1/rns/regulatory-story.aspx?cid=201&newsid=818496

- Full placing and open offer schedule of documents
  - http://www.enquest.co.uk/investors/placing-and-open-offer.aspx
- Full schedule of regulatory news
  - http://www.enquest.co.uk/investors/regulatory-news.aspx

**DATE:** **201[●]**

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**ENQUEST NNS LIMITED**

**as Borrower**

**AND**

**B P EXPLORATION COMPANY LIMITED**
**as Original Lender**

**AND**

**B P EXPLORATION COMPANY LIMITED**
**as Agent and Security Trustee**

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# LOAN AGREEMENT – PROJECT TORONTO - SPV

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**THIS LOAN AGREEMENT** is made on [•] 2017

**BETWEEN:**

(1) **ENQUEST NNS LIMITED**, a company incorporated in England & Wales (company number 10573715) having its registered office at 5th Floor Cunard House, 15 Regent Street, London SW1Y 4LR as borrower (the "**Borrower**");

(2) **B P EXPLORATION COMPANY LIMITED**, a company incorporated in England & Wales (company number SC000792), having its registered office at 1 Wellsheads Avenue, Dyce, Aberdeen, AB21 7PB (the "**Original Lender**");

(3) **B P EXPLORATION COMPANY LIMITED**, a company incorporated in England & Wales (company number SC000792), having its registered office at 1 Wellsheads Avenue, Dyce, Aberdeen, AB21 7PB, as agent for the Finance Parties (as defined below) (in its capacity as "**Agent**"); and

(4) **B P EXPLORATION COMPANY LIMITED**, a company incorporated in England & Wales (company number SC000792), having its registered office at 1 Wellsheads Avenue, Dyce, Aberdeen, AB21 7PB, as security trustee for the Beneficiaries (as defined below) (in its capacity as "**Security Trustee**"),

each hereafter referred to individually as a "**Party**" and collectively as the "**Parties**", which term shall include the Parties' respective permitted successors and assigns.

**WHEREAS**

(A) The Borrower and BPEOC have entered into the Call Option Deed pursuant to which, among other things, BPEOC has granted the Borrower an option to acquire certain interests in the Sullom Voe Terminal, the Ninian Pipeline System and the Northern Leg Gas Pipeline, the Magnus Field and the Magnus South Field (all as described and defined in the Call Option Deed), on the provisions set out therein (as further described and defined below).

(B) The Original Lender has agreed to provide finance to the Borrower to enable the Borrower to exercise its rights under the Call Option Deed described in Recital A on the provisions of this Agreement.

**NOW THEREFORE** the Parties agree as follows:

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement capitalised terms not otherwise defined in this Agreement shall have the meaning given to them in the Security Trust and Waterfall Deed, and in addition the following terms shall have the meanings given to them in this Clause 1.1:

"**Account Bank**" means such bank as is appointed in accordance with the Security Trust and Waterfall Deed to maintain the Accounts;

"**Accounts**" means together each of the accounts established pursuant to the Security Trust and Waterfall Deed;

"**Affiliate**" means in relation to any Party, a subsidiary or a holding company of that Party and includes the ultimate holding company of that Party and any subsidiary of that holding company and for the purposes of this definition "**holding company**" and "**subsidiary**" shall be construed in accordance with section 1159 of the Companies Act 2006;

"**Agreement**" means this loan agreement, including the recitals and Schedules;

"**Assignment Agreement** " means an agreement substantially in the form set out in Schedule 4 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee;

"**Availability Period**" means the period commencing on Call Option Completion and ending on:

(1) in the case of Loans other than Shortfall Loans for a Shortfall Purpose, the date falling five (5) Business Days after Call Option Completion if no drawdown has been made under this Agreement before that time;

(2) in the case of Shortfall Loans for the purpose of paying any Balancing Payment which is due from the Borrower under the Call Option Deed, the day following the date on which the Borrower is due to pay any Balancing Payment; and

(3) in the case of Shortfall Loans for a Shortfall Purpose, the Termination Date;

"**Balancing Payment**" has the meaning given to it in the Call Option Deed;

"**Bond and Floating Charge**" means the Scottish law bond and floating charge entered into at SPA Completion by the Borrower in favour of the Security Trustee as security, among other things, for its obligations under the Finance Documents;

"**BPEOC**" means B P Exploration Operating Company Limited, a company incorporated in England and Wales (company number 00305943), having its registered office at Chertsey Road, Sunbury-on-Thames, Middlesex TW16 7BP;

"**BP Payment Account**" means an account of B P International Ltd with account number 40550445 and Swift Code CITIUS33, or such replacement bank account(s) as may thereafter be notified in writing to the Borrower by the Lender;

"**Business Day**" means a day other than a Saturday or a Sunday on which banks are ordinarily open for the transaction of normal banking business in London (England);

"**Buyer Claim**" has the meaning given to it in the Call Option Deed;

"**Call Option Completion**" means the completion of the sale and purchase contemplated in the Call Option Deed, which event must occur on the last day of a Month in accordance with that Call Option Deed;

"**Call Option Deed**" means the call option deed entered into between BPEOC and the Borrower dated [xx], as in force on the date of this Agreement and as amended in accordance with the Security Trust and Waterfall Deed;

"**Completion Payment**" has the meaning given to it in the Call Option Deed;

"**Consideration Payment**" means, together, the Completion Payment and Balancing Payment, or either of them;

"**Debenture**" means the debenture entered into at SPA Completion to be given by the Borrower in favour of the Security Trustee as security, among other things for its obligations under the Finance Documents;

"**Default**" means an Event of Default or Potential Event of Default;

"**Disposal Proceeds**" means the net disposal proceeds derived from the disposal of an interest in the Transaction Assets other than the disposal of:

(a) Petroleum;

(b) surplus inventory or material or materials that are replaced with materials of equivalent utility; or

(c) joint property held by the Borrower in its capacity as operator of the Transaction Assets (and for the avoidance of doubt such exclusion does not apply to any net disposal proceeds received by the Borrower as participant as a consequence of such disposal of joint property),

each in the ordinary course of business;

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communication systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Agreement (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of technical or systems related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents;

"**Effective Date**" means the date on which the Borrower has complied with the provisions of Clause 4.1;

"**EnQuest Revenue**" means all revenue and amounts of any description received by the Borrower in its capacity as an owner of the Transaction Assets (and not the operator of the Transaction Assets) derived from the Transaction Assets or the Transaction Asset Interest Documents, including, if applicable, any amount received by the Borrower in or towards the settlement of claims under any applicable insurance policies in respect of the Interests (as defined in the SPA) and the Additional Sale Interests (as defined in the Call Option Deed) where such loss or damage to which they relate was suffered after SPA Completion or Call Option Completion respectively, to the extent that such have not been applied by the Borrower towards reinstatement;

"**Event of Default**" has the meaning given to it in Clause 15.1;

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA;

"**Finance Documents**" means:

(a) this Agreement;

(b) each Security Document (to the extent it secures obligations under this Agreement);

(c) the Security Trust and Waterfall Deed;

(d) the Subordination Deed;

(e) the Account Bank Agreement;

(f) the Net Cashflow Share Deed; and

(g) any other document designated as such by the Agent and the Borrower;

"**Finance Party**" means the Agent, the Security Trustee or a Lender;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;

(b) any amount raised by acceptance under any acceptance credit or bill discounting facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the generally accepted accounting principles adopted by the Borrower at the relevant time, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above;

"**HMRC**" means Her Majesty's Revenue and Customs and, where relevant, any predecessor body which carried out part of its functions;

"**Incremental Interest**" has the meaning given to it in Clause 6.4;

"**Interest**" means interest accruing under Clause 6.1;

"**Interest Payment Date**" means the twentieth (20th) Business Day following the end of the relevant Interest Period;

"**Interest Period**" means a period of three (3) Months, save that the first Interest Period shall be the period from Call Option Completion until the end of the third Month after the Month in which Call Option Completion occurs;

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under applicable statutes of limitation, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and remedies under English law;

"**Lenders**" means:

(a) the Original Lender; and

(b) any entity which has become a Party in accordance with Clause 20 (*Changes to the Parties*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement;

"**Licence**" means United Kingdom Production Licence P.193 dated 16 March 1972 as amended, supplemented or extended from time to time and shall include any other licence issued in substitution or partial substitution for it;

"**Loan**" means a loan made available by the Lenders to the Borrower in accordance with this Agreement, including without limitation a Shortfall Loan, and "**Loans**" shall be construed accordingly;

"**Loan Available Commitment**" means at any time an amount equal to the Loan Commitment minus the aggregate principal amount at such time of all Loans advanced under this Agreement at such time (ignoring at any time any outstanding Shortfall Loan to the extent it represents capitalised Interest);

"**Loan Commitment**" means an amount up to an amount in dollars equal to the lesser of:

(a) the Completion Payment payable by the Borrower under the Call Option Deed at Call Option Completion plus any Balancing Payment that is subsequently payable by the Borrower under the Call Option Deed, less $100,000,000; and

(b) $500,000,000,

to the extent such commitment has not been cancelled or reduced in accordance with Clause 9 (*Cancellation and Prepayment*) of this Agreement;

"**Loan Facility**" has the meaning given to it in Clause 2.1;

"**Loan Repayment Date**" means the date on which all Loans and other amounts due in relation to the Loan Facility (including Incremental Interest) have been unconditionally and irrevocably paid and discharged in full and all present and future obligations and liabilities (whether actual or contingent) to make any further Loans under the Loan Facility have been irrevocably discharged in full;

"**Majority Lenders**" means:

(a) if there are no Loans then outstanding, a Lender or Lenders whose Loan Commitments aggregate at least sixty-six and two thirds per cent. ($66^2/_3$%) of the Loan Available Commitments (or, if the Loan Available Commitments have been reduced to zero, aggregate at least sixty-six and two thirds per cent. ($66^2/_3$%) of the Loan Available Commitments immediately prior to that reduction); or

(b) at any other time, a Lender or Lenders (other than the Borrower or any Affiliate thereof) the aggregate amount of whose participations in the Loan then outstanding equals or exceeds sixty-six and two thirds per cent. ($66^2/_3$%) of the aggregate amount of all the Loans (ignoring for these purposes any Loans made by the Borrower or any Affiliate thereof) then outstanding;

"**Material Transaction Asset Interest Document**" means a Transaction Asset Interest Document, the termination of which would have a material adverse impact on the Borrower's ability to continue producing Petroleum from the Magnus Field or operate Facilities comprised in the Interests (each as defined in the SPA);

"**Moody's**" means Moody's Investors Services, Inc. and any successor or successors to it;

"**Obligor**" means the Borrower, the Parent or the Ultimate Parent;

"**Parent**" means EnQuest NNS Holdings Limited, a company incorporated in 5th Floor Cunard House, 15 Regent Street, London SW1Y 4LR under company number 10573715;

"**Parent Share Charge**" means the limited recourse charge over shares in the Borrower granted at SPA Completion by the Parent in favour of the Security Trustee as security for its obligations under the Finance Documents;

"**Payment Date**" means any Interest Payment Date, Principal Payment Date or other date on which an amount is due for payment under this Agreement;

"**Permitted Security**" means:

(a) the security created by the Security Documents;

(b) any lien arising by operation of law and in the ordinary course of trading (and not as a result of any default or omission by an Obligor) and securing obligations which are either (i) not more than three months overdue or (ii) are being contested in good faith and with respect to which, in either case, adequate reserves are being maintained;

(c) any contractual lien (for the avoidance of doubt, in this context lien having its usual meaning in English law and not referring to any other form of Security) arising under or pursuant to a Transaction Asset Interest Document and in the ordinary course of trading (and not as a result of any default or omission by an Obligor) which only relates to amounts owing under that Transaction Asset Interest Document to another party thereto and does not secure Financial Indebtedness;

(d) any retention of title or set-off arrangements arising under any contract(s) for the supply of goods entered into by the Borrower on industry standard terms and in the ordinary course of its business; and

(e) any security consented to by the Majority Lenders;

"**Petroleum**" has the meaning given to it in the Licence;

"**Potential Event of Default**" means an event that, with the passing of time or the expiry of any applicable grace period, the giving of notice or the making of any determination, would be an Event of Default;

"**Principal Payment Date**" means an Interest Payment Date in respect of a payment of principal;

"**Relevant Documents**" means the Finance Documents and the Transaction Documents;

"**Repayment Instalment**" has the meaning given to such term in Clause 7.1 (*Repayment of the Loans and Interest*);

"**Sanctioned Entity**" means, with respect to any proposed transfer by either Party as contemplated in Clause 20 (*Changes to the Parties*), an entity that:

(a) is listed in any Sanction List;

(b) is incorporated in a Sanctioned Jurisdiction; and/or

(c) is reasonably demonstrated by the other Party to be a person with whom a financial institution subject to the laws and regulations of the United Kingdom and/or the United States would be acting reasonably in declining to enter into a client relationship with such person only on the basis of prevailing know-your-customer, sanctions, financial crime or other comparable legal or regulatory restrictions;

"**Sanctioned Jurisdiction**" means a country or territory:

(a) that is listed in a Sanction List; and/or

(b) in respect of which there is some form of financial or economic limitation on other persons or countries dealing with or making payments or deliveries to or receiving payments or deliveries from such country or territory, in terms of the applicable law;

"**Sanction List**" means any of the sanction lists of HM Treasury in the United Kingdom, the Bank of England, the Office of Foreign Asset Control in the United States of America and/or the United Nations Security Council (each as amended, supplemented or substituted from time to time);

"**Security**" has the meaning given to that term in the Debenture;

"**Security Documents**" means:

(a) the Debenture;

(b) the Parent Share Charge;

(c) the Bond and Floating Charge; and

(d) any other documents entered into in relation to the Transaction Assets by an Obligor and designated by the Borrower and the Security Trustee as Security Documents;

"**Security Trust and Waterfall Deed**" means the security trust and waterfall deed entered into by, among others, the Borrower, the Obligors, BPEOC and the Finance Parties on [xx];

"**Shortfall Loan**" means any loan made or deemed to be made as a consequence of:

(a) any Balancing Payment being payable by the Borrower under the Call Option Deed; or

(b) there being insufficient funds available in accordance with the terms of the Security Trust and Waterfall Deed to make a repayment on a Principal Payment Date or an Interest Payment Date;

"**Shortfall Purpose**" means the purpose of making a payment of amounts due under this Agreement as contemplated by Clause 7 (*Repayment of the Loans and Interest*) or in repayment of an existing Shortfall Loan;

"**SPA**" means the sale and purchase agreement dated [x] and made between BPEOC as seller and the Borrower as buyer in relation to certain interests in the Transaction Assets, as amended from time to time in accordance with the provisions of the Security Trust and Waterfall Deed;

"**SPA Completion**" means completion of the sale and purchase contemplated in the SPA;

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor or successors to it;

"**Subordinated Indebtedness**" means all sums, liabilities and obligations of whatsoever kind due and to become due from the Borrower to a Subordinated Lender whether of principal or interest, present, future, actual or contingent and whether as principal or as surety and howsoever arising, other than the type referred to in clause 15.2.3 (Financial Indebtedness) of the Security Trust and Waterfall Deed, and a reference to the "Subordinated Indebtedness" includes a reference to all or any part of the Subordinated Indebtedness;

"**Subordinated Lender**" means:

(a) the Parent; and

(b) any Affiliate of the Borrower that has become a Subordinated Lender by acceding to the Subordination Deed in manner and form acceptable to the Agent (acting reasonably) or has acceded to such other subordination deed in form and substance satisfactory to the Agent (acting reasonably);

"**Subordination Deed**" means the subordination deed dated [xx] between the Agent, the Security Trustee, the Original Lender, the Borrower and the Parent;

"**Tax**" means any tax, whether domestic or foreign, and any fine, penalty, surcharge or interest connected therewith levied by any Tax Authority including (without prejudice to the foregoing) corporation tax, the supplementary charge to tax, income tax (including tax falling to be deducted or withheld from or accounted for in respect of any payment), national insurance and social security contributions, capital gains tax, VAT, customs excise and import duties, stamp duty, stamp duty land tax, stamp duty reserve tax, landfill tax, petroleum revenue tax, advance petroleum revenue tax, gas levy, tonnage tax;

"**Tax Authority**" means any local, municipal, governmental, state, federal or fiscal, revenue, customs or excise authority, anywhere in the world having authority in relation to Tax including HMRC;

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under this Agreement or any other Finance Document, other than a FATCA Deduction;

"**Termination Date**" means the date on which the Agent exercises any of its rights under Clause 16 (*Acceleration*);

"**Transaction Asset Interest Documents**" means the Interests Documents (as defined in the SPA) and the Additional Sale Interests Documents (as defined in the Call Option Deed) and any other agreements entered into by the Borrower in respect of the Transaction Assets (in its capacity as owner and not as operator) after SPA Completion or Call Option Completion (as applicable) which would have been included as either Interests Documents (as defined in the SPA) or Additional Sale Interests Documents (as defined in the Call Option Deed), had such agreements been entered into prior to SPA Completion or Call Option Completion (as applicable);

"**Transaction Assets**" means the interest of the Borrower from time to time in and under the Transaction Asset Interest Documents and in respect of:

(a) SVT;

(b) NPS;

(c) NLGP;

(d) Magnus Property, the Magnus Field and the Magnus South Field,

all as described and defined in the Call Option Deed (but not limited to such interests);

"**Transaction Documents**" has the meaning given to such term in the Security Trust and Waterfall Deed;

"**Transaction Security**" means the Security in favour of the Security Trustee created or evidenced or expressed to be created or evidenced by or pursuant to the Security Documents;

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 3 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower;

"**Transfer Date**" means, in relation to an assignment or transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

(b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate;

"**Ultimate Parent**" means EnQuest plc, a company incorporated in 5th Floor Cunard House, 15 Regent Street, London SW1Y 4LR under company number 07140891;

"**Utilisation Date**" means each date on which:

(a) the Loan Facility is utilised by the Borrower borrowing a Loan, being a date on which a Consideration Payment is due for payment by the Borrower under the Call Option Deed; or

(b) a Shortfall Loan for a Shortfall Purpose is made to the Borrower; and

"**VAT**" means value added tax or any equivalent Tax that is levied on the supply of goods or services in any jurisdiction.

1.2 Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 the "**Agent**", the "**Security Trustee**", any "**Finance Party**", any "**Lender**", and "**Party**" or any other person shall be construed so as to include its successors, permitted assigns and permitted transferees;

1.2.2 a document in "**agreed form**" is a document which is previously agreed in writing by or on behalf of (and for the purpose of identification signed on behalf of) the Borrower and the Agent; and

1.2.3 "**assets**" includes present and future properties, revenues and rights of every description.

1.3 In this Agreement:

1.3.1 "**including**" shall be construed without limitation;

1.3.2 " **$**" and "**dollars**" denotes the lawful currency for the time being of the United States; and

1.3.3 "**£**" and "**pounds**" denotes the lawful currency for the time being of the United Kingdom.

1.4 All references to Clauses, Recitals and Schedules are, unless otherwise expressly stated, references to clauses of and recitals and schedules to this Agreement.

1.5 The headings in this Agreement are inserted for convenience only and shall be ignored in construing the terms of this Agreement.

1.6 Unless the context otherwise requires in this Agreement the singular shall include the plural and vice versa, reference to any gender shall include all genders and references to persons shall include natural persons, bodies corporate, unincorporated associations and partnerships.

1.7 In the event of conflict between the main body of this Agreement and any of the Schedules the former shall prevail.

1.8 References in this Agreement to any other agreement shall be construed and have effect as a reference to the same as it may have been supplemented, novated and/or amended from time to time.

1.9 Reference in this Agreement to statutory provisions shall be construed as references to those provisions as amended, consolidated, extended or re-enacted from time to time.

1.10 Reference to "**applicable law**" as contemplated in Clause 20 (*Changes to the Parties*) of this Agreement and any related sections of this Agreement shall be construed as references to, all laws, regulations, rules and directives regarding the combating of criminal activities, money laundering and terrorist financing issued by any statutory, regulatory, supervisory and/or other governmental agency of the United Kingdom.

1.11 A Potential Event of Default is "**continuing**" if it has not been waived or remedied. An Event of Default is "**continuing**" if it has not been (a) waived; or (b) to the extent any such Event of Default is remediable, remedied, prior to the Security Trustee taking any acceleration steps envisaged in Clause 16.1 (*Acceleration).*

## 2. LOAN FACILITY

***The Facility***

2.1 Subject to the terms of this Agreement, the Lenders shall make available to the Borrower the Loans denominated in dollars in an aggregate amount equal to the aggregate of the Loan Commitment and the amount of any Shortfall Loan drawn for a Shortfall Purpose (the "**Loan Facility**").

2.2 No amount may be drawn down by the Borrower under the Loan Facility other than during the Availability Period.

***Finance Parties' Rights and Obligations***

2.3 The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

2.4 The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from the Borrower shall be a separate and independent debt.

2.5 A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

## 3. PURPOSE OF THE LOAN FACILITY

3.1 A Loan, other than a Shortfall Loan, may only be applied towards financing the Completion Payment payable by the Borrower under the Call Option Deed.

3.2 A Shortfall Loan may be applied towards financing the Balancing Payment payable by the Borrower under the Call Option Deed or for a Shortfall Purpose.

3.3 The Agent is not bound to monitor or verify the utilisation of any Loan.

## 4. PROCEDURE FOR DRAWDOWN UNDER THE LOAN FACILITY

4.1 The Lenders' obligations pursuant to this Agreement shall be subject to receipt of the documents and other evidence listed in Schedule 1 (*Conditions Precedent to the Effective Date*), in each case in form and substance satisfactory to the Agent (acting on the instructions of the Lenders).

4.2 The Lenders shall not be obliged to make any Loan unless, other than in the case of a Shortfall Loan for a Shortfall Purpose, the Borrower has given a written request to the Agent requesting that the Lenders make a Loan in an amount no greater than the Loan Available Commitment.

4.3 The Lenders shall not be obliged to make any Loan (excluding a Shortfall Loan for a Shortfall Purpose, but including a Shortfall Loan for the purpose of financing the Balancing Payment) if:

4.3.1 a Default is continuing;

4.3.2 as a result there would be more than two Loans (or three, in the Interest Period in which the drawing of a Shortfall Loan for the purpose of financing the Balancing Payment occurs only) outstanding; or

4.3.3 as a result, the aggregate amount of Loans outstanding to the Borrower would exceed the Loan Available Commitment.

4.4 The Lenders shall not be obliged to make any Shortfall Loan for a Shortfall Purpose if a Default is continuing under Clause 15.2 (*Non-payment*). For the avoidance of doubt the Lender is not obliged to make a Shortfall Loan for the purpose of satisfying any payment due by reason of acceleration under Clause 16 (*Acceleration*).

4.5 In the event that the conditions set out in Clauses 4.1 through 4.4 are satisfied (or otherwise waived by the Agent (acting on the instructions of the Lenders)):

4.5.1 the Lenders shall be required to, and shall, make a Loan to the Borrower on the relevant Utilisation Date;

4.5.2 the proceeds of any Loan (other than a Shortfall Loan drawn for a Shortfall Purpose) shall, subject to Clause 4.5.3, be paid direct to BPEOC; and

4.5.3 to the extent that the Lenders have advanced the monies required to fund the relevant Consideration Payment directly to BPEOC, the Lenders shall be deemed to have made such Loan in respect thereof and shall not be required to make a further payment as contemplated by Clause 4.5.1.

4.6 The Borrower is not obliged to borrow any Loan and may (at the Borrower's election) finance all or any part of the Consideration Payment from other sources.

## 5. CURRENCY

The currency of each Loan and each payment or repayment in relation thereto shall be dollars.

## 6. INTEREST ON THE LOANS

6.1 Interest shall accrue on each Loan (and each Shortfall Loan) from day to day from (and including) the relevant Utilisation Date to (but excluding) the date of repayment in full of that Loan at a daily rate equivalent to an effective annual rate of 7.5 per cent per annum if compounded quarterly in arrear, on the basis of a 360 day year. Interest shall accrue separately on the Shortfall Loans and the Loans (which are not Shortfall Loans).

6.1A Interest shall be calculated on each Loan and Shortfall Loan at the rate of: $(1 + 7.5\%)^{1/4} - 1$ at the end of each 90 day period after it is drawn down (or, as the case may be, treated as drawn down) and until it is repaid with the amount of such accrued interest being compounded and added to the amount of the Loan (or as the case may be, Shortfall Loan) outstanding. For reference, the daily rate at which interest accrues on each Loan (and Shortfall Loan) shall be: $((1 + 7.5\%)^{1/4} - 1) / 90$.

6.2 Accrued Interest in respect of an Interest Period shall be payable on the relevant Interest Payment Date.

6.3 The Borrower shall also be liable to pay Incremental Interest to the Lenders on each Interest Payment Date, provided that the Borrower's liability to pay Incremental Interest from time to time is limited to the monies available for such purpose under clause 9 of the Security Trust and Waterfall Deed (*Payments Out: 75% Stream*). For the avoidance of doubt, the non-payment of Incremental Interest is not a Default.

6.4 "**Incremental Interest**" shall accrue on the last day of each Interest Period and shall, in respect of an Interest Period, be an amount equal to the aggregate of (i) the Interest accrued on the Loans in respect of that Interest Period; and (ii) on any Interest Payment Date, the aggregate Interest accrued on the Loans in all prior Interest Periods, including without limitation any part of the Interest deemed paid through the drawdown of Shortfall Loans or paid in cash, less any amounts paid under Clause 6.3 (through the operation of the Security Trust and Waterfall Deed) in respect of the same Interest Periods. No interest shall accrue on unpaid Incremental Interest.

6.5 Any amounts available to pay Incremental Interest shall only be applied for that purpose.

## 7. REPAYMENT OF THE LOANS AND INTEREST

7.1 Subject to Clauses 7.2 to 7.5 below, the Borrower shall make a repayment in respect of the Loans on each Principal Payment Date in the amounts specified in:

7.1.1 Schedule 5 (*Repayment Schedule*); or

7.1.2 such other repayment schedule agreed between the Borrower and all Lenders from time to time,

(each payment a "**Repayment Instalment**") and the amount referred to column [x] of the table included in Schedule 5 (*Repayment Schedule*) is in respect of accrued and payable Interest and the amount referred to column [x] of the table included in Schedule 5 (*Repayment Schedule*) is in respect of principal which is due and payable.

7.2 Subject to Clauses 7.3 and 7.4 below, the Borrower shall repay any outstanding Shortfall Loans on each Principal Payment Date.

7.3 If the Borrower is unable to pay all or part of the principal and / or Interest (as applicable), including a Shortfall Loan, due at the times specified, as a consequence of (and solely as a consequence of) insufficient funds being available in accordance with the Net Cashflow Share Deed and the Security Trust and Waterfall Deed, subject to Clause 7.4:

7.3.1 any funds that are available will be applied in accordance with Clause 18.3 (*Partial Payments*) and so, after payment of amounts under Clause 18.3.1, sums shall, by operation of Clause 18.3.2 and Clause 9.6, be applied by the Agent *firstly* towards payment of accrued but uncapitalised and unpaid Interest (if any) on any Loans (other than a Shortfall Loan) then outstanding, calculated in accordance with Clause 6 (*Interest on the Loans*), *secondly* towards repayment of any Loans (other than a Shortfall Loan) then outstanding, *thirdly* towards payment of accrued but uncapitalised and unpaid Interest (if any) on a Shortfall Loan then outstanding, calculated in accordance with Clause 6 (*Interest on the Loans*) and *fourthly* towards repayment of a Shortfall Loan (including any capitalised Interest); and

7.3.2 such failure shall not be considered a Default but instead such principal and / or interest (as applicable) shall be deemed to form part of the Shortfall Loan and be due on the next Payment Date (and so on until the Loan Repayment Date). For the avoidance of doubt, there shall only be one Shortfall Loan at any time (save for the Interest Period in which a Shortfall Loan is drawn for the purpose of making a Balancing Payment in which there may be two Shortfall Loans until the next Payment Date). Any amounts of principal and/or interest which are deemed to form part of the Shortfall Loan pursuant to this Clause 7.3.2 shall be deemed to be (i) a repayment of the Loans (other than a Shortfall Loan) then outstanding and shall reduce the amount of the principal amount of the Loans (other than a Shortfall Loan) then outstanding accordingly; and (ii) a payment of all accrued and payable interest on Loans (including any Shortfall Loan) and shall reduce the amount of accrued and payable interest on the Loans (including any Shortfall Loan) to zero.

7.4 Subject to the terms of the Security Trust and Waterfall Deed, the Borrower shall repay all Loans, including any Interest accrued thereon, immediately upon the occurrence of the Termination Date. Subject to the terms of the Security Trust and Waterfall Deed, the Borrower shall also be liable on the Termination Date to pay Incremental Interest.

7.5 The Borrower must apply the amount of all Disposal Proceeds in prepayment of the Loans, subject to the provisions of the Net Cashflow Share Deed and the Security Trust and Waterfall Deed.

7.6 Except by way of a Shortfall Loan, the Borrower may not re-borrow any part of the Loan Facility which is repaid.

7.7 The Agent shall notify the Borrower in writing within five (5) Business Days of the date that it is satisfied that the Loan Repayment Date has occurred, with reasonably detailed supporting calculations, and such notification shall be prima facie evidence of the matters to which it relates, in the absence of manifest error.

7.8 The Agent shall notify the Borrower in writing within five (5) Business Days of the date that it is satisfied that it has received all Incremental Interest that could ever accrue under this Loan Agreement, with reasonably detailed supporting calculations, and such notification shall be prima facie evidence of the matters to which it relates, in the absence of manifest error.

## 8. ACCOUNTS

8.1 At all times, the Borrower must open and maintain Accounts in accordance with the terms of the Security Documents and the Security Trust and Waterfall Deed.

8.2 At all times the Borrower must make payments to and from the Accounts solely in accordance with the Security Trust and Waterfall Deed.

## 9. CANCELLATION AND PREPAYMENT

9.1 Any undrawn amount of the Loan Commitment will be automatically cancelled at the close of business on the last day of the Availability Period. For the avoidance of doubt, this Clause 9.1 shall in no way prejudice or affect the availability or provision of Shortfall Loans for a Shortfall Purpose (except as set out in paragraph (2) of the definition of Availability Period).

9.2 The Borrower shall be entitled, by giving not less than ten (10) Business Days' prior notice in writing to the Agent, to cancel the whole or any part of the Loan Available Commitment, provided that any such cancellation occurs on the last day of an Interest Period. Any cancellation of any Loan Available Commitment by the Borrower shall be without premium or penalty.

9.3 No amount of the Loan Commitment cancelled under this Agreement may subsequently be reinstated.

9.4 The Borrower shall be entitled, by giving not less than ten (10) Business Days' prior notice in writing to the Agent, to prepay any Loan, whether in full or in part, provided that any such prepayment occurs on the last day of an Interest Period. Any prepayment of any Loan by the Borrower shall be without premium or penalty.

9.5 If any amount becomes finally payable by BPEOC to the Borrower in respect of a Buyer Claim pursuant to the terms of the Call Option Deed, the whole of any such amount up to the aggregate amount of Loans outstanding shall be applied to reduce any outstanding Loan and shall be deemed to be a prepayment of the Loan in such amount by the Borrower under Clause 9.4, without the requirement to give notice as provided under Clause 9.4.

9.6 All prepayments under this Agreement shall be applied by the Agent *firstly* towards payment of accrued but uncapitalised and unpaid Interest (if any) on any Loans (other than a Shortfall Loan) then outstanding, calculated in accordance with Clause 6 (*Interest on the Loans*), *secondly* towards repayment of any Loans (other than a Shortfall Loan) then outstanding, *thirdly* towards payment of accrued but uncapitalised and unpaid Interest (if any) on any Shortfall Loan then outstanding, calculated in accordance with Clause 6 (*Interest on the Loans*), *fourthly* towards repayment of any Shortfall Loan (including any capitalised Interest) and *fifthly* against each Repayment Instalment in inverse chronological order and *sixthly* towards payment of any other amounts then due and payable to the Finance Parties under the Finance Documents. No amounts shall be applied under this Clause 9.6 in respect of Incremental Interest which shall be prepaid only under Clause 9.7.

9.7 A prepayment of Incremental Interest shall only be made in accordance with the Security Trust and Waterfall Deed.

9.8 No amount of a Loan prepaid under this Agreement may subsequently be re-borrowed.

9.9 Any notice of prepayment and/or cancellation under this Agreement is irrevocable and must specify the relevant date(s).

## 10. MISCELLANEOUS LOAN FACILITY PROVISIONS

10.1 Payments under this Agreement to the Finance Parties must be made for value on the due date in dollars (or such other currency as the Parties may agree). Such payments shall be made to the B P Payment Account.

10.2 All payments made by the Borrower under this Agreement must be made without set-off (save as contemplated by the Security Trust and Waterfall Deed) or counterclaim.

## 11. TAXES

11.1 The Borrower shall make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law.

11.2 The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, the Agent shall notify the Borrower on becoming so aware in respect of a payment payable to the Lenders under this Agreement.

11.3 If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due to the Lenders from the Borrower under this Agreement shall be increased to an amount which (after making any such Tax Deduction) leaves an amount equal to the payment which would have been due to the Lenders if no Tax Deduction had been required. No such increased payment shall be required in the event that a Tax Deduction is required by law as a consequence of a Lender ceasing to be resident in the UK or as a consequence of the assignment or transfer of any Loan in whole or in part to any third party.

11.4 If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

11.5 Within ten (10) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Agent a valid original certificate of deduction of Tax or other evidence reasonably satisfactory to the Agent that the Tax Deduction has been made and/or (as applicable) any appropriate payment paid to the relevant Tax Authority.

11.6 If the Borrower is required to make a FATCA Deduction, each Party shall take such reasonable steps as may reasonably be requested by another Party to mitigate any such withholding or deduction.

11.7 The Borrower shall (within ten (10) Business Days of the later of demand by the Agent and the receipt by the Borrower of the information specified in Clause 11.9) pay to a Finance Party an amount equal to the loss, liability or cost which that Finance Party (acting reasonably) determines will be or has been suffered by it for or on account of Tax in respect of this Agreement or any other Finance Document.

11.8 Clause 11.7 above shall not apply:

11.8.1 with respect to any Tax assessed on a Finance Party under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes, if that Tax is imposed on or calculated by reference to the net income received or receivable by that Finance Party (but not any sum deemed to be received or receivable); or

11.8.2 to the extent a loss, liability or cost is compensated for by an increased payment under Clauses 11.3 and 11.7.

11.9 If a Finance Party makes, or intends to make, a claim under Clause 11.7 above, it shall promptly notify the Borrower of the event which will give, or has given, rise to the claim, together with reasonable information in support of the claim.

11.10 The Original Lender shall bring into account any interest income reflected in its income statement/profit and loss account in respect of any Loans made by it under this Agreement under Part 5 of Corporation Tax Act 2009. The Borrower shall reflect in its profit and loss account a charge relating to interest accrued under such Loans, and claim that expense as deductible under Part 5 of Corporation Tax Act 2009.

11.11 In the event HMRC seeks to challenge the tax treatment set out in Clause 11.10, the Original Lender and the Borrower shall use reasonable endeavours to seek that the tax treatment set out in Clause 11.10 prevails, provided that this shall not require either the Original Lender or the Borrower to act in any way which might be prejudicial to it.

11.12 The provisions of Clauses 11.10 and 11.11 shall continue to apply as between the Borrower and the Original Lender notwithstanding any assignment or transfer by either of them of their other rights or obligations under this Agreement, and shall not bind, or enure to the benefit of, any assignee or transferee of such rights or obligations.

11.13 The Borrower shall pay and, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

11.14 All amounts payable by the Borrower to a Finance Party under a Finance Document that (in whole or in part) constitute consideration for VAT purposes are deemed to be exclusive of VAT. If VAT is or becomes chargeable on any supply made by any Finance Party to the Borrower under a Finance Document, the Borrower must pay to such Finance Party (in addition to and at the same time as paying the consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Borrower).

## 12. MITIGATION

If any circumstances arise in relation to a Finance Party which would, or would on the giving of notice, result in any amount becoming payable by the Borrower under Clause 11.2 to 11.8 (*Taxes*) then, without in any way limiting, reducing or otherwise qualifying the Borrower's obligations, a Finance Party shall promptly on becoming aware of the relevant circumstances notify the Borrower in writing. Such Finance Party shall then, in consultation with the Borrower, take all reasonable steps to mitigate the effects of such circumstances, provided, however that such Finance Party shall not be required to take any step which, in its reasonable opinion, is likely to have an adverse effect on its business, operations or financial condition, or on the management of its Tax affairs; or cause it to incur any material costs or expenses (except where such costs or expenses are paid or indemnified by or on behalf of the Borrower) or disclose any confidential or commercially sensitive information relating to it.

## 13. WARRANTIES

13.1 The Borrower gives the warranties set out in this Clause 13 to each Finance Party on the dates set out in Clause 13.13.

13.2 **Corporate Status**: Each Obligor is duly incorporated and validly existing under the laws of England and Wales, with the power to own its assets and carry on its business as it is being conducted.

13.3 **Power and Authority**: Each Obligor has the power to enter into and perform, and all necessary actions have been taken to authorise the entry into, delivery by it of, and performance of, this Agreement and the other Relevant Documents to which it is a party and the transactions contemplated by them.

13.4 **Legal, Valid and Binding Obligations**: This Agreement and the other Relevant Documents constitute, or when executed in accordance with their terms will constitute, the legal, valid and binding obligations of each Obligor.

13.5 **Security**: Subject to the Legal Reservations, each Security Document creates the security interests which that Security Document purports to create and those security interests are valid and effective.

13.6 **Authorisations**: Subject to the Legal Reservations, all authorisations required by each Obligor in connection with the entry into, performance, validity and enforceability of this Agreement and the other Finance Documents and the transactions contemplated hereby have been obtained or effected.

13.7 **Compliance with Law**: The execution, delivery and performance of, and the transactions contemplated by, this Agreement and the other Finance Documents do not and will not contravene in any material respect:

13.7.1 any law, regulation or judicial or official order to which an Obligor is subject;

13.7.2 any document which is binding on an Obligor or any of its material assets.

13.8 **Immunity**: Subject to the Legal Reservations, no Obligor nor any of its assets have any right to immunity from suit or from the making or enforcement of judgments in any jurisdiction.

13.9 **Pari Passu Ranking**: The obligations of each Obligor under this Agreement and the other Finance Documents rank and will rank at least pari passu with all its other unsecured obligations with the exception of any obligations which have statutory priority in a winding-up.

13.10 **Security Interests**: There are no security interests whatsoever over or in respect of the assets subject to the Transaction Security, other than any Permitted Security.

13.11 **Shares**: The shares of the Borrower which are subject to the Security Documents are fully paid and not subject to any option to purchase or similar rights. The constitutional documents of the Borrower do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Security Documents. Except as disclosed to the Agent in writing, there are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of the Borrower (including any option).

13.12 **Subordinated Indebtedness**: The only Financial Indebtedness outstanding as at the Effective Date is:

13.12.1 [details – of any monies advanced to SPV as at date of this Loan Agreement to be included].

13.13 The warranties in this Clause 13:

13.13.1 are made on the date of this Agreement; and

13.13.2 in respect only of the warranties set out in Clauses 13.2 to 13.5 inclusive and Clauses 13.8 to 13.11, are deemed to be repeated by the Borrower on each Utilisation Date with reference to the facts and circumstances then existing.

13.14 In the event that any of the statements in this Clause 13 shall be untrue or incorrect in any material respect, the Finance Parties' sole remedy in relation thereto shall be under and in accordance with Clauses 15 (*Events of Default*) and 16 (*Acceleration*).

## 14. COVENANTS

14.1 During the period from the date of this Agreement until the Security Release Date, the Borrower undertakes to the Finance Parties that (i) each Obligor shall comply with the covenants in the Security Trust and Waterfall Deed granted in favour of the Beneficiaries; and (ii) it will inform the Security Trustee promptly if an Obligor commences negotiations as described in Clause 15.11.

14.2 The Finance Parties' sole remedy in respect of any breach of any covenant under this Clause 14 shall be under and in accordance with Clauses 15 (*Events of Default*) and 16 (*Acceleration*).

## 15. EVENTS OF DEFAULT

15.1 Each of the events set out below in Clauses 15.2 to 15.13 shall constitute an "**Event of Default**".

15.2 **Non-payment**: Except where expressly stated to the contrary in this Agreement, an Obligor does not pay or cause to be paid any:

15.2.1 amount of principal or interest required to be paid to the Lenders under this Agreement in accordance with the terms of the Security Trust and Waterfall Deed on the due date for that payment unless:

(a) its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) payment is made within three (3) Business Days of its due date; or

15.2.2 other amount required to be paid to the Finance Parties under this Agreement or any other Finance Document on the due date for that payment and this non-payment continues for more than five (5) Business Days after its due date.

15.3 **Other obligations**: An Obligor does not comply with any obligation under the Finance Documents other than a payment obligation, unless the non-compliance:

15.3.1 is capable of remedy; and

15.3.2 is remedied within twenty (20) Business Days of the earlier of the Obligor becoming aware of that non-compliance and the Borrower receiving written notice from the Agent of that non-compliance.

15.4 **Breach of Warranties:** Any of the warranties given in this Agreement, the Security Documents or the Subordination Deed are untrue or incorrect in any material respect when given or repeated, unless the circumstances giving rise to the breach of warranty:

15.4.1 are capable of remedy; and

15.4.2 are remedied within twenty (20) Business Days of the earlier of the Obligor becoming aware of the relevant circumstances and the Borrower receiving written notice from the Agent of the relevant circumstances.

15.5 **Cross default (Payments)**: Any:

15.5.1 Financial Indebtedness of: (i) the Borrower or the Parent in excess of $10,000,000; or (ii) the Ultimate Parent in excess of $50,000,000, is not paid when due nor within any applicable grace period, other than in respect of Subordinated Indebtedness;

15.5.2 commitment for any Financial Indebtedness of: (i) the Borrower or the Parent in excess of $10,000,000; or (ii) the Ultimate Parent in excess of $50,000,000, is cancelled or suspended by a creditor of the Borrower, the Parent or the Ultimate Parent (as applicable) as a result of an event of default (however described), other than in respect of Subordinated Indebtedness; or

15.5.3 Financial Indebtedness of: (i) the Borrower or the Parent in excess of $10,000,000; or (ii) the Ultimate Parent in excess of $50,000,000, is declared to be or otherwise becomes due and payable prior to its specified maturity date as a result of an event of default (however described), other than in respect of Subordinated Indebtedness,

provided that where the SFA Finance Parties have provided a waiver under the Senior Facility Agreement, the event listed above shall not be considered to be and shall cease to be an Event of Default.

15.6 **Cross default (Performance)**: Any:

15.6.1 Material breach by an Obligor of any of the Transaction Documents (other than the Finance Documents), unless the circumstances giving rise to the breach:

(a) are capable of remedy; and

(b) are remedied within twenty (20) Business Days of the earlier of the Obligor becoming aware of the relevant circumstances and the Borrower receiving written notice from the Agent of the relevant circumstances.

15.6.2 Breach by an Obligor of any of the Material Transaction Asset Interest Documents permitting a party (other than the Obligors) to such Material Transaction Asset Interest Document to terminate the relevant agreement, unless:

(a) the circumstances giving rise to the breach are permitted to be remedied under the relevant Material Transaction Asset Interest Document; and

(b) the relevant grace period under that Material Transaction Asset Interest Document has not yet expired.

15.7 **Insolvency**: An Obligor becomes insolvent or unable or admits inability to pay its debts as they fall due or is adjudicated bankrupt.

15.8 **Moratorium**: An Obligor declares (or has declared in respect of it) a moratorium on the payment of, or suspends the payment, of all or a substantial part of its debts.

15.9 **Insolvency Proceedings**: An Obligor is:

15.9.1 dissolved or enters into liquidation, administration, administrative receivership, receivership, a company voluntary arrangement, a scheme of arrangement with creditors or other reorganisation by reason of actual or anticipated financial difficulties, or any analogous or similar procedure in any jurisdiction or any other form of procedure relating to insolvency, insolvent reorganisation or dissolution in any jurisdiction; or

15.9.2 any formal corporate action, legal proceedings or other similar procedure or step is taken by any person with a view to any of the matters listed in Clause 15.9.1 above, save for the presentation of a winding-up petition that is frivolous or vexatious and that is discharged, stayed or dismissed within twenty-one (21) days of commencement and in any event before advertisement.

15.10 **Creditors' process**: Any execution, distress, attachment, expropriation, sequestration or other legal process which affects a material part of the assets of the Obligors and is not discharged within twenty-one (21) days.

15.11 **Negotiation with Creditors**: An Obligor, by reason of actual financial difficulties, commences negotiations with:

15.11.1 the SFA Finance Parties under the Senior Facility Agreement;

15.11.2 any other providers to an Obligor of Financial Indebtedness within the meaning of sub-paragraphs (a) to (c) of that definition in excess of an amount equal to the lower of (a) two hundred million dollars ($200,000,000) or (b) the market capitalisation of the Ultimate Parent; or

15.11.3 with its creditors generally,

with a view to rescheduling its indebtedness to such SFA Finance Parties and/or creditors.

15.12 **Licence**: The Licence is terminated, relinquished in its entirety or surrendered in its entirety.

15.13 **Transaction Assets**: A person becomes entitled to exercise forfeiture, withering or other rights pursuant to which the Borrower would cease to be entitled to a Transaction Asset or revenue that would constitute EnQuest Revenue when derived from that Transaction Asset.

15.14 **Material Litigation**: There occurs any litigation, arbitration or administrative proceeding against an Obligor or to which an Obligor is a party which, if adversely determined, would have a material adverse effect on the Borrower's business, assets or condition and which would materially and adversely affect the Borrower's ability to satisfy its payment obligations under this Agreement or the other Finance Documents.

15.15 **Cessation of Business**: An Obligor ceases to carry on its business.

## 16. ACCELERATION

16.1 If an Event of Default is continuing, the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

16.1.1 cancel all or any part of the Loan Commitment and cease to make further Loans (other than Shortfall Loans for a Shortfall Purpose, which shall only be cancellable if a Default is continuing under Clause 15.2 (*Non-payment*)); and/or

16.1.2 subject to the terms of the Security Trust and Waterfall Deed, declare all or part of the Loans to be immediately due and payable; and/or

16.1.3 subject to the terms of the Security Trust and Waterfall Deed, exercise or direct the Security Trustee to exercise its rights under any of the Security Documents; and/or

16.1.4 deliver notice to the Account Bank that an Event of Default has occurred and is continuing in accordance with the provisions of the applicable Security Document.

16.2 Any notice given under this sub-clause will take effect in accordance with its terms.

## 17. ROLE OF THE AGENT AND THE SECURITY TRUSTEE

The Agent and the Security Trustee shall have the role, powers and protections set out in the Security Trust and Waterfall Deed.

## 18. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

***Payments to the Agent***

18.1 On each date on which the Borrower or a Lender is required to make a payment under a Finance Document, the Borrower (subject to the Security Trust and Waterfall Deed) or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date in dollars.

***Distributions by the Agent***

18.2 Each payment received by the Agent under the Finance Documents for another Party shall, subject to any rights of deduction by the Agent or Security Trustee under the Security Trust and Waterfall Deed or this Agreement, be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement to such account as that Party may notify to the Agent from time to time.

***Partial Payments***

18.3 If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents (disregarding for all purposes Incremental Interest), the Agent shall apply that payment towards the obligations of the Borrower under the Finance Documents in following order:

18.3.1 **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent and the Security Trustee under the Finance Documents;

18.3.2 **second**, in the same order that would apply to a prepayment under the Loan Agreement; and

18.3.3 **third**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

18.4 The Agent shall, if so directed by the Majority Lenders, vary the order set out above or any of its constituent elements.

18.5 Clauses 18.3 and 18.4 above will override any appropriation made by the Borrower.

18.6 A partial payment of Incremental Interest shall only be made in accordance with the Security Trust and Waterfall Deed.

***Payments Adjustment***

18.7 Where there is more than one Lender, and a Lender has advanced the monies required to fund the Consideration Payment payable under the Call Option Deed directly to BPEOC, the other Lender(s) shall within three (3) Business Days (each in proportion to its share of the Loan Commitments) pay such amount to the Agent for distribution to that paying Lender as is necessary to ensure that all Loans have been made by the Lenders in proportion to their share of the Loan Commitments.

18.8 No provision of this Agreement will:

18.8.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

18.8.2 oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

18.8.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

## 19. INDEMNITIES

19.1 If a Finance Party receives an amount in respect of the liability of the Borrower under this Agreement or any other Finance Document, or if that liability is converted into a claim, proof, judgement or order, in a currency other than dollars (the "**contractual currency**"):

19.1.1 the Borrower shall indemnify that Finance Party as an independent obligation against any loss arising out of or as a result of the conversion;

19.1.2 if the amount received by a Finance Party, when converted into the contractual currency at a market rate in the usual course of its business, is less than the amount owed in the contractual currency, the Borrower shall immediately on demand pay to that Finance Party an amount in the contractual currency equal to the deficit; and

19.1.3 the Borrower shall pay to the Finance Parties immediately on demand any exchange costs and taxes payable in connection with any such conversion.

## 20. CHANGES TO THE PARTIES

Subject to the provisions of Schedule 2 (*Changes to Parties*), no Party may assign, novate or transfer any of its rights, benefits or obligations under the Finance Documents (for the purposes of this Clause, a "**Transfer**") without the written consent of the other Party other than as set out in this Clause other than the Borrower may novate the Finance Documents to EHL in accordance with the terms of the Security Trust and Waterfall Deed.

## 21. PAYMENT MECHANICS

All payments shall be made in accordance with the Security Trust and Waterfall Deed.

## 22. ROLE OF AGENT FOLLOWING SECURITY RELEASE DATE

22.1 On and following the Security Release Date, references in this Agreement to the Security Trustee shall be read as if they are references to the Agent, without obligation to give any notices between the two roles.

## 23. CONFIDENTIALITY AND ANNOUNCEMENTS

23.1 Subject to Clause 23.2, the existence of and the terms of this Agreement and all documents referred to herein and all information and data relating to the Transaction Assets which is not in the public domain ("**Confidential Information**") whether before or after the date of this agreement shall be held confidential by the Parties and shall not be divulged in any way by a Party to any third party without the prior written approval of the other Party provided that any Party may, without such approval, disclose such Confidential Information to:

23.1.1 any outside professional consultants, upon obtaining a similar undertaking of confidentiality from such consultants;

23.1.2 any bank or financial institution from whom such Party is seeking or obtaining finance, upon obtaining a similar undertaking of confidentiality from such bank or institution;

23.1.3 the extent required by any applicable laws or the requirements of any recognised stock exchange in compliance with its rules and regulations;

23.1.4 any department, authority, ministry or agency of any government or other governmental authority lawfully requesting such information;

23.1.5 any court or arbitral tribunal of competent jurisdiction acting in pursuance of its powers;

23.1.6 any Affiliate upon obtaining a similar undertaking of confidentiality from such Affiliates;

23.1.7 Standard & Poor's, Moody's or any other rating agency, but only if the confidential nature of the Confidential Information is disclosed to such rating agency; or

23.1.8 any bona fide purchaser or prospective assignee of such Party's interests hereunder upon obtaining a similar undertaking of confidentiality from such purchaser or prospective assignee; or

23.1.9 insurers (including insurance brokers) but only if the confidential nature of the Confidential Information is disclosed to such person.

23.2 The undertaking of confidentiality contained in Clause 23.1 shall not extend to any Confidential Information which is:

23.2.1 generally available to the public other than as a result of a wrongful disclosure by the Party in question which is seeking to make disclosure;

23.2.2 available to the Party in question which is seeking to make disclosure as owner of, or where it is otherwise entitled to, such information without any restriction on disclosure; and/or

23.2.3 available to the Party in question which is seeking to make disclosure on a non-confidential basis from another source if such source is entitled to disclose such information.

23.3 No Party or its Affiliate shall make any public announcement or statement about this Agreement or its contents containing new information without first having obtained the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed provided that where it is necessary for the other Party or its Affiliate to make such public announcement or statement in order to comply with a statutory obligation, an obligation to include information in published or audited accounts, or with the requirement of a competent government agency, The London Stock Exchange, the UK Listing Authority or other regulatory body, or a recognised stock exchange on which that Party or such Affiliate has its shares or debt listed, the Party proposing to make such an announcement or statement shall, where practicable, obtain the other Party's consent prior to its release without putting itself in breach of such obligation.

23.4 The Borrower may show or make available for inspection this Agreement and all documents referred to herein (and their respective terms) in connection with and for the purposes of seeking or obtaining finance (debt or equity), including in connection with and for the purposes of the admission or proposed admission of all or any part of the Borrower's share capital to trading on any recognised stock exchange, provided that such disclosure is either subject to appropriate confidentiality obligations or is in compliance with the rules and regulations of such recognised stock exchange and provided further that the Borrower shall provide details to the Agent as to what has been disclosed without undue delay following any such disclosure.

## 24. SET-OFF

The Parties' rights of set-off shall be as set out in the Security Trust and Waterfall Deed.

## 25. NOTICES

All notices shall be given and deemed delivered in accordance with the Security Trust and Waterfall Deed.

## 26. AMENDMENTS, WAIVERS AND RELEASE

26.1 Subject to the Security Trust and Waterfall Deed any provision of this Agreement may be amended if, but only if, such amendment is in writing and is signed by each Party to this Agreement.

26.2 Any provision of this Agreement or any breach thereof may be waived if, but only if, such waiver is made expressly and in writing and is signed by the Party against whom such waiver is to be effective, and any such waiver shall relate only to the matter and occasion to which it expressly relates and shall not apply to any subsequent or other matter.

26.3 No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

## 27. COSTS AND EXPENSES

Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the Party incurring such cost or expense.

## 28. BENEFIT OF THE AGREEMENT

The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

## 29. SEVERANCE

Each provision contained in this Agreement shall be severable and distinct from each other provision and if at any time any one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining such provisions shall not in any way be affected thereby.

## 30. GENERAL

30.1 This Agreement is without prejudice to and shall not in any way impair, fetter or prejudice the exercise by any Party of its rights under any other Finance Document. This Agreement is not intended to constitute or create, nor shall it be construed so as to constitute or create, any partnership, association or trust between the Agent and the Borrower (or any other Finance Party).

30.2 This Agreement together with any document executed pursuant to this Agreement represents the entire understanding, and constitutes the whole agreement in relation to its subject matter and supersedes any previous agreement between the Parties (or any of them) with respect thereto and, to the fullest extent practicable under the relevant law, and without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

30.3 This Agreement may be executed in any number of counterparts and by the Parties on different counterparts 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 together shall constitute one and the same agreement.

30.4 The Parties shall do, or cause to be done, all such further acts and things, including the obtaining of any necessary approvals, and shall execute, or cause to be executed, all such further deeds, documents and instruments as may be reasonably necessary for the purpose of giving effect to the provisions and intent of this Agreement.

30.5 Nothing in this agreement is intended to confer on any person any right to enforce any term of this agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999. The Parties may by agreement rescind or vary any term of this agreement without the consent of any third party.

## 31. GOVERNING LAW

This Deed and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Deed or its formation (including any non-contractual disputes or claims) (a "**Dispute**") shall be governed by and construed in accordance with English law.

## 32. ENFORCEMENT

### Jurisdiction

Any Dispute shall be subject to the exclusive jurisdiction of the English courts.

**IN WITNESS WHEREOF** the Parties have executed this Agreement on the date first written above.

**Schedule 1**
**Conditions Precedent to the Effective Date**

## 1. CORPORATE DOCUMENTS

1.1 A copy of the Memorandum and Articles of Association of the Borrower and each Obligor.

1.2 A copy of a resolution of the board of directors of each of the Borrower and each Obligor:

1.2.1 approving the terms of, and the transactions contemplated by, the Finance Documents and the Transaction Documents to which it is a party and resolving that it executes the Finance Documents and Transaction Documents to which it is a party;

1.2.2 authorising a specified person or persons to execute the Finance Documents and the Transaction Documents to which it is a party on its behalf; and

1.2.3 authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents and Transaction Documents to which it is a party.

1.3 A certificate of an authorised signatory of the Borrower and the Parent certifying that each copy document relating to it specified in this Paragraph 1 of this Schedule is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement and certifying the signatures of the authorised signatories.

## 2. FINANCE DOCUMENTS

2.1 This Agreement duly executed by the Borrower.

2.2 The Debenture and the Bond and Floating Charge duly executed by the Borrower.

2.3 The Parent Share Charge duly executed by the Parent.

2.4 The Account Agreement duly executed by the Borrower.

## 3. TRANSACTION DOCUMENTS

3.1 The Security Trust and Waterfall Deed and the Security Documents are in full force and effect, and all documents creating Security required by the Security Trustee pursuant to the further assurance provisions in all Security Documents have been delivered to the Security Trustee, in form and substance satisfactory to the Security Trustee and are in full force and effect.

## 4. OTHER DOCUMENTS AND EVIDENCE

4.1 Confirmation by the Borrower that each of the Conditions (as defined in the Call Option Deed) have been satisfied or waived by the parties thereto.

4.2 Evidence that the Accounts have been opened in accordance with the Security Trust and Waterfall Deed.

## Schedule 2
## Changes to Parties

***Assignments and Transfers by the Borrower***

1.1 Other than pursuant to the Permitted Novation, the Borrower shall not be entitled to assign its rights or transfer its obligations in whole or in part.

***Assignments and Transfers by the Lenders***

1.2 Each Lender (the "**Existing Lender**") shall be entitled to assign its rights or transfer its obligations in whole or in part by way of novation under this Agreement and the other Finance Documents at any time to an Affiliate of an Existing Lender without the written consent of the Borrower, save where the proposed transferee is a Sanctioned Entity. The Existing Lender shall only be entitled to assign its rights or transfer its obligations in whole or in part by way of novation under this Agreement and the other Finance Documents to an entity which is not an Affiliate of an Existing Lender if it has first obtained the prior written consent of the Borrower. The entity to which the Existing Lender assigns its rights or transfers its obligations in whole or in part by way of novation under this Agreement and the other Finance Documents in accordance with this Paragraph 1.2 of Schedule 2 shall be the "**New Lender**".

1.3 An assignment will only be effective if the procedure set out in Paragraphs 1.14 to 1.18 (*Procedure for Assignment*) is complied with or on:

1.3.1 receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and

1.3.2 the performance by the Agent of all necessary "**know your customer**" or other similar checks.

Upon any assignment becoming effective in accordance with this Paragraph 1.3, the New Lender shall become a Party as a "**Lender**".

1.4 A transfer will only be effective if the procedure set out in Paragraphs 1.10 to 1.13 (*Procedure for Transfer*) is complied with.

1.5 If:

1.5.1 an Existing Lender assigns or transfers any of its rights or obligations under the Finance Documents; and

1.5.2 as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to the New Lender or under Clause 11 (*Taxes*),

then the New Lender is only entitled to receive payment under that Clause to the same extent as the Existing Lender would have been if the assignment, transfer or change had not occurred.

1.6 Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by the decision to the same extent as the Existing Lender would have been had it remained a Lender.

***Limitation of Responsibility of Existing Lenders***

1.7 Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

1.7.1 the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Security Documents or any other documents;

1.7.2 the financial condition of the Borrower;

1.7.3 the performance and observance by the Borrower of its obligations under the Finance Documents or any other documents; or

1.7.4 the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

1.8 Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

1.8.1 has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Borrower and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Security Documents; and

1.8.2 will continue to make its own independent appraisal of the creditworthiness of the Borrower and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Loan Commitment is in force.

1.9 Nothing in any Finance Document obliges an Existing Lender to:

1.9.1 accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Paragraph 1; or

1.9.2 support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Borrower of its obligations under the Finance Documents or otherwise.

***Procedure for Transfer***

1.10 Subject to the conditions set out in Paragraph 1.2 (*Assignments and Transfers by the Lenders*), a transfer is effected in accordance with Paragraph 1.13 below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender.

1.11 The Agent shall, subject to Paragraph 1.12 below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

1.12 The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "**know your customer**" or other similar checks.

1.13 On the Transfer Date:

1.13.1 to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Security Documents, the Borrower and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Security Documents and their respective rights against one another under the Finance Documents and in respect of the Security Documents shall be cancelled (being the "**Discharged Rights and Obligations**");

1.13.2 the Borrower and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Borrower and the New Lender have assumed and/or acquired the same in place of the Borrower and the Existing Lender;

1.13.3 the Agent, the Security Trustee, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Security Documents as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and, to that extent, the Agent, the Security Trustee and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

1.13.4 the New Lender shall become a Party as a "**Lender**".

***Procedure for Assignment***

1.14 Subject to the conditions set out in Paragraph 1.2 (*Assignments and Transfers by the Lenders*), an assignment is effected in accordance with Paragraph 1.17 below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender.

1.15 The Agent shall, subject to Paragraph 1.16 below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

1.16 The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "**know your customer**" or other similar checks.

1.17 On the Transfer Date:

1.17.1 the Existing Lender will assign absolutely to the new Lender its rights under the Finance Documents and in respect of the Security Documents expressed to be the subject of the assignment in the Assignment Agreement;

1.17.2 the Existing Lender will be released by the Borrower and the other Finance Parties from the obligations owed by it (the "**Relevant Obligations**") and expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Security Documents); and

1.17.3 the New Lender shall become a Party as a "**Lender**" and will be bound by obligations equivalent to the Relevant Obligations.

1.18 Lenders may utilise procedures other than those set out in Paragraphs 1.14 to 1.17 above to assign any of their respective rights under the Finance Documents and in respect of the Security Documents (but not, without the consent of the Borrower or unless in accordance with Paragraphs 1.10 to 1.13 (*Procedure for Transfer*), to obtain a release by the Borrower from the obligations owed to the Borrower by the Lenders nor the assumption of equivalent obligations by a New Lender), **provided that** they comply with the conditions set out in Paragraph 1.3 (*Assignments and Transfers by the Lenders*).

***Copy of Transfer Certificate or Assignment Agreement to Borrower***

1.19 The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement, as the case may be.

***Security over Lenders' Rights***

1.20 In addition to the other rights provided to Lenders under this Paragraph 1, each Lender may, without consulting with or obtaining consent from the Borrower, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including without limitation:

1.20.1 any charge, assignment or other Security to secure obligations to a federal reserve, central bank or governmental agency; and

1.20.2 in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustees or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

**provided that** no such charge, assignment or other Security shall:

1.20.3 release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

1.20.4 require any payments to be made by the Borrower or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

1.21 In the event of any Transfer to a New Lender, the Borrower shall as soon as reasonably practicable take any steps and execute any documents that the Agent may reasonably request in order for such transferee to accede to this Agreement and (as applicable) the other Finance Documents.

**Schedule 3**
**Form of Transfer Certificate**

To: [ ] as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the " **New Lender**")

Dated:

**[*Borrower*] – [ ] Loan Agreement dated [ ]**
**(the "Loan Agreement")**

1. We refer to the Loan Agreement. This is a Transfer Certificate. Terms defined in the Loan Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2. We refer to Paragraphs 1.11 to 1.13 (*Procedure for Transfer*) of Schedule 2 to the Loan Agreement:

2.1 The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Loan Commitment, rights and obligations referred to in the Schedule in accordance with Paragraphs 1.11 to 1.13 (*Procedure for Transfer*) of Schedule 2 to the Loan Agreement.

2.2 The proposed Transfer Date is [ ].

2.3 The Facility Office and address and attention details for notices of the New Lender for the purposes of Clause 25 (*Notices*) of the Loan Agreement are set out in the Schedule.

3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Paragraph 1.9 of Schedule 2 to the Loan Agreement.

4. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

5. This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.

6. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**The Schedule**
**Commitment/Rights and Obligations to be transferred**

[*insert relevant details*]

[*Facility Office address and attention details for notices and account details for payments*]

[*Existing Lender*] [*New Lender*]

By: By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [ ].

[*Agent*]

**Schedule 4**
**Form of Assignment Agreement**

To: [ ] as Agent and [*Borrower*]

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated:

**[*Borrower*] – [ ] Loan Agreement dated [ ]**
**(the "Loan Agreement")**

1. We refer to the Loan Agreement. This is an Assignment Agreement. Terms defined in the Loan Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

2. We refer to Paragraphs 1.14 to 1.18 (*Procedure for Assignment*) of Schedule 2 to the Loan Agreement:

2.1 The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Loan Agreement, the other Finance Documents and in respect of the Transaction Security that correspond to that portion of the Existing Lender's Loan Commitments and participations in the Loans under the Loan Agreement as specified in the Schedule.

2.2 The Existing Lender is released from all the obligations of the Existing Lender that correspond to that portion of the Existing Lender's Loan Commitments and participations in the Loans under the Loan Agreement specified in the Schedule.

2.3 The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under Paragraph 2.2 above.

3. The proposed Transfer Date is [ ].

4. On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5. The Facility Office and address and attention details for notices of the New Lender for the purposes of Clause 25 (*Notices*) of the Loan Agreement are set out in the Schedule.

6. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Paragraph 1.9 of Schedule 2 to the Loan Agreement.

7. This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Paragraph 1.19 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*) of Schedule 2 to the Loan Agreement (*Changes to Parties*), to the Borrower of the assignment referred to in this Assignment Agreement.

8. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

9. This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10. This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**The Schedule**
**Commitment/rights and obligations to be transferred by assignment, release and accession**

[*insert relevant details*]

[*Facility Office address and attention details for notices and account details for payments*]

| | |
|---|---|
| [*Existing Lender*] | [*New Lender*] |
| By: | By: |

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [ ].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to in this Assignment Agreement, which notice the Agent receives on behalf of each Finance Party.

[*Agent*]

By:

**Schedule 5**
**Repayment Schedule**

***[To be added]***

## SIGNATURES TO LOAN AGREEMENT

**THE BORROWER**

**THE ORIGINAL LENDER**

**THE AGENT**

**THE SECURITY TRUSTEE**

**DATE:** **2017**

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**AMENDMENT AGREEMENT**
**IN RELATION TO CERTAIN AGREEMENTS RELATING TO**
**THE THISTLE AND DEVERON FIELDS AND AREA 6**

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Between

**BP EXPLORATION OPERATING COMPANY LIMITED**

**BRITOIL LIMITED**

**CONOCOPHILLIPS (U.K.) LIMITED**

**CONOCOPHILLIPS (U.K.) THETA LIMITED**

and

**ENQUEST HEATHER LIMITED**

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**THIS AMENDMENT AGREEMENT** is made as a **DEED** the day of 2017

**BETWEEN**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED**, a company incorporated in England and Wales (Company No. 00305943), having its registered office at Chertsey Road, Sunbury On Thames, Middlesex, TW16 7BP ("**BP**");

(2) **BRITOIL LIMITED**, a company incorporated in Scotland (Company No. SC077750), having its registered office at 1 Wellheads Avenue, Dyce, Aberdeen AB21 7PB ("**Britoil**");

(3) **CONOCOPHILLIPS (U.K.) LIMITED**, a company incorporated in England and Wales (Company No. 00524868), having its registered office at Portman House, 2 Portman Street, London W1H 6DU ("**Conoco**");

(4) **CONOCOPHILLIPS (U.K.) THETA LIMITED** a company incorporated in England and Wales (Company No. 01491002), having its registered office at Portman House, 2 Portman Street, London W1H 6DU; and

(5) **ENQUEST HEATHER LIMITED**, a company incorporated in England and Wales (Company No. 02748866), having its registered office at Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR ("**EHL**"),

each a "**Party**" and together the "**Parties**".

**RECITALS**

(A) As of the date hereof, the Parties are party to some or all of the following agreements:

(i) the Sale and Purchase Agreement in respect of certain interests under United Kingdom Continental Shelf Petroleum Production Licences P.236 and P.475 and certain equity interests in the Thistle Oil Export Systems dated 27 September 2002;

(ii) the Thistle Field Operating Agreement dated 30 July 1986 (the "**TFOA**");

(iii) the Halibut Operating Agreement dated 1 November 1981 (the "**HOA**");

(iv) the Novation and Amendment of the Thistle Field Operating Agreement dated 30 July 1986, dated 1 January 2003 (the "**TFOA Amendment**");

(v) the Novation and Amendment of The Halibut Operating Agreement dated 1 November 1981, dated 1 January 2003 (the "**HOA Amendment**");

(vi) the Thistle, Deveron and Area 6 Intervening Period Agreement dated 27 September 2002 (the "**IPA**");

(vii) the Thistle, Deveron and Area 6 Decommissioning Liability Agreement dated 1 January 2003 (the "**DLA**"); and

(viii) the Sale and Purchase Agreement in respect of certain interests under United Kingdom Continental Shelf Petroleum Production Licence P.236 and P.475 and certain equity interests in the Thistle Oil Exports System dated 1 January 2003 (the "**Re-Transfer SPA**"),

(each as amended, supplemented, novated or restated from time to time, together the "**Thistle Agreements**").

(B) Pursuant to and in accordance with the provisions of the Re-Transfer SPA, EHL will transfer (inter alia): (i) its Unit Equity in the TFOA to Britoil, Conoco and BP; and (ii) its Percentage Interest in the HOA to Britoil and Conoco.

(C) The Re-Transfer SPA also currently provides that the roles of Unit Operator under the TFOA and Operator under the HOA shall be re-transferred to Britoil following the Effective Date. However, Britoil, Conoco and EHL now desire that EHL should continue to act as Unit Operator under the TFOA and Operator under the HOA following the Effective Date, notwithstanding any prior agreement to the contrary set out in the Thistle Agreements.

(D) Accordingly, the Parties wish to make certain amendments to certain of the Thistle Agreements as set out in this Amendment Agreement.

**NOW THEREFORE IT IS HEREBY AGREED** as follows:

## 1. DEFINITIONS AND INTERPRETATION

***Definitions***

1.1 In this Amendment Agreement the following expressions shall, except where the context otherwise requires, have the following respective meanings:

"**Amendment Agreement**" means this deed;

"**Dispute**" has the meaning given to it in Clause 7.10;

"**Effective Date**" means:

(a) in respect of Clauses 1, 4.3, 4.4, 4.8, 6 and 7, the date of this Amendment Agreement; and

(b) in respect of all other Clauses, the Completion Date as defined under the Re-Transfer SPA;

"**Operator**" has the meaning given to it in the HOA;

"**Percentage Interest**" has the meaning given to it in the HOA;

"**Unit Equity**" has the meaning given to it in the TFOA; and

"**Unit Operator**" has the meaning given to it in the TFOA.

***Interpretation***

1.2 All references to Clauses and recitals are, unless otherwise expressly stated, references to clauses and recitals to this Amendment Agreement.

1.3 The headings in this Amendment Agreement are inserted for convenience only and shall be ignored in construing this Amendment Agreement.

1.4 Unless the context otherwise requires in this Amendment Agreement the singular shall include the plural and vice versa and references to any gender shall include all other genders.

1.5 Unless the context otherwise requires in this Amendment Agreement references to a person include any individual, partnership, corporation, limited partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company, unlimited liability company or any other entity with legal personality.

1.6 Any reference to "**writing**" or "**written**" includes faxes and any legible reproduction of words delivered in permanent and tangible form (including e-mail).

1.7 References in this Amendment Agreement to statutory provisions shall be construed as reference to those provisions as amended, consolidated, extended or re-enacted from time to time and shall include any orders, regulations, instruments or other subordinate legislation (as amended, consolidated, extended or re-enacted from time to time) made under the relevant statutory provisions to the extent the same remain in force on the date of this Amendment Agreement.

1.8 References to this Amendment Agreement or any other document or to any specified provision of this Amendment Agreement or any other document are to this Amendment Agreement, that document or that provision as from time to time amended, novated and/or supplemented in accordance with the terms of this Amendment Agreement or that document or, as the case may be, amended, novated and/or supplemented with the agreement of the relevant parties.

1.9 The rule known as the ejusdem generis rule shall not apply and accordingly words introduced by words and phrases such as "**include**", "**including**", "**other**" and "**in particular**" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible.

1.10 Unless otherwise specified, references to time are to London (England) time.

1.11 References to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, organisation, body, official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England shall be deemed to include that which most nearly approximates in that jurisdiction to the English legal term.

1.12 This Amendment Agreement was negotiated in English and, to be valid, all certificates, communications and other documents made in connection with it shall be in English. If all or any part of this Amendment Agreement or any such certificate, communication or other document is for any reason translated into any language other than English the English text shall prevail.

## 2. AMENDMENT TO THE TFOA AMENDMENT

Britoil, Conoco and EHL hereby agree that with effect from the relevant Effective Date the TFOA Amendment shall be amended as follows:

2.1 All references to "DNO" shall be replaced with "EHL".

2.2 Clause 4.1.1 shall be amended by deleting the words "and Part II respectively".

2.3 Clause 4.2 shall be deleted.

2.4 Schedule 2 (Amendments to the TFOA), Part I shall be amended as follows:

In respect of Paragraph 1

2.4.1 The words "and as amended from time to time" shall be added to the end of the definition of "Decommissioning Liability Agreement" in Paragraph 1.

2.4.2 The words "and as amended from time to time" shall be added to the end of the definition of "Intervening Period Agreement" in Paragraph 1.

2.4.3 The current definition of "Relevant Company" shall be deleted and replaced by the following definition:

""Relevant Company" means EHL and/or the EHL Parents."

2.4.4 The current definition of "Reserved Matters" shall be deleted.

2.4.5 The words "and as amended from time to time" shall be added to the end of the definition of "Re-Transfer SPA".

2.4.6 The current definition of "Termination Time" shall be deleted.

In respect of Paragraph 2

2.4.7 Delete the current Paragraph 2 and replace with the following:

"In ARTICLE III – UNIT EQUITIES paragraph 3.1 will be deleted and replaced with the following:

"3.1 Unit Equities

The respective Unit Equities of the Parties are as follows:

| | |
|---|---|
| Britoil | 81.71875% |
| Conoco | 18.28125% |
| EHL | 0.000000% |

Notwithstanding that EHL has a Unit Equity of zero, EHL will continue to be a "Party" in terms of this Agreement and without limitation will be entitled to nominate a representative (or in his absence a nominated alternative representative) as a member of the Unit Operating Committee.""

In respect of Paragraph 3

2.4.8 Delete the current Paragraph 3.3 and replace with the following:

"Sub-paragraph 4.7.1 will be deleted and replaced with the following:

"4.7.1 Each Party shall have a voting interest equal to its Unit Equity.""

In respect of Paragraph 5

2.4.9 Insert a new paragraph 5.4 at the end of Paragraph 5 in the following terms:

"A new paragraph 6.10 shall be added as follows:

"EHL undertakes to Britoil and Conoco that it will:

(i) not, without the prior written consent of the BP/Conoco Companies (such consent not to be unreasonably withheld or delayed) amend, execute or agree to amend or execute any material agreement in respect of the Interests;

(ii) not resign as Unit Operator without the prior written consent of Britoil and Conoco; and

(iii) not, without the prior written consent of Britoil and Conoco: (i) dispose of any items of inventory; or (ii) use any items of inventory other than in respect of the Unit Operations;""

In respect of Paragraph 17

2.4.10 Delete the current Paragraph 17.1 and replace with the following:

"Paragraph 25.1 will be amended by:

(i) replacing "telex or telecopier" in line six with "or facsimile and email"; and

(ii) inserting the following notice details for Britoil, Conoco and EHL:"

| **Name of Party** | **Address** | **Marked for the attention of:** |
|---|---|---|
| Britoil | Britoil<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| Conoco | [•] | [•] |
| EHL | EnQuest<br>5th Floor Cunard House<br>15 Regent Street<br>London<br>SW1Y 4LR | General Counsel |

2.5 Schedule 2 Part II shall be deleted.

**3. AMENDMENTS TO THE HOA NOVATION AND AMENDMENT AGREEMENT**

The Parties hereby agree that with effect from the relevant Effective Date the HOA Amendment shall be amended as follows:

3.1 All references to "DNO" shall be replaced with "EHL".

3.2 Clause 6.2.1 shall be amended by deleting the words "and Part I respectively".

3.3 Clause 6.3 shall be deleted.

3.4 Schedule 2 Part I shall be amended as follows:

In respect of Paragraph 1

3.4.1 The words "and as amended from time to time" shall be added to the end of the definition of "Decommissioning Liability Agreement" in Paragraph 1.

3.4.2 The words "and as amended from time to time" shall be added to the end of the definition of "Intervening Period Agreement" in Paragraph 1.

3.4.3 The current definition of "Relevant Company" shall be deleted and replaced by the following definition:

"Relevant Company" means EHL and/or the EHL Parents."

3.4.4 The current definition of "Reserved Matters" shall be deleted.

3.4.5 The words "and as amended from time to time" shall be added to the end of the definition of "Re-Transfer SPA".

3.4.6 The current definition of "Termination Time" shall be deleted.

3.4.7 The words "and as amended from time to time" shall be added to the end of the definition of "Thistle Field Operating Agreement".

In respect of Paragraph 3

3.4.8 Insert a new paragraph 3.5 at the end of Paragraph 3 in the following terms:

"A new paragraph 7.11 shall be added as follows:

"EHL undertakes to Britoil and Conoco that it will:

(i) not, without the prior written consent of the BP/Conoco Companies (such consent not to be unreasonably withheld or delayed) amend, execute or agree to amend or execute any material agreement in respect of the Interests;

(ii) not resign as Operator without the prior written consent of Britoil and Conoco; and

(iii) not, without the prior written consent of Britoil and Conoco: (i) dispose of any items of inventory; or (ii) use any items of inventory other than in respect of the Operations;""

In respect of Paragraph 6

3.4.9 Delete the current Paragraph 6.5 and replace with the following:

"Article 10.8.1 will be deleted and replaced with the following:

10.8.1 Each Party shall have a Voting Interest equal to its Percentage Interest."

In respect of Paragraph 18

3.4.10 In Paragraph 18(i) insert the words "and email" after the word "facsimile" in line 1 and 5.

3.4.11 In Paragraph 18(ii) delete everything after the word "DNO" and replace with "Britoil, Conoco and EHL":

| **Name of Party** | **Address** | **Marked for the attention of:** |
|---|---|---|
| Britoil | Britoil<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |

| **Name of Party** | **Address** | **Marked for the attention of:** |
|---|---|---|
| Conoco | [•] | [•] |
| EHL | EnQuest<br>5th Floor Cunard House<br>15 Regent Street<br>London<br>SW1Y 4LR | General Counsel |

3.5 Schedule 2 Part II shall be deleted.

3.6 Schedule 4 shall be amended as follows:

3.6.1 Paragraph 1 shall be deleted and replaced with the following:

"The respective Participating Interests of the Parties are as follows:

| | |
|---|---|
| Britoil | 81.71875% |
| Conoco | 18.28125% |
| EHL | 0.000000% |

Notwithstanding that EHL has a Unit Equity of zero, EHL will continue to be deemed to be a "Party" in terms of this Agreement and without limitation will be entitled to nominate a representative (or in his absence a nominated alternative representative) as a member of the Operating Committee."

## 4. AMENDMENT TO THE DECOMMISSIONING LIABILITY AGREEMENT

Britoil, Conoco and EHL hereby agree that with effect from the relevant Effective Date the DLA shall be amended as follows:

4.1 All references to "DNO" shall be replaced with "EHL".

4.2 In the definition of "Post Re-Transfer Operator" in Clause 1 delete the word "Britoil" and replace it with the word "EHL".

4.3 A new Clause 4.1A shall be added as follows:

"4.1A.1 During the Intervening Period, Britoil and Conoco may request jointly in writing to the Intervening Period Operator, that the Intervening Period Operator prepare a high-level Decommissioning plan in respect of any Field Decommissioning and/or Re-Transfer Date Decommissioning that it proposes to undertake during the Intervening Period (the "**Early Decommissioning Plan**"), including in respect of the Decommissioning of all wells forming part of the Field Property which are no longer producing Petroleum (and are not anticipated to produce Petroleum prior to final cessation of production under the Licences) (the "**Out of**

**Service Wells**") and/or any equipment or facilities which is not in use (and not anticipated to be in use prior to final cessation of production under the Licences) and which the Intervening Period Operator and/or Britoil and Conoco believes should be decommissioned during the Intervening Period ("**Out of Service Equipment**"). The Intervening Period Operator shall prepare the Early Decommissioning Plan as soon as reasonably practicable, and in any event within three (3) months of the date of the request by Britoil and Conoco. The Early Decommissioning Plan shall be prepared in such a way as to delay the commencement of Decommissioning of the Out of Service Wells and/or Out of Service Equipment (as relevant) for as long as possible (save where the Intervening Period Operator is able to demonstrate to Britoil and Conoco's reasonable satisfaction that any early Field Decommissioning activities set out in the Early Decommissioning Plan: (i) are necessary or desirable to address any health, safety or environmental concerns; (ii) would mitigate early cessation of production of the Thistle Field, or (iii) would result in increased expenditure if deferred until the Re-Transfer Date), whilst ensuring that all Out of Service Wells and/or Out of Service Equipment (as relevant) are Decommissioned prior to final cessation of production under the Licences. The Parties intend that the only wells forming part of the Field Property remaining to be Decommissioned after final cessation of production under the Licences will be those which were producing twelve (12) months immediately prior to final cessation of production.

All reasonable costs of the preparation and revising of the Early Decommissioning Plan shall be borne by Britoil and Conoco (Britoil being liable for the Britoil Percentage and Conoco being liable for the Conoco Percentage of such costs) in accordance with the provisions of Clause 3.1

and the Intervening Period Operator shall, make cash calls in respect of such sums in accordance with paragraph 8.3 of the TFOA.

4.1A.2 The Early Decommissioning Plan shall be subject to the approval of Britoil and Conoco (in accordance with Clause 4.6) and shall be updated by the Intervening Period Operator on an annual basis and amended following consideration, revision and proposals from Britoil and Conoco and from time to time."

4.4 A new Clause 4.1B shall be added as follows:

"Without prejudice to the generality of Clause 4.1, during the Intervening Period, the Intervening Period Operator shall submit for approval to Britoil and Conoco a work programme and budget by 1 September each year in respect of any Field Decommissioning and/or Re-Transfer Date Decommissioning that it proposes to undertake during the Intervening Period (reflecting the provisions of any Early Decommissioning Plan to the extent that such Early Decommissioning Plan has been prepared, revised and approved by 1 July in the relevant year, in accordance with Clause 4.1A). If relevant, and if not already reflected in the Early Decommissioning Plan, the Intervening Period Operator shall demonstrate that any early Field Decommissioning activities set out in the Early Decommissioning Plan (i) are necessary or desirable to address any health, safety or environmental concerns; (ii) would mitigate early cessation of production of the Thistle Field, or (iii) would result in increased expenditure if deferred until the Re-Transfer Date. Such work programme and budget shall be updated on an annual basis and amended following consideration, revision and proposals from Britoil and Conoco from time to time. All reasonable costs of the preparation and revising of such work programme and budget together with the costs of all work carried out shall be borne by:

4.1B.1 Britoil and Conoco to the extent that such costs are Field Decommissioning Costs (Britoil being liable for the Britoil Percentage and Conoco being liable for the Conoco Percentage of such costs) in accordance with the provisions of Clause 3.1; or

4.1B.2 EHL and Britoil to the extent that such costs are Additional Decommissioning Costs (EHL being liable for the EHL Percentage and Britoil being liable for the Britoil Post Transfer Percentage of such costs) in accordance with the provision of Clause 3.2,

and the Intervening Period Operator shall, make cash calls in respect of such sums in accordance with paragraph 8.3 of the TFOA."

4.5 A new Clause 4.6 shall be added as follows:

"Any Early Decommissioning Plan and/or work programme and budget produced by the Intervening Period Operator pursuant to this Clause 4 shall be produced on the basis that Decommissioning activities will be undertaken to the standard of a Reasonable and Prudent Operator, taking into account all experience and expertise of Britoil and Conoco in relation to previous decommissioning programmes which they and their respective groups of companies have undertaken, provided that if the Intervening Period Operator is of the view that any Britoil and/or Conoco requirements in respect of an Early Decommissioning Plan and/or work programme and budget would go beyond the standard of a Reasonable and Prudent Operator, it shall promptly and fully explain and justify to Britoil and Conoco its reasons for such view. Any work programme and budget shall be consistent with the Early Decommissioning Plan, to the extent that there is an Early Decommissioning Plan that has been prepared, revised and approved by 1 July in the relevant year. Subject to Clause 4.2, in the event that:

4.6.1 Britoil and/or Conoco are of the view that the Decommissioning activities set out in any Early Decommissioning Plan and/or work programme and budget are not consistent with the standard of a Reasonable and Prudent Operator;

4.6.2 Britoil and/or Conoco are of the view that the Decommissioning activities set out in any work programme and budget are not in line with the Early Decommissioning Plan; and/or

4.6.3 Britoil and/or Conoco (acting reasonably) do not wish to approve the Early Decommissioning Plan and/or any work programme and budget for any other reason,

Britoil and/or Conoco (as the case may be) shall, within sixty (60) days of receipt of the Early Decommissioning Plan and/or work programme and budget (or within thirty (30) days in respect of any amended Early Decommissioning Plan and/or work programme and budget) provide written reasons for any non-approval of such Early Decommissioning Plan and/or work programme and budget. Following any such non-approval, the Intervening Period Operator shall update and amend the Early Decommissioning Plan and/or work programme and budget and shall re-submit the same for approval, and shall continue to do so until such time as both Britoil and Conoco (acting reasonably) approve the Early Decommissioning Plan and/or work programme and budget. The approval of Britoil and Conoco of any such work programme and budget shall authorise and oblige the Intervening Period Operator to proceed to undertake such part of the Field Decommissioning or the Re-Transfer Date Decommissioning (as appropriate)."

4.6 Clause 5.5 shall be deleted.

4.7 Clause 15.4 shall be deleted and replaced with:

"The respective addresses for service are:

| **Name of Party** | **Address** | **Marked for the attention of:** |
|---|---|---|

| **Name of Party** | **Address** | **Marked for the attention of:** |
|---|---|---|
| Britoil | Britoil<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| Conoco | [•] | [•] |
| EHL | EnQuest<br>5th Floor Cunard House<br>15 Regent Street<br>London<br>SW1Y 4LR | General Counsel |

4.8 Appendix 5 shall be amended as follows:

4.8.1 In paragraph 14, the word "A" shall be deleted from the beginning of line 1 and replaced with the word "Any".

4.8.2 In paragraph 16, the word "The" shall be deleted from the beginning of line 1 and replaced with the word "Each".

**5. AMENDMENT TO THE RE-TRANSFER SPA**

The Parties hereby agree that with effect from the relevant Effective Date the Re-Transfer SPA shall be amended as follows:

5.1 All references to "DNO" shall be replaced with "EHL".

5.2 Clause 2 shall be amended as follows:

5.2.1 Clause 2.2.2.2 shall be deleted.

5.2.2 Clause 2.2.2.3 shall be deleted

5.3 In Clause 4.1.5, delete the words "and the operatorship under the HOA and TFOA" in the final line.

5.4 Clause 5 shall be amended as follows:

5.4.1 Clause 5.2.1.2 shall be deleted.

5.5 Clause 6 shall be amended as follows:

5.5.1 Delete the word "The" at the beginning of Clause 6.2 and replace it with the following:

"Without prejudice to any Obligations and Benefits arising pursuant to the Seller's role as Operator under the JOAs, the".

5.5.2 In Clause 6.3.1, add the following after the words "Re-Transfer Economic Date," in the second line:

"other than those which relate to its role as Operator under the JOAs,".

5.5.3 In Clause 6.3.4, add the following after the words "Transfer Economic Date," in the second line:

"other than those which relate to its role as Operator under the JOAs,".

5.6 Clause 10.4 shall be deleted and replaced with:

"The respective addresses for service are:

| **Name of Party** | **Address** | **Marked for the attention of:** |
|---|---|---|
| Britoil | Britoil<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| BP | BP Exploration Operating Company Limited<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| Conoco | [•] | [•] |
| EHL | EnQuest<br>5th Floor Cunard House<br>15 Regent Street<br>London<br>SW1Y 4LR | General Counsel |

5.7 Clause 13 shall be deleted.

## 6. AMENDMENT TO THE IPA

6.1 Britoil, Conoco and EHL hereby agree that with effect from the relevant Effective Date the IPA shall be amended as follows:

Clause 13 shall be deleted.

## 7. GENERAL PROVISIONS

7.1 Save as expressly amended within this Amendment Agreement, the Thistle Agreements shall remain in full force and effect.

***Variation***

7.2 No purported alteration of this Amendment Agreement shall be effective unless it is in writing, refers to this Amendment Agreement and is duly executed by each Party to this Amendment Agreement.

***Counterparts***

7.3 This Amendment Agreement may be entered into in any number of counterparts by the Parties to it on separate counterparts, and each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original but, taken together, they shall constitute one and the same agreement.

***Waiver***

7.4 The rights and remedies of each Party are, except where expressly stated to the contrary, without prejudice to any other rights and remedies available to it. No neglect, delay or indulgence by any Party in enforcing any provision of this Amendment Agreement shall be construed as a waiver and no single or partial exercise of any rights or remedies of any Party under this Amendment Agreement will affect or restrict the further exercise or enforcement of any such right or remedy.

7.5 No waiver by any Party of any breach of a provision of this Amendment Agreement shall be binding unless made expressly and in writing and any such waiver shall relate only to the matter to which it expressly relates and shall not apply to any subsequent or other matter.

7.6 The liability of any Party may, in whole or in part, be released, compounded, or compromised, and if the other Party shall give time or indulgence to the person under such liability, this will in no way prejudice or affect that Party's rights against any other person under the same or similar liability.

***Severance***

7.7 Each provision of this Amendment Agreement is severable and distinct from the others and, if any provision or part of a provision is, or at any time becomes, to any extent or in any circumstances invalid, illegal or unenforceable for any reason, that provision or part of a provision shall to that extent be deemed not to form part of this Amendment Agreement but the validity, legality and enforceability of the remaining parts of this Amendment Agreement shall not be affected or impaired, it being the Parties' intention that every provision of this Amendment Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

***Successors in title and third parties***

7.8 This Amendment Agreement shall be binding on and shall enure for the benefit of the successors in title of each Party.

7.9 A person who is not a party to this Amendment Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

***Governing law***

7.10 This Amendment Agreement and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Amendment Agreement or its formation (including any non-contractual disputes or claims) (a "**Dispute**") shall be governed by and construed in accordance with English law.

7.11 Any Dispute shall be subject to the exclusive jurisdiction of the English courts.

**AS WITNESS** whereof the Parties have executed and delivered this Amendment Agreement as a deed the day and year first above written.

Executed as a deed by )

**BP EXPLORATION OPERATING COMPANY LIMITED** )
on being signed by ) .....
..... ) Director
in the presence of: )

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

Executed as a deed by )

**BRITOIL LIMITED** )
on being signed by ) .....
..... ) Director
in the presence of: )

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

Executed as a deed by )

**CONOCOPHILLIPS (U.K.) LIMITED** )
on being signed by ) .....
..... ) Director
in the presence of: )

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

Executed as a deed by )

**CONOCOPHILLIPS (U.K.) THETA LIMITED** )
on being signed by ) .....
..... ) Director
in the presence of: )

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

Executed as a deed by )

**ENQUEST HEATHER LIMITED** )
on being signed by ) .....
..... ) Director
in the presence of: )

Name of witness: .....

Signature of witness: .....

Address: .....

.....

Occupation: .....

**DATE:** **2017**

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# NOVATION AND AMENDMENT OF MAGNUS ENHANCED OIL RECOVERY/SULLOM VOE TERMINAL GAS SALE AND SERVICES AGREEMENT DATED 6 SEPTEMBER 2000 AND ENGINEERING SERVICES AGREEMENT IN RELATION TO THE MAGNUS ENHANCED OIL RECOVERY PROJECT DATED 6 SEPTEMBER 2000

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Between

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Magnus Operator acting on behalf of itself and the Magnus Owners)

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Sweetening Facilities Operator acting on behalf of itself and the Sweetening Facilities Owners)

and

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Terminal Operator acting on behalf of itself and the Terminal Owners)

*Note: This agreement is proposed to be dated at 00:01 on the Completion Date, with subsequent novation to Elephant (in respect of SVT Operatorship and additional SVT equity) at 00:02, such that it becomes effective before the transfer of any Magnus or SVT interest to Elephant.*

---

**THIS NOVATION AND AMENDMENT AGREEMENT** is made at 00:01 on the day of 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Magnus Operator acting on behalf of itself and the Magnus Owners (the "**Disposing Participant**");

(2) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Terminal Operator acting on behalf of itself and the Terminal Owners (the "**Remaining Participant**"); and

(3) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Sweetening Facilities Operator acting on behalf of itself and the Sweetening Facilities Owners (the "**Acquiring Person**"),

each of the foregoing being a "**Party**" and together the "**Parties**".

**WHEREAS:**

(A) The Parties (other than the Acquiring Person in such capacity) are the current parties to the Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sale and Services Agreement dated 6 September 2000 (the "**GSSA**") and the Engineering Services Agreement in relation to the Magnus Enhanced Oil Recovery Project dated 6 September 2000 (the "**ESA**").

(B) The Disposing Participant wishes to be released from, and the Acquiring Person wishes to assume the liabilities and perform the obligations of the Disposing Participant under and in respect of the GSSA and the ESA in respect of the Transferred Interest on the terms set out herein.

(C) The Parties wish to enter into this Novation and Amendment Agreement to effect the transfer referred to in Recital (B) and to make consequential amendments to the GSSA to reflect such transfer.

**NOW THEREFORE IT IS HEREBY AGREED as follows:**

## 1. DEFINITIONS AND INTERPRETATION

1.1 The following terms in this Novation and Amendment Agreement shall have the following meanings:

"**Effective Date**" means 00:01 hours, London time, on the date hereof;

"**ESA**" has the meaning given in Recital A;

"**GSSA**" has the meaning given in Recital A;

"**Novation and Amendment Agreement**" means this novation and amendment agreement together with the Recitals and Exhibit;

"**Transferring Documents**" means the GSSA and the ESA; and

"**Transferred Interest**" means the Disposing Participant's entire undivided legal and beneficial interest in and under the Transferring Documents (in its capacities as Magnus Operator and as Magnus Owners), together with all rights, title, obligations, liabilities and interests attaching thereto.

1.2 In this Novation and Amendment Agreement:

1.2.1 unless the context otherwise requires, the singular shall be deemed to include the plural and vice versa;

1.2.2 all references to Recitals, Clauses and Exhibits are, unless otherwise expressly stated, references to clauses of and recitals and exhibits to this Novation and Amendment Agreement;

1.2.3 the words and phrases "**other**", "**including**" and "**in particular**" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.4 references to any other documents referred to in this Novation and Amendment Agreement shall, unless otherwise stated, be deemed to include such documents as amended, varied, supplemented, novated and/or replaced from time to time;

1.2.5 references to Parties shall also be deemed to include references to their permitted respective successors, transferees and assigns;

1.2.6 all references in this Novation and Amendment Agreement to times of the day are (unless otherwise expressly provided) to London time; and

1.2.7 terms defined in the Transferring Documents have the same meanings in this Novation and Amendment Agreement, unless expressly given a different meaning herein.

## 2. NOVATION

2.1 The Parties agree that, in consideration of the assumption by the Acquiring Person of the Transferred Interest, with effect on and from the Effective Date:

2.1.1 the Disposing Participant shall cease to be a party to the Transferring Documents in respect of the Transferred Interest and the Acquiring Person shall become a party to the Transferring Documents in respect of the Transferred Interest and shall assume the liabilities, perform the obligations

and be entitled to the rights and benefits therein in place of the Disposing Participant in respect of the Transferred Interest;

2.1.2 the Acquiring Person undertakes and covenants as a separate obligation with the Disposing Participant and the Remaining Participant to assume, observe, perform, discharge and be bound by all liabilities and obligations arising under the Transferring Documents in respect of the Transferred Interest in the place of the Disposing Participant whether actual, accrued, contingent or otherwise and whether arising on, before or after the Effective Date and to be bound by the Transferring Documents in respect of the Transferred Interest as if the Acquiring Person had at all times been a party to the Transferring Documents in place of the Disposing Participant in respect of the Transferred Interest;

2.1.3 the Remaining Participant and the Acquiring Person shall each release and discharge the Disposing Participant from the observance, performance and discharge of each of the liabilities and obligations assumed by the Acquiring Person pursuant to this Clause 2.1 and shall accept the like observance, performance and discharge of such liabilities and obligations by the Acquiring Person in place thereof;

2.1.4 the Acquiring Person undertakes in respect of the Transferred Interest to fully indemnify and hold harmless the Remaining Participant (solely so far as concerns the Transferring Documents or any side agreement (as defined in Clause 2.1.5) to which it is a party) in respect of any claims, fines, proceedings, injury, costs (including legal costs), loss, damage or expense for which the Disposing Participant would have been liable but for the release and discharge referred to in Clause 2.1.3; and

2.1.5 this Clause 2.1 shall also apply in relation to any other agreement, instrument or document between or binding upon the Disposing Participant and the Remaining Participant (and no other person or persons) (a "**side agreement**"), if and to the extent that the side agreement in question relates to any of the rights, benefits, liabilities and obligations affected by this Clause 2.1.

## 3. AMENDMENTS TO GSSA

3.1 The Parties agree that with effect from the Effective Date, the GSSA shall be amended as follows:

3.1.1 Recitals (A) and (D) shall be deleted;

3.1.2 wherever it appears in the GSSA, the term "Ancillary Magnus EOR Facilities" shall be deleted and replaced with "Ancillary Sweetening Facilities";

3.1.3 wherever it appears in the GSSA, the term "Magnus EOR Facilities" shall be deleted and replaced with "Fuel Gas and Utility Facilities";

3.1.4 wherever it appears in the GSSA, the term "Magnus Facilities" shall be deleted and replaced with "Sweetening Facilities";

3.1.5 wherever it appears in the GSSA, the term "Magnus Facilities GSF Share" shall be deleted and replaced with "Sweetening Facilities GSF Share";

3.1.6 wherever it appears in the GSSA, the term "Magnus Facilities Operating Costs" shall be deleted and replaced with "Sweetening Facilities Operating Costs";

3.1.7 wherever it appears in the GSSA, the term "Magnus Flare Consent" shall be deleted and replaced with "Sweetening Facilities Flare Consent";

3.1.8 wherever it appears in the GSSA, the term "Magnus Indemnitees" shall be deleted and replaced with "Sweetening Facilities Indemnitees";

3.1.9 subject to Clause 3.1.14, wherever it appears in the GSSA, the term "Magnus Operator" shall be deleted and replaced with "Sweetening Facilities Operator";

3.1.10 subject to Clause 3.1.15, wherever it appears in the GSSA, the term "Magnus Owners" shall be deleted and replaced with "Sweetening Facilities Owners";

3.1.11 subject to Clause 3.1.16, wherever it appears in the GSSA, the term "Magnus Pipeline" shall be deleted and replaced with "EOSPS Specified Pipe";

3.1.12 in Clause 1.1, the terms "Commercial Butane", "Commercial Propane", "LPG", "LPG Measuring Equipment" and "LPG Delivery Point" shall be deleted, and any references to such terms in the GSSA shall be deleted;

3.1.13 in Clause 1.1, the definition of "Magnus EOR Project" shall be deleted and replaced with ""**Magnus EOR Project**" means the project for the provision of miscible gas injection at the Magnus Field";

3.1.14 in Clause 1.1, the definition of "Magnus Operator" shall be deleted and replaced with ""**Sweetening Facilities Operator**" means the Person appointed by the Sweetening Facilities Owners as operator of the Sweetening Facilities which, at the date hereof, is BP Exploration Operating Company Limited as detailed in Schedule 1, Part B (and which term shall apply irrespective of whether such Person elects, pursuant to the terms of this Agreement, to have all or any part of the Sweetening Facilities operated on its behalf by the Terminal Operator)";

3.1.15 in Clause 1.1, the definition of "Magnus Owners" shall be deleted and replaced with ""**Sweetening Facilities Owners**" means the persons (from time to time) having the benefit of the Sweetening Facilities pursuant to this Agreement, which at the date hereof is BP Exploration Operating Company Limited as detailed in Schedule 1, Part A";

3.1.16 in Clause 1.1, the definition of "Magnus Pipeline" shall be deleted and replaced with ""**EOSPS Specified Pipe**" means the pipeline from the point immediately downstream of the Sweetening Facilities to the mark at which the pipeline crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands, the coordinates of such point being 595435.83E, 6705938.62N;

3.1.17 Clause 4.2 shall be deleted in its entirety;

3.1.18 Clause 5.1 shall be deleted and replaced with "Not Used";

3.1.19 The words ", Commercial Propane and Commercial Butane" shall be deleted from Clause 6.1;

3.1.20 Clause 8.3 shall be deleted;

3.1.21 Clause 8.4 shall be deleted;

3.1.22 Clause 9.3.2 shall be deleted;

3.1.23 the words, "and/or the LPG Measuring Equipment" shall be deleted from Clauses 9.4, 9.5(a), 9.5(b) and 9.6;

3.1.24 the words, "Commercial Propane and / or Commercial Butane" shall be deleted from Clause 9.6 (c) (iii);

3.1.25 in Clause 13.2, the term "Magnus "Notice" shall be deleted and replaced with "Sweetening Facilities Notice";

3.1.26 Clause 14.1 (f) shall be deleted in its entirety;

3.1.27 in Clause 18.4.3, insert "the particulars and capacities of the parties thereto and" before "clause 8" in the penultimate line;

3.1.28 in Clause 23.4 delete "Magnus Field" and replace with "Sweetening Facilities";

3.1.29 in Clause 24.1.1, add a new sub-paragraph immediately following sub-paragraph (k) as follows: "(l) to such Persons as are owners, sellers and/or buyers of gas transported and/or processed in the Sweetening Facilities.";

3.1.30 in Clause 24.1.4 delete "as an owner of the Magnus Field" and replace with "in the Sweetening Removal Facilities"; and

3.1.31 Schedule 1 of the GSSA shall be deleted and replaced with a new Schedule 1 as set out in Exhibit A to this Novation and Amendment Agreement;

3.1.32 at Schedule 4, paragraph 1 shall be deleted and the remaining paragraphs shall be re-numbered accordingly;

3.1.33 at Schedule 5, paragraph 1.1 shall be deleted and the remaining paragraphs shall be re-numbered accordingly.

## 4. GENERAL

4.1 Notwithstanding the provisions of Clause 2, the Disposing Participant shall be bound and continue to be bound by this Clause 4.1 (which shall take effect as an agreement separate and independent from the Transferring Documents and/or any side agreement), to observe and perform such duties of confidentiality and non-disclosure owed to the other parties to the Transferring Documents in relation to the Transferred Interest or any side agreement as would have been applicable to it under the Transferring Documents or any side agreement had it continued to be a party to such agreement in respect of the Transferred Interest.

4.2 Nothing contained herein shall prejudice the rights and obligations of the Disposing Participant and the Acquiring Person under the document or documents made between themselves for the purpose of effecting the transfer of the Transferred Interest from the Disposing Participant to the Acquiring Person or under any other agreement between them in respect of the transfer of the Transferred Interest.

4.3 Save as expressly provided herein, all provisions of the Transferring Documents and any side agreement shall continue to be in full force and effect and binding on the parties thereto, insofar as those agreements were in full force and effect and binding on the parties thereto immediately prior to the Effective Date.

4.4 This Novation and Amendment Agreement shall be treated as constituting all actions, confirmations, consents and undertakings required of the Disposing Participant, the Acquiring Person and the Remaining Participant under the Transferring Documents or any side agreement for the purpose of giving effect to the transfer to the Acquiring Person of the Transferred Interest.

4.5 The Acquiring Person shall be solely responsible for the payment in a timely fashion of and undertakes to pay, all and any stamp duty, stamp duty reserve tax and/or stamp duty land tax (including any interest, penalties and/or fines) payable on or in connection with the execution or enforcement of this Novation and Amendment Agreement insofar as it relates to the transfer of the Transferred Interest and shall fully indemnify each of the other Parties in respect of any costs (including legal costs), expenses, loss or damage occasioned by its failure to pay (or any delay in paying) any such stamp duty, stamp duty reserve tax and/or stamp duty land tax.

4.6 This Novation and Amendment Agreement may be executed in any number of counterparts to the same effect as if the executions on the counterparts were on a single text of this Novation and Amendment Agreement but shall not be completed and take effect until each Party has executed a counterpart.

4.7 This Novation and Amendment Agreement shall be governed by and construed in accordance with English law and each of the Parties hereby irrevocably agrees that the courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Novation and Amendment Agreement and any matter arising in respect of this Novation and Amendment Agreement.

4.8 No Person other than a Party may enforce this Novation and Amendment Agreement by reason of the Contracts (Rights of Third Parties) Act 1999.

**IN WITNESS WHEREOF** the Parties have caused this Novation and Amendment Agreement to be executed on the day and year first written above.

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Disposing Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Remaining Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Acquiring Person)

.....

**EXHIBIT A**

**SCHEDULE 1**
**THE SWEETENING FACILITIES OPERATOR AND THE SWEETENING FACILITIES OWNERS**

**PART A**
**THE SWEETENING FACILITIES OWNERS**

**BP Exploration Operating Company Limited**

**Registered Office Address**

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

**Address for service of Notices:**

1 Wellheads Avenue
Dyce
Aberdeen AB21 7PB

Attention: Legal Manager – North Sea Region

Facsimile: +44 (0) 1224 832929

**Registered Number: 00305943**

**PART B**
**THE SWEETENING FACILITIES OPERATOR**

**BP Exploration Operating Company Limited**

**Registered Office Address**

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

**Address for service of Notices:**

1 Wellheads Avenue
Dyce
Aberdeen AB21 7PB

Attention: Legal Manager – North Sea Region

Facsimile: +44 (0) 1224 832929

**Registered Number: 00305943**

CMS Law.Tax

**DATE:** **2017**

# EOSPS SPECIFIED PIPE AND INTERFACE AGREEMENT

Between

**BP EXPLORATION OPERATING COMPANY LIMITED**
**(IN ITS CAPACITY AS THE SWEETENING FACILITIES OPERATOR ACTING ON BEHALF OF ITSELF AND THE SWEETENING FACILITIES OWNERS)**

and

**ENQUEST NNS LIMITED**
**(IN ITS CAPACITY AS THE MAGNUS OPERATOR ACTING ON BEHALF OF ITSELF AND THE MAGNUS OWNERS)**

Note: This agreement assumes Magnus Operatorship has been transferred to Elephant. The GSSA and ESA novation is proposed to occur at 00:01 on the Completion Date, with novation to Elephant (in respect of SVT Operatorship) at 00:02. Timing of transfer of Magnus operatorship TBC, but propose this agreement also be dated at 00:02 on the Completion Date.

CMS Cameron McKenna LLP
6 Queens Road
Aberdeen AB15 4ZT
T +44 1224 622002
F +44 1224 622066

**THIS AGREEMENT** is made at 00:02 on the day of 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED,** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP ("**BP**") in its capacity as the Sweetening Facilities Operator acting on behalf of itself and the Sweetening Facilities Owners ; and

(2) **ENQUEST NNS LIMITED**, a company incorporated in England and Wales (registered number 10573715) and having its registered office at Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR ("**EnQuest**") in its capacity as the Magnus Operator acting on behalf of itself and the Magnus Owners;

each of the foregoing being a "**Party**" and together the "**Parties**".

**WHEREAS:**

(A) Certain rights to site and access the Sweetening Facilities at the Sullom Voe Terminal have been granted by the Sullom Voe Terminal Owners pursuant to the GSSA. Under the GSSA, the EOSPS Specified Pipe (as defined herein) forms part of the Sweetening Facilities at the Sullom Voe Terminal.

(B) Pursuant to a novation and amendment agreement dated on or around the date hereof, the Magnus Operator and the Magnus Owners transferred their entire right, title and interest in and under the GSSA to the Sweetening Facilities Operator and the Sweetening Facilities Owners. Accordingly, the Sweetening Facilities Owners now have the benefit of the rights referred to in recital (A) to site and access the Sweetening Facilities pursuant to the GSSA, including the EOSPS Specified Pipe.

(C) The Magnus Owners are party to various gas sales agreements with Third Parties under which they have contracted to buy Natural Gas processed within the Sweetening Facilities and transported through the EOSPS Specified Pipe to the Interface Point.

(D) The Parties wish to agree between themselves provisions for the control and maintenance of the EOSPS Specified Pipe and the allocation of liability as between themselves arising out of the delivery, non-delivery or non-acceptance of Natural Gas via the EOSPS Specified Pipe into the EOSPS Pipeline at the Interface Point.

**NOW THEREFORE IT IS HEREBY AGREED** as follows:

## 1. DEFINITIONS AND INTERPRETATION

1.1 The following definitions shall have the following meanings in this Agreement:

"**Affiliate**" in relation to any Person means:

(a) if the Person is a subsidiary of another company, such Person's ultimate holding company, and any subsidiary (other than the Person itself) of such Person's ultimate holding company;

(b) if the Person is not a subsidiary of another company, any subsidiary of the Person.

For the purposes of this definition "holding company" and "subsidiary" have the meanings given to them in s.1159 of the Companies Act 2006 but in addition as if that section provided that (i) a body corporate is deemed to be a member of another body corporate where its rights in

relation to that body corporate are held on its behalf or by way of security by another person but treated for the purposes of that section as held by it and (ii) a body corporate's members are deemed to include any other body corporate whose rights in relation to it are held on behalf of that other body corporate or by way of security by another person but are treated for the purposes of that section as held by that other body corporate;

"**Agreement**" means this agreement together with the recitals;

"**Banking Day**" means a day (other than a Saturday or a Sunday) on which clearing banks in the cities of London and Aberdeen are open for all normal business;

"**Block**" means a block on the United Kingdom Continental Shelf;

"**Claim**" means any claim, demand, cause of action, judgement, loss, cost, expense, proceeding, penalty or liability (including, without limitation, reasonable legal fees and sums paid by way of settlement or compromise);

"**Consequential Loss**" means any and all indirect or consequential loss under applicable law howsoever caused or arising whether under contract, by virtue of any fiduciary duty, in tort or delict (including negligence), as a consequence of breach of any duty (statutory or otherwise) or under any other legal doctrine or principle whatsoever whether or not recoverable at common law or in equity and whether or not foreseeable at the date of execution of this Agreement. "Consequential Loss" shall also include, without prejudice to the foregoing generality, the following losses irrespective of whether direct, indirect or consequential:

(a) loss or damage arising out of any delay, postponement, interruption or loss of production, any inability to produce, deliver or process crude oil and/or Natural Gas and/or associated liquids or any loss of or anticipated loss of use, profit or revenue (whether indirect or otherwise);

(b) loss or damage incurred, or liquidated or pre-estimated damages or sums of any kind whatsoever borne or payable, under any contract for the sale, exchange, transportation, processing, storage or other disposal of crude oil and/or Natural Gas and/or Natural Gas liquids;

(c) losses associated with business interruption including the cost of overheads incurred during business interruption;

(d) loss of bargain, contract, expectation or opportunity;

(e) damage to any reservoir, geological formation or underground strata or the loss of hydrocarbons from any of them; and

(f) any other loss or anticipated loss or damage whatsoever in the nature of or consequential upon the foregoing;

"**CoP Date**" has the meaning given in clause 4.3;

"**Day**" shall mean a period beginning at 06:00:00 hours on each day and ending at 06:00:00 hours on the following day and the date of any Day shall be the date on which such period begins;

"**EOSPS Pipeline**" means the offshore Natural Gas pipeline owned by the Magnus Owners, from the Interface Point, to the Magnus Platform, together with its associated pressure control and isolation valves;

"**EOSPS Specified Pipe**" means the onshore Natural Gas pipeline controlled by the Sweetening Facilities Owners forming part of the Sweetening Facilities located adjacent to the Sullom Voe Terminal, from the point immediately downstream of the EOSPS Specified Pipe Start Point, to the Interface Point;

"**EOSPS Specified Pipe Start Point**" means the section of pipeline located at the coordinates 595395.494E, 6704491.206N;

"**ESP**" means a pipeline or pipeline system proposed to connect the EOSPS Specified Pipe to the SIRGE System (which may be known as ESP or EOSPS-to-SIRGE Pipeline);

"**GSSA**" means the Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sale and Services Agreement dated 6 September 2000 originally entered into between the Terminal Operator and the Magnus Operator;

"**Interface Point**" means the mark (agreed by the Parties) on the EOSPS Pipeline at the point at which the EOSPS Pipeline crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands, the coordinates of such point being 595435.83E, 6705938.62N (such point being the "Delivery Point" for the purposes of the WoS GSAs);

"**KPa**" means 1,000 Pa absolute;

"**Magnus Field**" means the hydrocarbon accumulations underlying Blocks 211/12a and 211/7a on the United Kingdom Continental Shelf;

"**Magnus Indemnitees**" means the Magnus Operator, each Magnus Owner, its and their respective Affiliates, the contractors and subcontractors of any tier of each of the foregoing (acting in that capacity) and their Affiliates, and the officers, directors, employees, agency personnel and day-rate contractors of all of the foregoing;

"**Magnus Operator**" means the Person appointed by the Magnus Owners (from time to time) as the operator of the Magnus Platform and the Magnus Field, acting in that capacity, which as from the date hereof is EnQuest;

"**Magnus Owners**" means the owners (from time to time) of the interest in the Magnus Field, acting that capacity, which as from the date hereof are EnQuest and BP;

"**Magnus Platform**" means the offshore hydrocarbon production platform located on Block 211/7 of the United Kingdom Continental Shelf (commonly known as the Magnus platform) together with all facilities, pipelines, plant and machinery on such platform;

"**Natural Gas**" shall mean any hydrocarbon or mixture of hydrocarbons and other gases which at a temperature of fifteen Degrees Celsius (15°C) and 101.325 KPa is predominantly in the gaseous state and which is produced separately or together with liquid hydrocarbons;

"**Pa**" means Pascal as defined in ISO: 1000 1981(E);

"**Person**" means any person, company, firm, partnership, association or corporate body;

"**Pounds Sterling**" means the lawful currency for the time being of the United Kingdom;

"**Reasonable and Prudent Operator**" means a Person seeking in good faith to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar conditions or circumstances and complying with all applicable laws

and the expression "standard of a Reasonable and Prudent Operator" will be construed accordingly.

"**SFA**" means the Sweetening Facilities Agreement [dated [•]] between the Sweetening Facilities Operator and the Sweetening Facilities Owners, the Clair Field Operator and Clair Field Owners, the Foinaven Field Operator and Foinaven Field Owners and the Quad 204 Operator and Quad 204 Owners;

"**SIRGE System**" means the gas evacuation system for the transportation of gas from the gas processing facilities constructed to process gas from the Laggan and Tormore fields to the Frigg UK transportation system, known as the Shetland Island Regional Gas Export system;

"**Sullom Voe Terminal**" means the petroleum receiving, treatment, storage and tanker loading complex situated at Sullom Voe, Shetland;

"**Sweetening Facilities**" means the onshore facilities located adjacent to the Sullom Voe Terminal which are intended to receive, meter, analyse and process Natural Gas delivered from the West of Shetland Pipeline, including the EOSPS Specified Pipe;

"**Sweetening Facilities Indemnitees**" means the Sweetening Facilities Operator, each Sweetening Facilities Owner, its and their respective Affiliates, the contractors and subcontractors of any tier of each of the foregoing (acting in that capacity) and their Affiliates, and the officers, directors, employees, agency personnel and day-rate contractors of all of the foregoing;

"**Sweetening Facilities Operator**" means the Person appointed by the Sweetening Facilities Owners (from time to time) as operator of the Sweetening Facilities, acting in that capacity (which term shall not include any Third Party contracted to operate the Sweetening Facilities or the Terminal Operator), which at the date hereof is BP;

"**Sweetening Facilities Owners**" means the Persons (from time to time) having the benefit of the Sweetening Facilities pursuant to the GSSA, acting in that capacity, which at the date hereof is BP;

"**Terminal Operator**" means the Person appointed from time to time by the owners of the Sullom Voe Terminal to operate the Sullom Voe Terminal;

"**Third Party**" means any Person who is not a Party to this Agreement;

"**West of Shetland Pipeline**" or "**WOSPS**" means the pipeline originally constructed for the delivery of Natural Gas from certain of the WoS Fields to the Sweetening Facilities;

"**WoS Fields**" means together the Schiehallion Field, the Loyal Field, the Clair Field, the Clair Ridge Field and the Foinaven Field, each located on the United Kingdom Continental Shelf; and

"**WoS GSAs**" means the gas sales agreements entered into between EnQuest and BP in their capacities as Gas Buyer and each of the owners of the WoS Fields.

1.2 In this Agreement:

1.2.1 unless the context otherwise requires, the singular shall be deemed to include the plural and vice versa;

1.2.2 all references to recitals and clauses are, unless otherwise expressly stated, references to clauses of and recitals to this Agreement;

1.2.3 the words and phrases "other", "including" and "in particular" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.4 references to any other documents referred to in this Agreement shall, unless otherwise stated, be deemed to include such documents as amended, varied, supplemented, novated and/or replaced from time to time;

1.2.5 references to Parties shall also be deemed to include references to their permitted respective successors, transferees and assigns; and

1.2.6 all references in this Agreement to times of the day are (unless otherwise expressly provided) to London time.

## 2. EOSPS SPECIFIED PIPE

2.1 The EOSPS Specified Pipe shall be controlled by the Sweetening Facilities Owners and inspected, maintained and repaired by the Sweetening Facilities Owners in accordance with the standard of a Reasonable and Prudent Operator.

2.2 Except as expressly provided in this Agreement, the Magnus Owners shall not be obligated to make any payment to the Sweetening Facilities Owners in respect of the EOSPS Specified Pipe.

## 3. ACCESS, CONTROL AND USE OF THE EOSPS SPECIFIED PIPE

3.1 The Magnus Owners shall be entitled to carry out "pigging" and "intelligent pigging" of the EOSPS Pipeline from the EOSPS Specified Pipe, or to require the Sweetening Facilities Owners to conduct such operations on their behalf, subject, in either case, to agreement as to procedures and to the Magnus Owners agreeing to assume all costs and liabilities associated with such operations (in both cases, such agreement not to be unreasonably withheld or delayed by either the Sweetening Facilities Owners or the Magnus Owners).

3.2 The Sweetening Facilities Owners shall be entitled to carry out "pigging" and "intelligent pigging" of the EOSPS Specified Pipe from the EOSPS Pipeline, or to require the Magnus Owners to conduct such operations on their behalf, subject, in either case, to agreement as to procedures and to the Sweetening Facilities Owners agreeing to assume all costs and liabilities associated with such operations (in both cases, such agreement not to be unreasonably withheld or delayed by either the Magnus Owners or the Sweetening Facilities Owners).

3.3 In the event the Magnus Operator wishes to have access to the EOSPS Specified Pipe for the purposes of inspection or "pigging" or "intelligent pigging" of the EOSPS Pipeline, the Sweetening Facilities Owners shall use reasonable endeavours to procure that the Magnus Operator may have access to the EOSPS Specified Pipe for such purposes. Any such inspection shall be at the cost and risk of the Magnus Operator.

3.4 The Sweetening Facilities Owners shall be entitled to permit or procure the following:

3.4.1 subject to clause 3.5 and 3.6, any future tie-in or other direct physical connection of a new pipeline to the EOSPS Specified Pipe; ("**EOSPS Tie-in**"); and/or

3.4.2 at their sole discretion and without the consent of the Magnus Owners, the use of the EOSPS Specified Pipe by any Third Party where that Third Party has not contracted to deliver Natural Gas into the EOSPS Pipeline.

3.5 The following provisions shall apply to any EOSPS Tie-in (including any EOSPS Tie-In in respect of ESP):

3.5.1 the Sweetening Facilities Operator shall, prior to the commencement of intrusive works on the EOSPS Specified Pipe for the purposes of any EOSPS Tie-in, give the Magnus Owners notice of the works (to include reasonable detail of the proposed works) and thereafter engage in reasonable consultation with the Magnus Owners as regards the timing and scope of work associated with that EOSPS Tie-in;

3.5.2 in the consultation referred to in clause 3.5.1, the Sweetening Facilities Operator shall have due regard to all reasonable representations of the Magnus Owners regarding any concerns relating to health, safety and environmental matters (including pipeline safety and integrity); and

3.5.3 commencement of intrusive works on the EOSPS Specified Pipe shall not commence until the Magnus Owners have provided written consent to the Sweetening Facilities Operator, which consent may not be unreasonably delayed and may only be withheld in the event that: (i) the Magnus Operator, acting reasonably and to the standard of a Reasonable and Prudent Operator, considers that the proposed works to be carried out in respect of the EOSPS Tie-in would or are reasonably expected to result in physical damage to, destruction of or material loss or restrictions of use of the EOSPS Pipeline and/or the Magnus Platform; and/or (ii) the Magnus Owners have requested an agreement as detailed in clause 3.6 and such agreement has not yet been executed by the relevant parties thereto. If the Magnus Owners withhold consent, they shall as soon as reasonably possible provide written notice confirming same, such notice to contain reasonable details of the basis for their refusal.

3.6 If, following notification pursuant to clause 3.5.1 above, either the Magnus Owners and/or the Sweetening Facility Owners, each acting reasonably and to the standard of a Reasonable and Prudent Operator, considers that the nature or risk of the EOSPS Tie-in is such that it requires to be undertaken subject to a separate agreement, it may notify the other accordingly. The agreement may, at the reasonable request of either the Magnus Owners and/or the Sweetening Facility Owners, include as party to the agreement any relevant third parties carrying out or procuring the carrying out of the EOSPS Tie-in. Such agreement shall govern, amongst other relevant matters: (i) the scope, schedule and conduct of the work required for the EOSPS Tie-in; (ii) the provision of operational support and assistance reasonably required by the relevant parties for such work; and (iii) the applicable risk reflective liability and indemnity regime (including where relevant compensation for loss or restrictions of use of the EOSPS Pipeline and/or the Magnus Platform arising out of or in connection with such work), which shall be subject to reasonable caps on liability and otherwise subject to mutual hold-harmless principles. The agreement shall in any event be consistent with customary industry agreements used in the United Kingdom Continental Shelf in the same or substantively similar circumstances. If an agreement is requested by the Magnus Owners and/or the Sweetening Facility Owners (as the case may be), then the Magnus Owners and the Sweetening Facility Owners shall each use all reasonable endeavours in good faith to enter into such an agreement in accordance with this clause 3.6, such that the EOSPS Tie-in may proceed as soon as reasonably possible.

3.7 The Sweetening Facilities Owners acknowledge their consent to the use of the EOSPS Specified Pipe by the counterparties to each of the WoS GSAs.

3.8 Save as provided in clause 3.7, the Sweetening Facilities Owners shall not unreasonably withhold or delay their consent to the use of the EOSPS Specified Pipe by any Third Parties who contract to deliver Natural Gas into the EOSPS Pipeline.

## 4. DECOMMISSIONING

4.1 Subject to clause 4.2, the EOSPS Specified Pipe shall be decommissioned by the Sweetening Facilities Owners, at the cost of the Sweetening Facilities Owners, provided that any such decommissioning shall be no earlier than the CoP Date.

4.2 In the event that the Sweetening Facilities Owners are required by the Terminal Operator to decommission the EOSPS Specified Pipe consequent upon the service by the Terminal Operator on the Sweetening Facilities Owners of a notice advising of the decommissioning of the Sullom Voe Terminal, the Sweetening Facilities Owners shall promptly consult with the Magnus Owners and be entitled to decommission the EOSPS Specified Pipe in accordance with the requirements of the Terminal Operator, at the cost of the Sweetening Facilities Owners.

4.3 The Magnus Owners shall give reasonable prior written notice to the Sweetening Facilities Owners of the intended permanent cessation of miscible gas injection at the Magnus Field using Natural Gas transported via the EOSPS Specified Pipe and shall provide written confirmation of the actual date of such permanent cessation (the "**CoP Date**").

## 5. LIABILITIES AND INDEMNITIES

5.1 The Magnus Owners shall defend, hold harmless and indemnify the Sweetening Facilities Indemnitees from and against any and all Claims arising out of or in connection with physical damage to, destruction of or loss or recovery of the EOSPS Pipeline, hydrocarbons owned by the Magnus Owners and any other hydrocarbons within the EOSPS Pipeline, the Magnus Platform and any other property of the Magnus Indemnitees arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the SFA and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Sweetening Facilities Indemnitees.

5.2 The Sweetening Facilities Owners shall defend, hold harmless and indemnify the Magnus Indemnitees from and against any and all Claims arising out of or in connection with physical damage to, destruction of or loss or recovery of the Sweetening Facilities arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Magnus Indemnitees.

5.3 The Magnus Owners shall defend, hold harmless and indemnify the Sweetening Facilities Indemnitees from and against any and all Claims in respect of:

5.3.1 personal injury to; and/or

5.3.2 death or disease of; and/or

5.3.3 loss or recovery of, or destruction of and/or damage to, personal property of,

any officers, directors, employees, agency personnel or day-rate contractors of the Magnus Indemnitees arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Sweetening Facilities Indemnitees.

5.4 The Sweetening Facilities Owners shall defend, hold harmless and indemnify the Magnus Indemnitees from and against any and all Claims in respect of:

5.4.1 personal injury to; and/or

5.4.2 death or disease of; and/or

5.4.3 loss or recovery of, or destruction of and/or damage to, personal property of,

any officers, directors, employees, agency personnel or day-rate contractors of the Sweetening Facilities Indemnitees arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Magnus Indemnitees.

5.5 The Magnus Owners shall defend, hold harmless and indemnify the Sweetening Facilities Indemnitees from and against any and all Claims (including clean-up costs) in respect of pollution (including any spillage, release, emission to atmosphere or seepage of hydrocarbons) emanating from the EOSPS Pipeline, the Magnus Platform and/or any other property of the Magnus Indemnitees arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Sweetening Facilities Indemnitees.

5.6 The Sweetening Facilities Owners shall defend, hold harmless and indemnify the Magnus Indemnitees from and against any and all Claims (including clean-up costs) in respect of pollution (including any spillage, release, emission to atmosphere or seepage of hydrocarbons) emanating from the Sweetening Facilities arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Magnus Indemnitees.

5.7 Subject to clause 5.9, but otherwise notwithstanding any other provision of this Agreement, the Magnus Owners shall defend, hold harmless and indemnify the Sweetening Facilities Indemnitees from and against any and all Consequential Loss suffered by any of the Magnus Operator, the Magnus Owners or any of their respective Affiliates, in each case arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) by any of the Sweetening Facilities Indemnitees.

5.8 Subject to clause 5.10, but otherwise notwithstanding any other provision of this Agreement, the Sweetening Facilities Owners shall defend, hold harmless and indemnify the Magnus Indemnitees from and against any and all Consequential Loss suffered by the Sweetening Facilities Operator, the Sweetening Facilities Owners or any of their respective Affiliates arising out of or in connection with the performance, mis-performance or non-performance of this Agreement and/or the delivery or non-delivery or non-acceptance of Natural Gas at the Interface Point howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) any of the Magnus Indemnitees.

5.9 Except as otherwise expressly stated in this clause 5, the Sweetening Facilities Indemnitees shall have no duty of care or liability to the Magnus Indemnitees or any Third Party in respect of any Natural Gas delivered, to be delivered or otherwise contracted for delivery at the

Interface Point, in respect of the delivery of or failure to deliver any volumes of Natural Gas, the specification of any Natural Gas delivered or tendered for delivery at the Interface Point, or otherwise. The Magnus Owners shall, and shall procure that the Magnus Indemnitees shall, look only to the Third Parties delivering or seeking to deliver hydrocarbons to the Sweetening Facilities with whom a Magnus Indemnitee has entered into a Natural Gas sales or transportation agreement for delivery of Natural Gas at the Interface Point in respect of any Claim arising out of or in connection with (i) the delivery of or failure to deliver any volumes of Natural Gas and/or the quality of any Natural Gas delivered or tendered for delivery at the Interface Point or (ii) any such Natural Gas sales or transportation agreement and the Magnus Owners shall defend, hold harmless and indemnify the Sweetening Facilities Indemnitees from and against any such Claim howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) any of the Sweetening Facilities Indemnitees.

5.10 [Subject to clause 5.9 and except as otherwise expressly stated in this clause 5, the Magnus Indemnitees shall have no duty of care or liability to the Sweetening Facilities Indemnitees in respect of any failure by the Magnus Owners to accept Natural Gas at the Interface Point. The Sweetening Facilities Owners shall, and shall procure that the Sweetening Facilities Indemnitees shall, look only to the Third Parties delivering or seeking to deliver hydrocarbons at the Interface Point in respect of any Claim arising out of or in connection with such failure to accept Natural Gas at the Interface Point and the Sweetening Facilities Owners shall defend, hold harmless and indemnify the Magnus Indemnitees from and against any such Claim howsoever caused and regardless of any negligence or breach of duty (statutory or otherwise) any of the Magnus Indemnitees.] [***Note: subject to the Sweetening Facilities Owners receiving equivalent indemnities from the gas sellers.***]

5.11 [Notwithstanding any other provisions of this Agreement, the Magnus Owners shall defend, hold harmless and indemnify the Sweetening Facilities Indemnitees from and against any and all Claims incurred by any of the Sweetening Facilities Indemnitees under or in respect of the GSSA to the extent such Claims relate to damage to or loss of or destruction of the EOSPS Pipeline.] ***[Note: that the Parties acknowledge that the GSSA amendment and novation wording has not been agreed with SVT, therefore it is possible that SVT will seek to maintain the status quo and require an indemnity in respect of the EOSPS Pipeline (offshore). Clause to remain in square brackets until the position with SVT is agreed. Agreement in principle that this indemnity will be given by the Magnus Owners to Sweetening Facilities Indemnitees in the event the Sweetening Facilities owners have to give an indemnity under the GSSA to SVT in respect of the EOSPS Pipeline (offshore).]***

5.12 The indemnities given in this Agreement shall be full and primary and shall apply in respect of the full liability of the indemnified party, notwithstanding that the indemnified party shall be entitled to contribution thereto from any Person.

5.13 Any insurance arranged by the Sweetening Facilities Operator or the Sweetening Facilities Owners (or any of them) in connection with this Agreement shall include waivers of subrogation rights against the Magnus Indemnitees but only with the respect to and to the extent of the liabilities assumed by the Sweetening Facilities Operator or the Sweetening Facilities Owners (or any of them) under this Agreement.

5.14 Any insurance arranged by the Magnus Operator or the Magnus Owners (or any of them) in connection with this Agreement shall include waivers of subrogation rights against the Sweetening Facilities Indemnitees but only with the respect to and to the extent of the liabilities

assumed by the Magnus Operator or the Magnus Owners (or any of them) under this Agreement.

5.15 The Contracts (Rights of Third Parties) Act 1999

Except in respect of any relief from liability, hold harmless, indemnity or benefit given to any Third Party by the provisions of this clause 5, no provision of this Agreement is intended by the Parties to be construed as creating any right(s) enforceable by a Third Party and all Third Party rights implied by law are, to the extent permissible by law, excluded from this Agreement;

The Parties may rescind and / or vary any of the terms of this Agreement (including in respect of any relief from liability, hold harmless, indemnity or benefit given to any Third Party by the provisions of this clause 5) or terminate or novate this Agreement without notice to or the consent of any Third Party.

5.16 Each of the Magnus Indemnitees and the Sweetening Facility Indemnitees shall use all reasonable endeavours to ensure that the handling and defence of any Claim which is covered by the indemnity provisions contained in this clause 5 is carried out in all material respects in accordance with the written instructions of the indemnifying Party, such instructions not to be unreasonably withheld or delayed.

## 6. TERMINATION

6.1 Unless earlier terminated by the express agreement of the Parties, this Agreement shall terminate upon termination of the GSSA.

6.2 Any expiry or termination of this Agreement shall be subject to final settlement being made between the Parties in respect of any amounts due hereunder, including in respect of the decommissioning of the EOSPS Specified Pipe. The provisions of clauses 4 (*Decommissioning*), 5 (*Liabilities and Indemnities*), 8 (*Confidentiality*) and 11.2 (*Governing Law*) shall survive the expiry or termination of this Agreement.

6.3 Any termination of this Agreement shall be without prejudice to any provisions of this Agreement that expressly or by implication survive termination, and to any rights, obligations or liabilities hereunder or thereunder accrued or accruing in respect of the period up to and including termination.

## 7. ASSIGNMENT

7.1 If a Sweetening Facilities Owner transfers all or any part of its interest in the Sweetening Facilities, it shall simultaneously transfer its equivalent rights and obligations under this Agreement.

7.2 If a Magnus Owner transfers all or any part of its interest in the Magnus Field, it shall simultaneously transfer its equivalent rights and obligations under this Agreement.

7.3 If the Sweetening Facilities Operator transfers its operatorship of the Sweetening Facilities, in such capacity, it shall simultaneously transfer its equivalent rights and obligations under this Agreement.

7.4 If the Magnus Operator transfers its operatorship of the Magnus Field, in such capacity, it shall simultaneously transfer its equivalent rights and obligations under this Agreement.

7.5 Except as expressly stated above, no Party shall transfer any of its rights or obligations hereunder.

## 8. CONFIDENTIALITY

8.1 The terms of this Agreement and all data and information that has been or is hereafter acquired or received by any Party (whether orally, in writing or in some other form) under this Agreement ("**Data and Information**") from another Party shall be held confidential and shall not be divulged by such Party in any way to any third party, without the prior written approval of the other, provided that any Party may, without such approval, disclose Data and Information:

8.1.1 to any Affiliate of such Party provided that such Party shall procure that such Affiliate does not further disclose such Data and Information; or

8.1.2 to any of its directors, officers, employees, external legal advisers or statutory auditors or to any of its in-house contractors (being a contractor or an employee of such contractor working as a member of staff of such Party but not falling within the legal definition of an employee) who is made aware of the confidential nature of such data or information; or

8.1.3 to any outside professional consultant of a Party (other than an external legal adviser or statutory auditor) or to any external contractor of a Party (being any contractor not falling within the description of an in-house contractor set out in paragraph (b) above) upon obtaining in writing a similar undertaking of confidentiality (but excluding paragraphs 8.1.1-8.1.5 and 8.1.9 of this Clause) from such consultant or external contractor provided that such Party shall prior to such disclosure inform the other Parties of both the name of such consultant or external contractor and the Data and Information to be disclosed to it; or

8.1.4 to any bank or financial institution from whom such Party is seeking or obtaining finance, upon obtaining in writing a similar undertaking of confidentiality (but excluding paragraph 8.1.9 from such bank or institution; or

8.1.5 to the extent required by the rules and regulations of any recognised Stock Exchange or in compliance with the rules and regulations of the Securities and Exchange Commission of the United States of America; or

8.1.6 to any governmental agency having the right to require such Data and Information or to the extent required by any applicable laws; or

8.1.7 to any court of competent jurisdiction or independent arbitrator acting pursuant to its powers; or

8.1.8 to the extent that such Data and Information is generally available to the public other than through breach of this Agreement or by unauthorised disclosure; or

8.1.9 to a bona fide potential assignee of all or part of its interests upon obtaining a similar undertaking of confidentiality (but excluding paragraphs 8.1.5 and 8.1.8-8.1.9 of this Clause 8.1); or

8.1.10 to any governmental agency or body in the United Kingdom or from the European Community to the extent necessary in relation to the awarding of any grant to such Party in relation to its expenditures made pursuant to this Agreement; or

8.1.11 to the Terminal Operator.

8.2 The Sweetening Facilities Operator and the Magnus Operator may disclose any or all Data and Information to such persons and to such extent as may be reasonably required in connection

with the conduct of operations hereunder upon obtaining an undertaking of confidentiality in writing from such persons substantially similar to that contained in Clause 8.1 mutatis mutandis (but excluding paragraphs 8.1.1, 8.1.9 and 8.1.10).

8.3 Clause 8.1 shall not apply to Data and Information which:

8.3.1 is known to the receiving or acquiring person (without restriction on disclosure) at the time of its receipt or acquisition; or

8.3.2 is subsequently lawfully acquired by the receiving or acquiring person from a third Party on terms under which it may freely be disclosed by the receiving or acquiring person.

## 9. NOTICES

9.1 A notice or other communication given under or in connection with this Agreement shall be:

9.1.1 in writing;

9.1.2 in the English language; and

9.1.3 sent by the Permitted Method to the Notified Address.

9.2 The "**Permitted Method**" means the methods set out in the first column below. The second column below sets out the date on which a notice given by the corresponding Permitted Method in the first column opposite shall be deemed to be given to the extent the notice is properly addressed and sent in full to the Notified Address:

| **(1)**<br>**Permitted Method** | **(2)**<br>**Date on which Notice deemed given** |
|---|---|
| Registered or international registered or prepaid air-mail | Five (5) Working Days after the date of posting (not including the date of posting) |

9.3 The notified address of each of the Participants is as set out below (each a "**Notified Address**"):

| **Name of Participant** | **Address** | **Marked for the attention of:** |
|---|---|---|
| BP | BP Exploration Operating Company Limited<br>Legal Department<br>1-4 Wellheads Avenue<br>Dyce, Aberdeen<br>AB21 7PB | Legal Manager – North Sea Region |
| EnQuest | EnQuest<br>Annan House<br>Palmerston Road<br>Aberdeen<br>AB11 5QR | [•] |

or such other Notified Address as any of the Participants may, by written notice to the other Participants, substitute for their Notified Address set out above, but without prejudice to the effectiveness of any notice already given in accordance with clause 9.1.

## 10. GENERAL

10.1 This Agreement may be executed in any number of counterparts to the same effect as if the executions on the counterparts were on a single text of this Agreement but shall not be completed and take effect until each Party has executed a counterpart.

10.2 This Agreement shall be governed by and construed in accordance with English law and each of the Parties hereby irrevocably agrees that the courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Agreement and any matter arising in respect of this Agreement.

10.3 This Agreement is not intended to create, nor shall it be construed as creating, any association, partnership or trust, nor shall it give rise to the imposition of any partnership obligation or liability with regard to any of the Parties.

10.4 This Agreement may only be amended by an agreement in writing signed by all Parties.

10.5 This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings between the Parties with respect hereto. Each of the Parties acknowledges that in entering into this Agreement it has not relied upon any oral or written representation, warranty or other assurance and waives all rights and remedies which might otherwise be available to it in respect thereof, provided always that nothing in this Agreement shall limit or exclude any liability of a party for fraud.

10.6 Failure by any Party to exercise any of its rights hereunder shall not constitute a waiver or forfeiture of such rights. No waiver by any Party of any term of this Agreement is binding unless it is made expressly and confirmed in writing. Any such waiver shall be effective only in respect of the matter, non-compliance or breach to which it expressly relates and will not apply to any subsequent or other matter, non-compliance or breach.

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be executed and delivered on the day and year first written above.

| | | |
|---|---|---|
| Signed by ..... | ) | |
| for and on behalf of | ) | |
| **BP EXPLORATION OPERATING** | ) | |
| **COMPANY LIMITED** (in its capacity as the | ) | ..... |
| Sweetening Facilities Operator acting on behalf of | ) | Director/Duly Authorised Signatory |
| itself and the Sweetening Facilities Owners) | ) | |

| | | |
|---|---|---|
| Signed by ..... | ) | |
| for and on behalf of | ) | |
| **ENQUEST NNS LIMITED** (in its capacity as | ) | ..... |
| the Magnus | | |
| Operator acting on behalf of itself and the | ) | Director/Duly Authorised Signatory |
| Magnus Owners) | ) | |

CMS
Law.Tax

**DATE:** **2017**

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# NOVATION AND AMENDMENT OF MEOR STUDY LETTER AGREEMENT – MEOR ENHANCEMENTS (SAFETY) DATED 9 JUNE 2016

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Between

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Magnus Operator on behalf of itself and as agent for and on behalf of the Magnus Owners)

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Sweetening Facilities Operator on behalf of itself and as agent for and on behalf of the Sweetening Facilities Owners)

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Clair Operator on behalf of itself and as agent for and on behalf of the Clair Owners)

and

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Quad 204 Operator on behalf of itself and as agent for and on behalf of the Quad 204 Owners)

*Note: Provided the MEOR Enhancements (Safety) Letter is still in force, this agreement is proposed to be dated at 00:01 on the PCA Completion Date, together with the GSSA Novation and Amendment.*

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**THIS NOVATION AND AMENDMENT AGREEMENT** is made at 00:01 on the day of 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Magnus Operator on behalf of itself and as agent for and on behalf of the Magnus Owners (the "**Disposing Participant**");

(2) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Clair Operator on behalf of itself and as agent for and on behalf of the Clair Owners;

(3) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Quad 204 Operator on behalf of itself and as agent for and on behalf of the Quad 204 Owners,

Parties (2) and (3) being the "**Remaining Participants**"; and

(4) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Sweetening Facilities Operator on behalf of itself and as agent for and on behalf of the Sweetening Facilities Owners (the "**Acquiring Person**"),

each of the foregoing being a "**Party**" and together the "**Parties**".

**WHEREAS:**

(A) The Parties (other than the Acquiring Person in such capacity) are the current parties to the Magnus Enhanced Oil Recovery Study Letter Agreement – MEOR Enhancements (Safety) dated 9 June 2016 (the "**MEOR (Safety) Letter**").

(B) The Disposing Participant wishes to be released from and the Acquiring Person wishes to assume the liabilities and perform the obligations of the Disposing Participant under and in respect of the MEOR (Safety) Letter in respect of the Transferred Interest, on the terms set out herein.

(C) The Parties wish to enter into this Novation and Amendment Agreement to effect the transfer referred to in Recital (B) and to make consequential amendments to the MEOR (Safety) Letter to reflect such transfer.

**NOW THEREFORE IT IS HEREBY AGREED as follows:**

## 1. DEFINITIONS AND INTERPRETATION

1.1 The following terms in this Novation and Amendment Agreement shall have the following meanings:

"**Effective Date**" means 00:01 hours, London time, on the date hereof;

"**MEOR (Safety) Letter**" has the meaning given in Recital A;

"**Novation and Amendment Agreement**" means this novation and amendment agreement together with the Recitals; and

"**Transferred Interest**" means the Disposing Participant's entire undivided legal and beneficial interest in and under the MEOR (Safety) Letter (in its capacities as Magnus Operator and as Magnus Owners), together with all rights, title, obligations, liabilities and interests attaching thereto.

1.2 In this Novation and Amendment Agreement:

1.2.1 unless the context otherwise requires, the singular shall be deemed to include the plural and vice versa;

1.2.2 all references to Recitals and Clauses are, unless otherwise expressly stated, references to clauses of and recitals to this Novation and Amendment Agreement;

1.2.3 the words and phrases "**other**", "**including**" and "**in particular**" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.4 references to any other documents referred to in this Novation and Amendment Agreement shall, unless otherwise stated, be deemed to include such documents as amended, varied, supplemented, novated and/or replaced from time to time;

1.2.5 references to Parties shall also be deemed to include references to their permitted respective successors, transferees and assigns;

1.2.6 all references in this Novation and Amendment Agreement to times of the day are (unless otherwise expressly provided) to London time and references to a day are (unless otherwise expressly provided) to a period of twenty four (24) hours running from 00.01hrs on the day; and

1.2.7 terms defined in the MEOR (Safety) Letter have the same meanings in this Novation and Amendment Agreement, unless expressly given a different meaning herein.

## 2. NOVATION

2.1 The Parties agree that, in consideration of the assumption by the Acquiring Person of the Transferred Interest, with effect on and from the Effective Date:

2.1.1 the Disposing Participant shall cease to be a party to the MEOR (Safety) Letter in respect of the Transferred Interest and the Acquiring Person shall become a party to the MEOR (Safety) Letter in respect of the Transferred Interest and shall assume the liabilities, perform the obligations and be entitled to the rights and benefits therein in place of the Disposing Participant in respect of the Transferred Interest;

2.1.2 the Acquiring Person undertakes and covenants as a separate obligation with the Disposing Participant and the Remaining Participants to assume, observe, perform, discharge and be bound by all liabilities and obligations arising under the MEOR (Safety) Letter in respect of the Transferred Interest in the place of the Disposing Participant whether actual, accrued, contingent or otherwise and whether arising on, before or after the Effective Date and to be bound by the MEOR (Safety) Letter in respect of the Transferred Interest as if the Acquiring Person had at all times been a

party to the MEOR (Safety) Letter in place of the Disposing Participant in respect of the Transferred Interest;

2.1.3 the Remaining Participants and the Acquiring Person shall each release and discharge the Disposing Participant from the observance, performance and discharge of each of the liabilities and obligations assumed by the Acquiring Person pursuant to this Clause 2.1 and shall accept the like observance, performance and discharge of such liabilities and obligations by the Acquiring Person in place thereof;

2.1.4 the Acquiring Person undertakes in respect of the Transferred Interest to fully indemnify and hold harmless each of the Remaining Participants (solely so far as concerns the MEOR (Safety) Letter or any side agreement (as defined in Clause 2.1.5) to which it is a party) in respect of any claims, fines, proceedings, injury, costs (including legal costs), loss, damage or expense for which the Disposing Participant would have been liable but for the release and discharge referred to in Clause 2.1.3; and

2.1.5 this Clause 2.1 shall also apply in relation to any other agreement, instrument or document between or binding upon the Disposing Participant and the Remaining Participants (and no other person or persons) (a "**side agreement**"), if and to the extent that the side agreement in question relates to any of the rights, benefits, liabilities and obligations affected by this Clause 2.1.

## 3. AMENDMENTS TO MEOR (SAFETY) LETTER

3.1 The Parties agree that with effect from the Effective Date, the MEOR (Safety) Letter shall be amended as follows:

3.1.1 subject to Clause 3.1.3, wherever it appears in the MEOR (Safety) Letter, the term "Magnus Operator" shall be deleted and replaced with "Sweetening Facilities Operator";

3.1.2 subject to Clause 3.1.5, wherever it appears in the MEOR (Safety) Letter, the term "Magnus Owners" shall be deleted and replaced with "Sweetening Facilities Owners";

3.1.3 in Clause 1.1, the definition of "Magnus Field" shall be deleted;

3.1.4 in Clause 1.1, the definition of "Magnus Operator" shall be deleted and replaced with ""**Sweetening Facilities Operator**" means the Person appointed by the Sweetening Facilities Owners as operator of the Sweetening Facilities from time to time which, at the date hereof, is BP";

3.1.5 in Clause 1.1, the definition of "Magnus Owners" shall be deleted and replaced with ""**Sweetening Facilities**" **Owners**" means the persons (from time to time) having the benefit of an interest in the Sweetening Facilities pursuant to the Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sale and Services Agreement dated 6 September 2000 (as novated and amended from time to time), which at the date hereof is BP";

3.1.6 in Clause 1.1, the definition of "Magnus Group" shall be deleted and replaced with ""**Sweetening Facilities Group**" means the Sweetening Facilities Operator, Sweetening Facilities Owners, and its or their Affiliates, contractors and subcontractors, and its and their respective directors, officers and employees";

3.1.7 in Clause 10, the reference to "Magnus Field" shall be deleted and replaced with "Sweetening Facilities";

3.1.8 in Clause 12.1, the term "Magnus Business Manager" shall be deleted and replaced with "Sweetening Facilities Business Manager"; and

3.1.9 wherever it appears in the MEOR (Safety) Letter, the term "MEOR" shall be deleted and replaced with "Sweetening Facilities".

**4. GENERAL**

4.1 Notwithstanding the provisions of Clause 2, the Disposing Participant shall be bound and continue to be bound by this Clause 4.1 (which shall take effect as an agreement separate and independent from the MEOR (Safety) Letter and/or any side agreement), to observe and perform such duties of confidentiality and non-disclosure owed to the other parties to the MEOR (Safety) Letter in relation to the Transferred Interest or any side agreement as would have been applicable to it under the MEOR (Safety) Letter or any side agreement had it continued to be a party to that agreement in respect of the Transferred Interest.

4.2 Nothing contained herein shall prejudice the rights and obligations of the Disposing Participant and the Acquiring Person under the document or documents made between themselves for the purpose of effecting the transfer of the Transferred Interest from the Disposing Participant to the Acquiring Person or under any other agreement between them in respect of the transfer of the Transferred Interest.

4.3 Save as expressly provided herein, all provisions of the MEOR (Safety) Letter and any side agreement shall continue to be in full force and effect and binding on the parties thereto, insofar as those agreements were in full force and effect and binding on the parties thereto immediately prior to the Effective Date.

4.4 This Novation and Amendment Agreement shall be treated as constituting all actions, confirmations, consents and undertakings required of the Disposing Participant, the Acquiring Person and the Remaining Participants under the MEOR (Safety) Letter or any side agreement for the purpose of giving effect to the transfer to the Acquiring Person of the Transferred Interest.

4.5 The Acquiring Person shall be solely responsible for the payment in a timely fashion of and undertakes to pay, all and any stamp duty, stamp duty reserve tax and/or stamp duty land tax (including any interest, penalties and/or fines) payable on or in connection with the execution or enforcement of this Novation and Amendment Agreement insofar as it relates to the transfer of the Transferred Interest and shall fully indemnify each of the other Parties in respect of any costs (including legal costs), expenses, loss or damage occasioned by its failure to pay (or any delay in paying) any such stamp duty, stamp duty reserve tax and/or stamp duty land tax.

4.6 This Novation and Amendment Agreement may be executed in any number of counterparts to the same effect as if the executions on the counterparts were on a single text of this Novation and Amendment Agreement but shall not be completed and take effect until each Party has executed a counterpart.

4.7 This Novation and Amendment Agreement shall be governed by and construed in accordance with English law and each of the Parties hereby irrevocably agrees that the courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this

Novation and Amendment Agreement and any matter arising in respect of this Novation and Amendment Agreement.

4.8 No Person other than a Party may enforce this Novation and Amendment Agreement by reason of the Contracts (Rights of Third Parties) Act 1999.

**IN WITNESS WHEREOF** the Parties have caused this Novation and Amendment Agreement to be executed on the day and year first written above.

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Disposing Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as a Remaining Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as a Remaining Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Acquiring Person)

.....

**DATE:** **2017**

---

# NOVATION AND AMENDMENT OF MEOR STUDY LETTER AGREEMENT – MEOR ENHANCEMENTS (EXPANSION) DATED 9 JUNE 2016

---

Between

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Magnus Operator on behalf of itself and as agent for and on behalf of the Magnus Owners)

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Sweetening Facilities Operator on behalf of itself and as agent for and on behalf of the Sweetening Facilities Owners)

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Clair Operator on behalf of itself and as agent for and on behalf of the Clair Owners)

and

**BP EXPLORATION OPERATING COMPANY LIMITED**
(in its capacity as the Quad 204 Operator on behalf of itself and as agent for and on behalf of the Quad 204 Owners)

*Note: Provided the MEOR Enhancements (Expansion) Letter is still in force, this agreement is proposed to be dated at 00:01 on the PCA Completion Date, together with the GSSA Novation and Amendment.*

---

**THIS NOVATION AND AMENDMENT AGREEMENT** is made at 00:01 on the day of 2017

**BETWEEN:**

(1) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Magnus Operator on behalf of itself and as agent for and on behalf of the Magnus Owners (the "**Disposing Participant**");

(2) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Clair Operator on behalf of itself and as agent for and on behalf of the Clair Owners;

(3) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Quad 204 Operator on behalf of itself and as agent for and on behalf of the Quad 204 Owners,

Parties (2) and (3) being the "**Remaining Participants**"; and

(4) **BP EXPLORATION OPERATING COMPANY LIMITED** a company incorporated in England and Wales (registered number 00305943) and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP in its capacity as the Sweetening Facilities Operator on behalf of itself and as agent for and on behalf of the Sweetening Facilities Owners (the "**Acquiring Person**"),

each of the foregoing being a "**Party**" and together the "**Parties**".

**WHEREAS:**

(A) The Parties (other than the Acquiring Person in such capacity) are the current parties to the Magnus Enhanced Oil Recovery Study Letter Agreement – MEOR Enhancements (Expansion) dated 9 June 2016 (the "**MEOR (Expansion) Letter**").

(B) The Disposing Participant wishes to be released from and the Acquiring Person wishes to assume the liabilities and perform the obligations of the Disposing Participant under and in respect of the MEOR (Expansion) Letter in respect of the Transferred Interest, on the terms set out herein.

(C) The Parties wish to enter into this Novation and Amendment Agreement to effect the transfer referred to in Recital (B) and to make consequential amendments to the MEOR (Expansion) Letter to reflect such transfer.

**NOW THEREFORE IT IS HEREBY AGREED as follows:**

## 1. DEFINITIONS AND INTERPRETATION

1.1 The following terms in this Novation and Amendment Agreement shall have the following meanings:

"**Effective Date**" means 00:01 hours, London time, on the date hereof;

"**MEOR (Expansion) Letter**" has the meaning given in Recital A;

"**Novation and Amendment Agreement**" means this novation and amendment agreement together with the Recitals; and

"**Transferred Interest**" means the Disposing Participant's entire undivided legal and beneficial interest in and under the MEOR (Expansion) Letter (in its capacities as Magnus Operator and as Magnus Owners), together with all rights, title, obligations, liabilities and interests attaching thereto.

1.2 In this Novation and Amendment Agreement:

1.2.1 unless the context otherwise requires, the singular shall be deemed to include the plural and vice versa;

1.2.2 all references to Recitals and Clauses are, unless otherwise expressly stated, references to clauses of and recitals to this Novation and Amendment Agreement;

1.2.3 the words and phrases "**other**", "**including**" and "**in particular**" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;

1.2.4 references to any other documents referred to in this Novation and Amendment Agreement shall, unless otherwise stated, be deemed to include such documents as amended, varied, supplemented, novated and/or replaced from time to time;

1.2.5 references to Parties shall also be deemed to include references to their permitted respective successors, transferees and assigns;

1.2.6 all references in this Novation and Amendment Agreement to times of the day are (unless otherwise expressly provided) to London time and references to a day are (unless otherwise expressly provided) to a period of twenty four (24) hours running from 00.01hrs on the day; and

1.2.7 terms defined in the MEOR (Expansion) Letter have the same meanings in this Novation and Amendment Agreement, unless expressly given a different meaning herein.

## 2. NOVATION

2.1 The Parties agree that, in consideration of the assumption by the Acquiring Person of the Transferred Interest, with effect on and from the Effective Date:

2.1.1 the Disposing Participant shall cease to be a party to the MEOR (Expansion) Letter in respect of the Transferred Interest and the Acquiring Person shall become a party to the MEOR (Expansion) Letter in respect of the Transferred Interest and shall assume the liabilities, perform the obligations and be entitled to the rights and benefits therein in place of the Disposing Participant in respect of the Transferred Interest;

2.1.2 the Acquiring Person undertakes and covenants as a separate obligation with the Disposing Participant and the Remaining Participants to assume, observe, perform, discharge and be bound by all liabilities and obligations arising under the MEOR (Expansion) Letter in respect of the Transferred Interest in the place of the Disposing Participant whether actual, accrued, contingent or otherwise and whether arising on, before or after the Effective Date and to be bound by the MEOR (Expansion) Letter in

respect of the Transferred Interest as if the Acquiring Person had at all times been a party to the MEOR (Expansion) Letter in place of the Disposing Participant in respect of the Transferred Interest;

2.1.3 the Remaining Participants and the Acquiring Person shall each release and discharge the Disposing Participant from the observance, performance and discharge of each of the liabilities and obligations assumed by the Acquiring Person pursuant to this Clause 2.1 and shall accept the like observance, performance and discharge of such liabilities and obligations by the Acquiring Person in place thereof;

2.1.4 the Acquiring Person undertakes in respect of the Transferred Interest to fully indemnify and hold harmless each of the Remaining Participants (solely so far as concerns the MEOR (Expansion) Letter or any side agreement (as defined in Clause 2.1.5) to which it is a party) in respect of any claims, fines, proceedings, injury, costs (including legal costs), loss, damage or expense for which the Disposing Participant would have been liable but for the release and discharge referred to in Clause 2.1.3; and

2.1.5 this Clause 2.1 shall also apply in relation to any other agreement, instrument or document between or binding upon the Disposing Participant and the Remaining Participants (and no other person or persons) (a "**side agreement**"), if and to the extent that the side agreement in question relates to any of the rights, benefits, liabilities and obligations affected by this Clause 2.1.

## 3. AMENDMENTS TO MEOR (EXPANSION) LETTER

3.1 The Parties agree that with effect from the Effective Date, the MEOR (Expansion) Letter shall be amended as follows:

3.1.1 subject to Clause 3.1.3, wherever it appears in the MEOR (Expansion) Letter, the term "Magnus Operator" shall be deleted and replaced with "Sweetening Facilities Operator";

3.1.2 subject to Clause 3.1.5, wherever it appears in the MEOR (Expansion) Letter, the term "Magnus Owners" shall be deleted and replaced with "Sweetening Facilities Owners";

3.1.3 in Clause 1.1, the definition of "Magnus Field" shall be deleted;

3.1.4 in Clause 1.1, the definition of "Magnus Operator" shall be deleted and replaced with ""**Sweetening Facilities Operator**" means the Person appointed by the Sweetening Facilities Owners as operator of the Sweetening Facilities from time to time which, at the date hereof, is BP";

3.1.5 in Clause 1.1, the definition of "Magnus Owners" shall be deleted and replaced with ""**Sweetening Facilities Owners**" means the persons (from time to time) having the benefit of an interest in the Sweetening Facilities pursuant to the Magnus Enhanced Oil Recovery/Sullom Voe Terminal Gas Sale and Services Agreement dated 6 September 2000 (as novated and amended from time to time), which at the date hereof is BP";

3.1.6 in Clause 1.1, the definition of "Magnus Group" shall be deleted and replaced with ""**Sweetening Facilities Group**" means the Sweetening Facilities Operator,

Sweetening Facilities Owners, and its or their Affiliates, contractors and subcontractors, and its and their respective directors, officers and employees";

3.1.7 in Clause 10, the reference to "Magnus Field" shall be deleted and replaced with "Sweetening Facilities";

3.1.8 in Clause 12.1, the term "Magnus Business Manager" shall be deleted and replaced with "Sweetening Facilities Business Manager"; and

3.1.9 wherever it appears in the MEOR (Expansion) Letter, the term "MEOR" shall be deleted and replaced with "Sweetening Facilities";

## 4. GENERAL

4.1 Notwithstanding the provisions of Clause 2, the Disposing Participant shall be bound and continue to be bound by this Clause 4.1 (which shall take effect as an agreement separate and independent from the MEOR (Expansion) Letter and/or any side agreement), to observe and perform such duties of confidentiality and non-disclosure owed to the other parties to the MEOR (Expansion) Letter in relation to the Transferred Interest or any side agreement as would have been applicable to it under the MEOR (Expansion) Letter or any side agreement had it continued to be a party to that agreement in respect of the Transferred Interest.

4.2 Nothing contained herein shall prejudice the rights and obligations of the Disposing Participant and the Acquiring Person under the document or documents made between themselves for the purpose of effecting the transfer of the Transferred Interest from the Disposing Participant to the Acquiring Person or under any other agreement between them in respect of the transfer of the Transferred Interest.

4.3 Save as expressly provided herein, all provisions of the MEOR (Expansion) Letter and any side agreement shall continue to be in full force and effect and binding on the parties thereto, insofar as those agreements were in full force and effect and binding on the parties thereto immediately prior to the Effective Date.

4.4 This Novation and Amendment Agreement shall be treated as constituting all actions, confirmations, consents and undertakings required of the Disposing Participant, the Acquiring Person and the Remaining Participants under the MEOR (Expansion) Letter or any side agreement for the purpose of giving effect to the transfer to the Acquiring Person of the Transferred Interest.

4.5 The Acquiring Person shall be solely responsible for the payment in a timely fashion of and undertakes to pay, all and any stamp duty, stamp duty reserve tax and/or stamp duty land tax (including any interest, penalties and/or fines) payable on or in connection with the execution or enforcement of this Novation and Amendment Agreement insofar as it relates to the transfer of the Transferred Interest and shall fully indemnify each of the other Parties in respect of any costs (including legal costs), expenses, loss or damage occasioned by its failure to pay (or any delay in paying) any such stamp duty, stamp duty reserve tax and/or stamp duty land tax.

4.6 This Novation and Amendment Agreement may be executed in any number of counterparts to the same effect as if the executions on the counterparts were on a single text of this Novation and Amendment Agreement but shall not be completed and take effect until each Party has executed a counterpart.

4.7 This Novation and Amendment Agreement shall be governed by and construed in accordance with English law and each of the Parties hereby irrevocably agrees that the courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Novation and Amendment Agreement and any matter arising in respect of this Novation and Amendment Agreement.

4.8 No Person other than a Party may enforce this Novation and Amendment Agreement by reason of the Contracts (Rights of Third Parties) Act 1999.

**IN WITNESS WHEREOF** the Parties have caused this Novation and Amendment Agreement to be executed on the day and year first written above.

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Disposing Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as a Remaining Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as a Remaining Participant)

.....

Signed for and on behalf of

**BP EXPLORATION OPERATING COMPANY LIMITED**

(in its capacity as the Acquiring Person)

.....

**LEASE**

between

**BP EXPLORATION OPERATING COMPANY LIMITED and TAQA BRATANI LIMITED**

and

**BP EXPLORATION OPERATING COMPANY LIMITED**

---

**LEASE OF GAS SWEETENING PLANT, NEAR SULLOM VOE TERMINAL SHETLAND**

---

Pinsent Masons

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**THIS LEASE** is entered into between

(1) **BP EXPLORATION OPERATING COMPANY LIMITED** a company registered in England with registered number 00305943 and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP and **TAQA BRATANI LIMITED** a company registered in England with registered number 5975475 and having its registered office at Mitre House, 160 Aldersgate Street, London EC1A 4DD **(the "Landlord")**

(2) **BP EXPLORATION OPERATING COMPANY LIMITED** a company registered in England with registered number 00305943 and having its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP **(the "Tenant")**

## 1 DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Lease unless the context requires otherwise:

"**Affiliate**" shall mean, in relation to any person, a person;

(a) that directly or indirectly controls the first mentioned person;

(b) that is directly or indirectly controlled by the first mentioned person; or

(c) that is under common control with the first mentioned person,

(and "control", for the purposes of this definition, shall mean with respect to any person, that another person has the right (whether alone or acting in concert with others, whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) to exercise or cause the exercise of at least fifty per cent (50%) or more of the voting rights in respect of such person and/or to appoint and/or remove the majority of the board of directors or other governing body of such person or of any another person which controls that person or otherwise controls or has the power to control the affairs and policies of that person or of any person which controls that person). For the avoidance of doubt, in the case of TAQA Bratani Limited, an "Affiliate" shall not include any company which controls (either directly or indirectly) Abu Dhabi National Energy Company PJSC;

"**Ancillary Sweetening Facilities**" has the meaning given to it in the Contract;

"**Business Day**" means any day which is not a Saturday, a Sunday or a public holiday in Shetland;

"**Common Parts**" means the common parts of the Site comprising:-

(a) all servicing, parking and loading areas, forecourts, landscaped areas, pedestrian and vehicular entrances, routes and accesses (including emergency escapes) and other areas of the Site which are reasonably necessary or required by the Tenant in connection with the Permitted Use and which:-

(i) are not owned exclusively by the owner of the Site; and/or

(ii) are available for use from time to time by each of the owners or occupiers of the Site; and

(b) the Service Systems;

"**Competent Authority**" includes any court of competent jurisdiction, any local authority and any local, national or supra national agency, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or any part of it or of the European Union or any statutory undertaker (which expression shall include, without limitation, the Oil and Gas Authority);

"**Contract**" means the Magnus Enhanced Oil Recovery / Sullom Voe Terminal Gas Sale and Services Agreement dated 6 September 2000 between BP Exploration Operating Company Limited (in the capacity of Terminal Operator) and BP Exploration Operating Company Limited (in the capacity of Magnus Operator);

"**Date of Entry**" has the meaning given to it in Clause 2.3 (*Period of Lease*);

"**Dispute**" means any dispute or difference arising out of or in connection with this Lease including a dispute or difference regarding its existence, validity or termination and "**Disputed**" and other derivatives shall be construed accordingly;

"**Exceptions and Reservations**" means the rights and reservations specified in Schedule Part 3 (*Exceptions and Reservations*);

"**Expert**" means a person appointed as an expert pursuant to Clause 6.9;

"**Expiry Date**" means (subject to Clause 7) the first to occur of the following:

(a) the date of termination of this Lease for any reason; and

(b) 31 August 2025;

"**Fuel Gas and Utility Facilities**" has the meaning given to it in the Contract;

"**Head Landlord**" means The Trustees of the Shetland Islands Council Charitable Trust;

"**Headlease**" means the lease between Shetland Islands Council (1), and BP Petroleum Development Limited and Shell UK Limited (2) dated 25 and 28 November 1988 and registered in the General Register of Sasines for the Counties of Orkney and Zetland 22 December 1998;

"**Landlord**" means the party designated as the Landlord herein or its successors whomsoever to the landlord's part of this Lease;

"**Law**" means any law, proclamation, decision, statute, rule, regulation, order, resolution, notice, rule of court, bye-law, directive, statute, statutory instrument, standards, codes of conduct or other instrument or requirement in each case having the force of law by whomsoever made, issued, declared, passed or otherwise enacted, created or given effect, including HM Government, HM Parliament, the Scottish Parliament or the Scottish Executive, the Council, Commission or Parliament of the European Union, any court or other judicial forum, any coroner or commission of inquiry, any local authority or any statutory undertaker or other Competent Authority or any other person having such power related to or affecting the Premises, the Site or the Tenant's use of them;

"**Outgoings**" has the meaning given to it in Clause 4.2 (*To pay Outgoings*);

"**Overriding Contract Principle**" has the meaning given to it in Clause 1.3;

"**Party**" means a party to this Lease;

"**Period of this Lease**" means the period for which this Lease is granted together with any continuation thereof (whether by tacit relocation, under an Act of Parliament or for any other reason);

"**Permitted Use**" means the use of the Premises for the purposes of the use, operation, repair and maintenance of the Ancillary Sweetening Facilities, the Sweetening Facilities and the Fuel Gas and Utility Facilities by or on behalf of the Tenant all in accordance with the provisions of the Contract;

"**Pertinents**" means the rights and others specified in Schedule Part 2 (*Pertinents*);

"**Plan**" means the plan annexed and executed as relative to this Lease;

"**Planning Acts**" means the Town and Country Planning (Scotland) Act 1997 and the Local Government and Planning (Scotland) Act 1982 and any future legislation of a similar nature;

"**Premises**" means the whole land and subjects hereby let as more fully described in Schedule Part 1 (*The Premises)* and each and every part thereof together with the Sweetening Facilities (located within the boundary of the Premises) and any buildings and erections and each and every part thereof now or hereafter erected or in the course of erection thereon or on any part thereof together with all additions, alterations and improvements thereto which may be carried out during the Period of this Lease and shall also include all landlord's fixtures and fittings from time to time on and about the said subjects;

"**Schedule**" means the Schedule annexed and executed as relative hereto;

"**Service Systems**" means the channels, ventilation ducting, drains, sewers, pipes (including sprinkler systems and flares), wires, cables, aerials or other conducting media, pumps, valves, meters and connections in and passing through the Site and, at the Date of Entry, connected to or otherwise providing services to the Premises in connection with the Permitted Use; "**Site**" means 558.3 hectares (1380 acres) at Sullom Voe, Shetland more particularly demised by the Headlease of which the Premises form part;

"**Sweetening Facilities**" has the meaning given to it in the Contract;

"**Tenant**" means the party designated as the Tenant herein and its permitted assignees and in the case of an individual shall include his personal representatives;

"**Terminal**" means the petroleum receiving treatment, storage and tanker loading complex situated at Sullom Voe, Shetland, downstream of the insulating flange at the scraper trap of each pipeline delivering oil or gas to such complex including the jetty structures situated there and the facilities and equipment erected upon the jetty structures;

"**Terminal Operator**" means the operator (from time to time) of the Terminal; and

"**Value Added Tax**" means value added tax as provided for in the Value Added Tax Act 1994 and any similar or turnover tax replacing or introduced in addition to value added tax.

1.2 **Interpretation**

Save to the extent that the context or the express provisions of this Lease requires otherwise, in this Lease:-

(a) words importing any gender shall include all other genders;

(b) words importing the singular number only shall include the plural number and *vice versa*;

(c) where at any one time there are two or more persons included in the expression the "**Tenant**" obligations contained in this Lease which are expressed to be made by the Tenant shall be binding jointly and severally on them and their respective

executors and representatives whomsoever without the necessity of discussing them in their order;

(d) in the case where the Tenant is a firm or partnership the obligations of the Tenant hereunder shall be binding jointly and severally on all persons who are or become partners of the firm or partnership at any time during the Period of this Lease and their respective executors and representatives whomsoever as well as on the firm or partnership and its whole stock, funds, assets and estate without the necessity of discussing them in their order and such obligations shall subsist and remain in full force and effect notwithstanding the dissolution of the firm or partnership or any change or changes which may take place in the firm or partnership whether by the assumption of a new partner or partners or by the retiral, bankruptcy or death of any individual partner or by a change in the firm or partnership name;

(e) words importing persons include corporations and *vice versa*;

(f) references to this Lease or to any other document shall be construed as reference to this Lease or to that other document as modified, amended, varied, supplemented, assigned, novated or replaced from time to time;

(g) reference to the Parties shall be construed as reference to the parties to this Lease at that time;

(h) any reference to a Clause, Schedule or Part of the Schedule is to the relevant Clause, Schedule or Part of the Schedule of or to this Lease;

(i) unless expressly stated to the contrary in this Lease, reference to any statute or statutory provision (including any subordinate legislation) includes any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, legislation, instruments or other subordinate legislation made under the relevant statute or statutory provision;

(j) any phrase introduced by the words "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative only and shall not be construed as limiting the generality of any preceding words;

(k) any obligation on, or right granted or reserved to, the Landlord under this Lease may be fulfilled or exercised by any superior landlord in place of or in addition to the Landlord;

(l) the terms "**subsidiary**" and "**holding company**" have the meanings given to such expressions in Section 736 of the Companies Act 1985;

(m) where any provision of this Lease states that any word or expression is to have the meaning given to it, or have the same meaning as it has in another agreement or document that provision shall remain in full force and effect and the word or expression shall continue to have such meaning notwithstanding that the relevant agreement or other document expires or terminates for any reason; and

(n) any reference to a Section with a numbered suffix is a reference to a Section of the Contract (being one of thirty two Sections) bearing that number.

1.3 **Overriding Contract Principle**

Inasmuch as the Tenant (in the capacity of Sweetening Facilities Operator) has rights and obligations (both monetary and non-monetary) pursuant to the Contract which are at variance with the corresponding Tenant's rights and obligations under this Lease, the

following shall apply and the terms of this Lease shall be deemed to be varied to this extent:-

1.3.1 in the event of any conflict between a provision of the Contract and a provision of this Lease, then the former shall prevail;

1.3.2 to the extent that each of the Contract and the Lease imposes an obligation on the Tenant with respect to the same given specific matter or thing and the obligation imposed by the Lease is more onerous on the Tenant than the corresponding obligation in the Contract, the obligation in the Contract shall prevail (and it shall be conclusively presumed that performance of the obligation in the Contract by the Tenant (in the capacity of Magnus Operator) discharges the Tenant's obligation to perform the corresponding obligation in the Lease); and

1.3.3 if the Contract expressly authorises the Tenant (in its capacity as Magnus Operator) to do any given act or deed, no provision of this Lease shall be construed in a way which would prohibit the Tenant from doing the act or deed in question,

**("the Overriding Contract Principle")**

1.4 **Headings**

The table of contents and the headings in this Lease are included for convenience only and shall be ignored in construing this Lease.

1.5 **Whole Lease**

The Schedule forms part of this Lease and shall have effect as if set out in full in the body of this Lease and any reference to this Lease includes the Schedule.

2 **GRANT OF LEASE**

2.1 **Grant**

IN CONSIDERATION of the rents and other obligations hereinafter specified the Landlord hereby lets to the Tenant (but excluding always assignees and sub-tenants legal or voluntary and creditors and managers for creditors in any form except where permitted in accordance with the terms of this Lease) the Premises TOGETHER WITH the Pertinents UNDER RESERVATION of the Exceptions and Reservations.

2.2 **Condition and fitness for purpose of Premises**

The Landlord gives no warranty, whether express or implied as to the fitness for purpose of the Premises or the Common Parts and shall have no express or implied liability to maintain, or carry out any works of repair, maintenance and renewal of the Premises to keep them in a wind and watertight condition. The Tenant accepts the Premises and the Common Parts as in good and substantial repair and condition notwithstanding all (if any) defects therein (whether latent and/or inherent or otherwise) and are held to have satisfied themselves in all respects that the Premises and the Common Parts are fit for the purposes for which they are let.

2.3 **Period of Lease**

Notwithstanding the date or dates hereof, but subject to Clause 7, this Lease shall subsist for the period from and including [ ] (the "**Date of Entry**") to and including the Expiry Date.

3 **RENT**

3.1 **Rent**

Subject always to the Overriding Contract Principle, the Tenant binds itself to pay to the Landlord by way of rent:-

(a) the clear yearly rent of ONE POUND (£1.00) STERLING if asked; and

(b) Value Added Tax in accordance with Clause 4.41 (*To pay Value Added Tax*).

4 **TENANT'S OBLIGATIONS**

The Tenant HEREBY UNDERTAKES with the Landlord and binds and obliges itself throughout the Period of this Lease as follows (subject always to the Overriding Contract Principle):-

4.1 **To pay rent**

To pay the rent herein provided for (if asked) at the times and in the manner aforesaid.

4.2 **To pay interest on sums overdue**

That without prejudice to any other right, remedy or power herein contained or otherwise available to the Landlord if any rent due in terms of Clause 3.1(a) (*Rent*) (or Value Added Tax due thereon) shall not be paid on the due date or any other sum of money (excluding such rent and such Value Added Tax) payable under this Lease shall have become due by the Tenant but remain unpaid for fourteen days, to pay on demand to the Landlord interest on all such sums (including such rent and such Value Added Tax) at the Prescribed Rate from the date when the same became due as aforesaid until payment thereof (as well after as before any decree or judgement).

4.3 **To pay Outgoings**

To bear, pay and discharge all existing and future rates and taxes (except taxes payable by the Landlord in consequence of dealings or deemed dealings by the Landlord or the Head Landlord with its interest in the Premises), which now are or may at any time hereafter during the Period of this Lease be charged, levied, assessed or imposed upon the Premises or upon the owner or occupier in respect thereof or which arise from this Lease ("**Outgoings**") PROVIDING THAT the Tenant shall use reasonable endeavours to minimise the rates charged, levied, assessed or imposed upon the Premises.

4.4 **To permit entry by the Landlord and others**

To permit the Landlord and its agents at all reasonable times with or without workmen on giving reasonable notice (or no notice in cases of emergency) to the Tenant to enter upon the Premises generally to inspect and examine the same to view the state of repair and condition thereof.

4.5 **Not to use otherwise than for specified purpose**

Not to carry on, use or permit the Premises otherwise than for the Permitted Use. Provided Always and the Tenant hereby acknowledges and admits that notwithstanding the foregoing provisions, the Landlord does not thereby or in any other way give or make nor has given or made at any other time any representation or warranty that any such use is or will be or will remain a permitted use within the provisions of the consents (if any) exhibited to the Tenant, any information available for public inspection or any Law, the title deeds of the Premises or the Headlease nor shall any consent in writing which the Landlord may hereafter give to any change of use be taken as including any such representation or warranty and that notwithstanding that any such use as aforesaid is not a permitted use within such provisions as aforesaid, the Tenant shall remain fully bound and liable to the Landlord in respect of the

obligations undertaken by the Tenant by virtue of this Lease without any compensation, recompense or relief of any kind whatsoever.

4.6 **Not to make alterations**

4.6.1 Not to make or permit or suffer to be made any alterations or additions whatsoever to the Premises or the Common Parts other than in accordance with the Contract or as otherwise agreed in writing with the Landlord.

4.7 **Not to make claims**

Not at any time during the Period of this Lease to bring any action or make any claim or demand on account of any injury to the Site or any part of it in consequence of the erection of any building or the alteration of any building on any land adjacent, neighbouring or opposite to the Site or any part of it for which the Landlord may give its consent or for which the Landlord shall have given its consent pursuant to any power reserved by this Lease or in respect of any servitude right or privilege granted or to be granted by the Landlord for the benefit of any land or building erected or to be erected on any land adjacent, neighbouring or opposite to the Site and (if required) to concur with the Landlord at the Landlord's expense in any consent which it may give or any grant which it may make as hereinbefore mentioned. Provided that the provisions of this clause shall not permit the Landlord to do anything which adversely affects the Tenant's ability to enjoy the rights granted to it or to comply with its obligations under the Contract.

4.8 **Alienation**

Not at any time to assign, charge, sub-let, mortgage or otherwise dispose of or for any purpose in any way deal with the Tenant's interest in or part with or share possession of the Premises except to a person to whom it has validly assigned its rights and obligations under the Contract or as the Contract shall otherwise permit.

4.9 **Intimation of dealing with Tenant's interest**

Within twenty one days after the date of any assignation of this Lease or the grant of any sub-lease of the whole or any part of the Premises or any assignation of such a sub-lease or the execution of any standard security or charge affecting this Lease or any such sub-lease as aforesaid or any transfer or discharge of any such standard security or charge or any devolution however remote of this Lease or of any such sub-lease as aforesaid by will, intestacy, assent or operation of law to produce, supply or cause to be supplied (without any demand by any person) to the Landlord for registration or as it may from time to time direct, a certified copy of the deed, document or instrument effecting such assignation, sub-lease, assignation of sub-lease, standard security, charge, transfer or discharge of standard security or charge or devolution as aforesaid.

4.10 **To pay Landlord's costs**

To pay to the Landlord all proper and reasonably incurred costs, charges, expenses, disbursements and fees (including but without prejudice to the generality of the foregoing, Solicitors' costs reasonably incurred) by the Landlord in the preparation and negotiation of this Lease.

4.11 **To comply with obligations under the Headlease**

Subject to Clause 1.3 (*Overriding Contract Principle*) and 5.2 (*Obligations under Headlease*), timeously to implement and comply with all obligations (other than the payment of rent and save where expressly assumed by the Landlord hereunder) incumbent on the Landlord as tenant under the Headlease insofar as relating to the Premises.

4.12 **To remedy breaches of sub-tenants etc.**

In the event of a breach, non-performance or non-observance by any sub-tenant, licensee, concessionaire or other occupier of the Premises of any of the obligations, conditions, agreements and provisions contained or referred to in this Lease the observance or performance of which is incumbent upon the Tenant, forthwith upon discovering the same to take and institute at its own expense all necessary steps and proceedings to remedy such breach, non-performance or non-observance (without prejudice, however, to the Landlord's right to irritate this Lease on account of such breach, non-performance or non-observance).

4.13 **To observe title conditions**

To observe and perform the agreements, obligations, burdens, conditions and others contained or referred to in the documents referred to in Schedule Part 4 (*Writs for burdens*) and to keep the Landlord indemnified against claims in any way relating thereto.

4.14 **To remove**

4.14.1 At the expiration or sooner determination of the Period of this Lease without any warning away or process of removal to that effect to vacate the Premises and leave the Premises in such condition as shall be in accordance with the obligations on the part of the Tenant contained in this Lease and the Contract.

4.15 **To pay Value Added Tax**

To pay to the Landlord at the same time as the aftermentioned monies such amount of Value Added Tax at the rate for the time being in force as shall be legally payable in respect of all monies undertaken to be paid to the Landlord by the Tenant under the terms of this Lease (in exchange for a valid tax invoice) and in every case where under this Lease the Tenant undertakes to pay an amount of money, such amount shall be regarded as being exclusive of all Value Added Tax which may from time to time be legally payable thereon.

4.16 **To pay stamp duty etc.**

To make all necessary returns to Revenue Scotland in respect of the grant of this Lease and pay on demand all land and buildings transaction tax thereon and the costs of registration hereof in the Books of Council and Session and of obtaining three Extracts (two of which will be for the Landlord's purposes).

5 **LANDLORD'S OBLIGATIONS**

The Landlord:-

5.1 **Warrandice**

Hereby grants warrandice.

5.2 **Obligations under Headlease**

Undertakes to implement and comply with the whole obligations incumbent on the Landlord in its capacity as tenant under the Headlease except insofar as such obligations are passed down to the Tenant by this Lease.

5.3 **To enforce Head Landlord's obligations**

Undertakes, on request by the Tenant to adopt in so far as it is reasonable to do so any procedures available to the Landlord under the Headlease or at Common Law to compel the Head Landlord to fulfil the obligations undertaken by it in the Headlease.

5.4 **Action outwith Landlord's Control**

Shall not be liable for failure to perform any of the obligations contained in Clause 5 (*Landlord's Obligations*) where such failure is due to any cause or circumstance outwith the control of the Landlord.

6 **PROVISOS**

6.1 **Irritancy**

Subject to the provisions of Sections 4, 5 and 6 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1985, if the rent herein provided for or any part thereof or any other sum due under this Lease shall at any time be in arrear (whether demanded or not) or if there shall be any breach of any of the undertakings on the part of the Tenant contained in this Lease or if the Tenant shall become apparently insolvent or shall make any arrangement with creditors or if the Tenant (being a company) shall go into liquidation whether voluntary or compulsory (otherwise than a voluntary liquidation of a solvent company for the purpose of amalgamation or reconstruction on terms approved by the Landlord in writing) or suffer a Receiver or Administrator to be appointed, then and in any such case it shall be lawful for the Landlord at any time thereafter by notice in writing to bring this Lease to an end immediately and to enter the Premises and repossess and enjoy the same as if this Lease had not been granted but without prejudice to any right of action or remedy of the Landlord in respect of any previous breach of any of the undertakings by the Tenant contained in this Lease; Provided that:-

(a) in the case of a breach which is capable of being remedied the Landlord shall not be entitled to terminate this Lease as aforesaid until it shall first have given notice of the breach to the Tenant prescribing a time which in the opinion of the Landlord is reasonable in the circumstances within which such breach must be remedied and the Tenant shall have failed to remedy the breach within the time limit prescribed in the notice (declaring that where the breach is the failure to pay any sum of money a reasonable time shall be a period of fourteen days); and

(b) in the case of the Tenant going into liquidation or suffering a Receiver or Administrator to be appointed the Landlord after receipt of the aftermentioned personal undertaking shall allow the Liquidator, Receiver or Administrator as the case may be a period of six months in which to dispose of the Tenant's interest under this Lease and shall only be entitled to terminate this Lease if the Liquidator,

Receiver or Administrator shall have failed to dispose of the Tenant's interest at the end of the said period, provided always that the Liquidator, Receiver or Administrator as the case may be shall:-

(i) personally accept and implement full responsibility for payment of the rents (whether due in respect of the period of time before or after the date of appointment of the Liquidator, Receiver or Administrator as the case may be) and for performance of all other obligations of the Tenant under this Lease from the date of liquidation, receivership or administration as the case may be to the earliest of (a) the date of a permitted disposal of the Tenant's interest under this Lease; (b) the expiry of the said period; and (c) the date of the Landlord bringing this Lease to an end; and

(ii) deliver to the Landlord a validly executed personal undertaking to the foregoing effect (in a form and in terms acceptable to the Landlord acting reasonably) within twenty eight days after the date of liquidation or the date of appointment of the Receiver or Administrator as the case may be; and

the Landlord shall deal with any request for consent to assign this Lease made by such Liquidator, Receiver, Administrator as the case may be in the same manner as if the request had been made by the Tenant.

6.2 **No implied servitudes**

Nothing herein contained shall by implication of law or otherwise confer or be deemed to confer upon the Tenant any servitude, right or privilege whatsoever over or against any adjoining or neighbouring property which now or hereafter shall belong to the Landlord which would or might restrict or prejudicially affect the future rebuilding, alteration or development of such adjoining or neighbouring property and the Landlord shall have the right at any time to make such alterations to or to pull down and rebuild or redevelop any such adjoining or neighbouring property as it may deem fit without obtaining any consent from or making any compensation to the Tenant but not so as to prejudice the Tenant's rights and obligations under the Contract.

6.3 **No restrictions on adjoining property**

Nothing herein contained or implied shall impose or be deemed to impose any restriction on the use of any land or building or premises not comprised in this Lease or give the Tenant the benefit of or the right to enforce or to have enforced or to permit the release or modification of any undertaking, agreement or condition entered into by any purchaser from or by any tenant or occupier of the Landlord in respect of property not comprised in this Lease or to prevent or restrict in any way the development of any land not comprised in this Lease but not so as either (a) substantially to interfere with or affect the quiet enjoyment and use of the Premises by the Tenant or (b) prejudice the Tenant's rights and obligations under the Contract.

6.4 **No compensation**

Neither the Tenant nor any sub-tenant (whether immediate or derivative) or other occupier shall be entitled on quitting the Premises or any part thereof to claim any compensation from the Landlord under any Act of Parliament whether enacted before or after the date hereof.

6.5 ***Rei Interitus* not to apply**

6.5.1 This Lease shall not be terminated by reason of any damage to or destruction of the Premises, the Common Parts, or any part thereof but shall, notwithstanding any such damage or destruction and any rule of law to the contrary, remain in full force and effect and endure for the full Period of this Lease.

6.6 **Notices**

6.6.1 Any notice or other communication (including invoices) to be given or issued pursuant to this Lease shall be in writing and may be served by personal delivery, recorded delivery or registered post to the relevant addresses referred to in Clause 6.6.2 and shall be deemed to have been received;

6.6.1.1 in the case of personal delivery, at the time of delivery (if made prior to 5.00pm on any Day) or (if made after 5.00pm on any Business Day) at 9.00 am on the Business Day following delivery; and

6.6.1.2 in the case of recorded delivery or registered post, 48 hours from the time of posting.

6.6.2 For the purpose of Clause 6.6.1, the addresses of the Parties are as follows:

6.6.2.1 The Landlord

(a) In the case of notices under Clause 6.1:

[ ]

(b) In the case of invoices or any other notice or communication:

[ ]

6.6.2.2 The Tenant

(a) In the case of notices under Clause 6.1 or any other notice or communication (other than invoices):

BP Exploration Operating Company Limited
[ ]

For attention of: [ ]

(b) In the case of invoices:

BP Exploration Operating Company Limited

[ ]

For the attention of: [ ]

Or in each case to such other address and/or addressee as the Landlord, or as the case may be, the Tenant may notify in writing from time to time to the other Party.

6.7 **Demand for rent**

No demand for or acceptance of rent by the Landlord or its agent with knowledge of a breach of any of the obligations on the part of the Tenant contained in this Lease shall be or

be deemed to be a waiver wholly or partially of any such breach but any such breach shall be deemed to be a continuing breach and the Tenant and any person taking any interest under or through the Tenant shall not be entitled to set up any such demand for or acceptance of rent by the Landlord or its agent as a defence in any action for irritancy or otherwise.

6.8 **Approvals**

Where by the terms of this Lease the consent or approval of the Landlord is required:-

(a) such consent or approval shall be in writing;

(b) without prejudice to any other reasons stated by the Landlord, the Landlord shall be deemed to be acting reasonably in withholding such consent or approval if the consent or approval of the head-landlord (if any) or interposed landlord (if any) or heritable creditor (if any) is not given;

(c) if the consent or approval of the head- landlord (if any) or interposed landlord (if any) or heritable creditor (if any) is also required, the costs of procuring such consents shall be met by the Tenant except where such consent is required for the [Magnus Facilities] or Premises to comply with applicable Laws and [Consents], or is required in order to implement any variation instructed by the Terminal Operator pursuant to clause 9 of the Contract; and

(d) the Landlord shall not unreasonably delay intimating its decision to grant or withhold any consent or approval.

7 **OPTION TO TERMINATE**

Either Party shall be entitled but not bound (on serving notice on the other Party) to terminate this Lease with immediate effect on the termination of the Contract (or no later than one month from the termination of the Contract (time being of the essence)).

8 **LIABILITIES AND INDEMNITIES**

8.1 **Claims**

The provisions of clause 20.1 to 20.15 (inclusive) of the Contract shall apply *mutatis mutandis* as if set out this Lease.

8.2 **Other Remedies**

The provisions in relation to liability set out in this Clause 8 shall not restrict the rights of the Parties in respect of fraud or affect the rights of the Parties to seek enforcement or performance of this Lease through the remedies of specific performance or specific implement, injunction or interdict or any equitable remedy.

8.3 **Disclaimer of liability**

The Landlord shall at no time become liable to the Tenant for any loss, damage or expense sustained by the Tenant by or through any defect, decay, inadequacy, want of repair or decoration or otherwise in the Premises or any part thereof or in or arising from the choking, bursting, stoppage or failure of any water supply, waste or other pipes, drains, sewers, rhones, conductors, gutters, ducts, water courses, cisterns or others or for any loss, damage or expense caused to the Tenant through any act or omission of the proprietors, tenants or occupiers of any adjoining or neighbouring properties.

8.4 Where any liability is owed by the Landlord to the Tenant in terms of this Lease, such liability shall be borne in the proportions:

| | |
|---|---|
| BP Exploration Operating Company Limited | 40% |
| TAQA Bratani Limited | 60% |

or in such other proportions as may from time to time be agreed among the holders from time to time of the issued "B Shares" in The Sullom Voe Association Limited, a company registered in Scotland with registered number SC057974 and having its registered office at Town Hall, Lerwick, Shetland, ZE1 0HB.

9 **LAW OF SCOTLAND TO APPLY**

This Lease shall be interpreted in accordance with the Law of Scotland and any dispute, difference or question of any kind which may arise between the parties shall be determined in accordance with the Law of Scotland.

10 **CONSENT TO REGISTRATION**

The parties consent to registration of this Lease and of any certificate issued thereunder for preservation and execution: IN WITNESS WHEREOF these presents on this and the [ ] preceding pages and the Schedule in [four] parts, [the Plan] [and the list of definitions entitled "Power Station Boundary Definition"] annexed are executed as follows:-

SUBSCRIBED for and on behalf of

BP EXPLORATION OPERATING COMPANY LIMITED

at

on the day

of 2017

by

..... Director/Company Secretary/Authorised Signatory

..... Full Name

before this witness

..... Witness

..... Full Name

..... Address

.....

SUBSCRIBED for and on behalf of
TAQA BRATANI LIMITED
at
on the day
of 2017
by

..... Director/Company Secretary/Authorised Signatory
..... Full Name

before this witness

..... Witness
..... Full Name
..... Address
.....

SUBSCRIBED for and on behalf of
BP EXPLORATION OPERATING COMPANY LIMITED
at
on the day
of 2017
by

..... Director/Company Secretary/Authorised Signatory
..... Full Name

before this witness

..... Witness
..... Full Name
..... Address
.....

This is the Schedule referred to in the foregoing Lease between BP EXPLORATION OPERATING COMPANY LIMITED, TAQA BRATANI LIMITED and BP EXPLORATION OPERATING COMPANY LIMITED.

**SCHEDULE**

**Part 1**

**The Premises**

ALL and WHOLE the area of ground outlined in [ ] on the Plan, including the [Sweetening Facilities] [ ], being part of the subjects let by virtue of the Headlease.

## Part 2

## Pertinents

1 The right in common with the Landlord and the owners and occupiers of the adjoining or neighbouring property of passage and running of water and soil, gas and electricity or other services or supplies from and to the Premises through such of the Service Systems as serve the Premises from time to time and as reasonably necessary or required in connection with the Permitted Use.

2 All rights, servitudes and privileges granted in favour of or conferred upon the Premises or the occupier thereof by the documents referred to in Schedule Part 4 (*Writs for burdens*) to the extent reasonably necessary or required in connection with the Permitted Use.

3 The right in common with the Landlord and the owners and occupiers of the remainder of the Site to the use of such of the Common Parts as are reasonably necessary or required in connection with the Permitted Use.

4 [The right of use of those of the Sweetening Facilities not located within the boundary of the Premises, for the Permitted Purpose and in accordance with the provisions of the Contract.]

5 The right to support, shelter and protection as provided at the Date of Entry from the adjoining and adjacent premises within the Site.

6 The right to enter onto the Site via the Common Parts with or without vehicles for the purposes of clearing, maintaining, repairing or renewing the Premises, such rights to be exercised with the prior approval of the Landlord such approval not to be unreasonably withheld or delayed.

7 [**BP note**: site/operations specific items to be added, e.g. communications and control systems, electricity supply, flare connections and usage]

PROVIDING THAT, the Tenant shall be entitled to exercise these rights in such a way as to cause the minimum possible disturbance or inconvenience to the Landlord and shall make good any damage caused in the exercise of these rights.

**Part 3**

**Exceptions and Reservations**

8 To the Landlord the right to erect or to consent hereafter to any person erecting a new building or to alter any building for the time being on any land adjoining, neighbouring or opposite to the Premises notwithstanding that such alteration or erection may diminish the access of light and air enjoyed by the Premises and the right to deal with any property adjoining opposite or near to the Premises as it may think fit.

9 To the Landlord and the owners and occupiers of any adjoining or neighbouring property the right of passage and running of water and soil, gas and electricity or other services or supplies from and to such adjoining or neighbouring property through such of the Service Systems which now are or may hereafter be in, on or under the Premises and the right to enter upon the Premises for the purpose of inspecting, repairing, renewing, relaying, cleansing, maintaining and connecting up to the Service Systems (making good all damage caused thereby).

10 To the Landlord and the owners and occupiers of adjoining or neighbouring properties all rights, servitudes and privileges now or hereafter belonging to or enjoyed by all parts of any adjoining or neighbouring properties.

11 To the owners and occupiers of the remainder of the Site the right to support, protection and shelter as provided at the Date of Entry by all parts of the Premises.

12 To the Landlord the right to control and regulate the use of the Common Parts by making reasonable management rules and regulations which are in the interests of the occupiers of the Site and to enforce the same, provided that no such changes shall be made which may impair or restrict the Permitted Use of the Premises by the Tenant, or which may involve the Tenant in contingent monetary liability.

13 To the Landlord, the Head Landlord and others in terms of the Headlease, the reservations (if any) in favour of the Head Landlord and others in terms of the Headlease.

PROVIDED THAT notwithstanding the foregoing provisions of this Part of the Schedule the exercise of the foregoing reservations to the Landlord shall not prejudice the Tenant's rights and obligations under the Contract.

**Part 4**

**Writs for burdens**

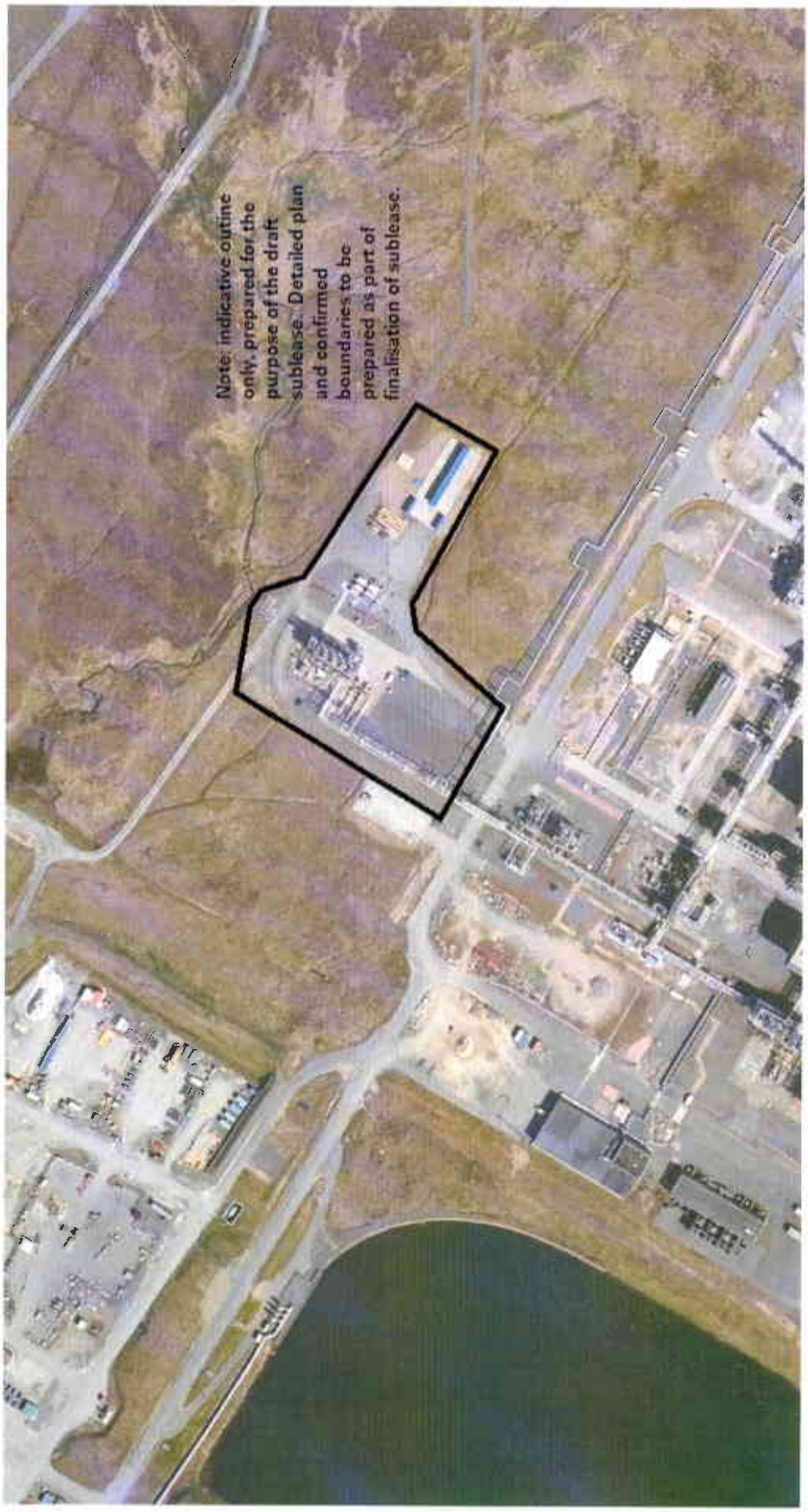
1. Disposition by Norman Ogilvie Mouat Cameron of Garth in favour of Adam Halcrow dated 23 January and recorded in the Division of the General Register of Sasines for the Counties of Orkney and Zetland ("GRS") on 1 February 1961.

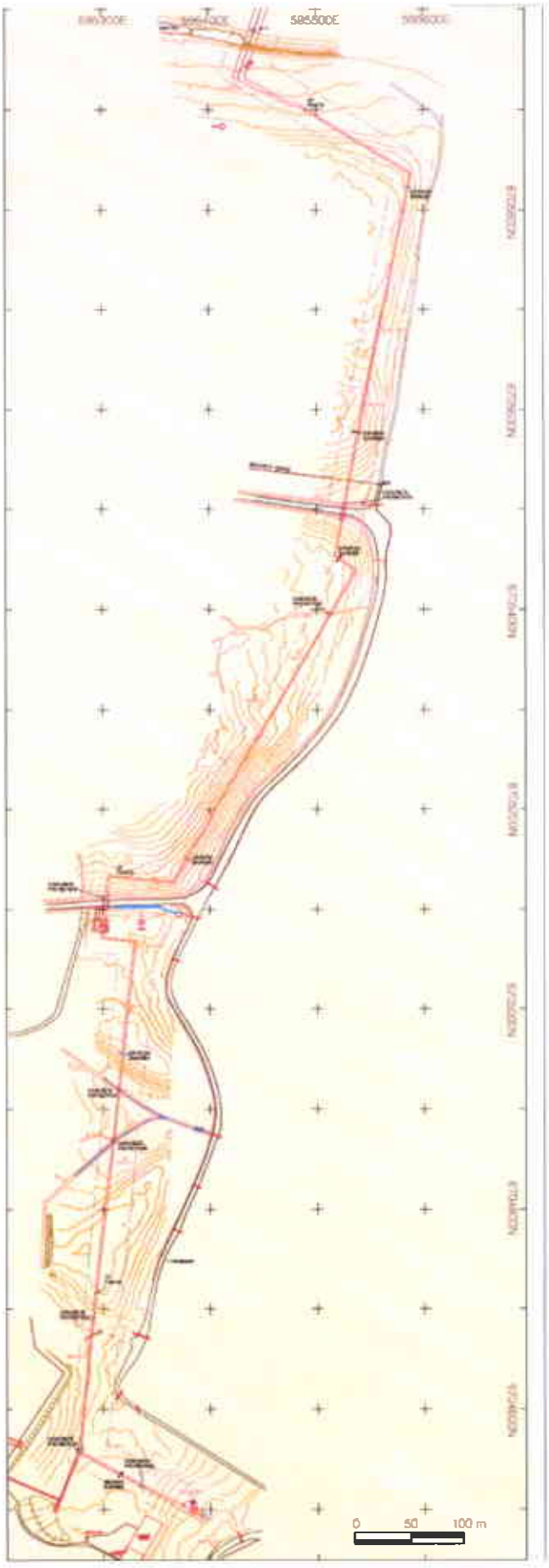
2. Disposition by the Testamentary Trustee of the late Adam Halcrow with consent in favour of Mrs Agnes Jessie Halcrow or Johnson and Robert John Johnson dated 6 June and recorded in the GRS on 14 October 1968.

3. Feu Disposition by The Crown Estate Commissioners in favour of the Shetland Islands Council dated 19 June and recorded GRS on 28 July 1980.

4. Feu Disposition by The Crown Estate Commissioners in favour of the Shetland Island Council dated 14 February and recorded in the GRS on 20 May 1983.

**This is the Plan referred to in the foregoing Lease between BP Exploration Operating Company Limited, TAQA Bratani Limited and BP Exploration Operating Company Limited**


Note: indicative outline only, prepared for the purpose of the draft sublease. Detailed plan and confirmed boundaries to be prepared as part of finalisation of sublease.




**Note: chart shown onshore route of main gas import and export pipelines (WOSPS specified pipe and EOSPS specified pipe). Pipelines to be included within definition of leased premises or expressly identified as a pertinent.**

**MEOR CARVE-OUT TERM SHEET**

**KEY TERMS FOR THE EACH OF THE GAS SALES AGREEMENTS TO BE ENTERED INTO BY THE MAGNUS OPERATOR/OWNERS IN RESPECT OF THE PURCHASE OF GAS FROM CERTAIN WEST OF SHETLAND FIELDS**

***[Note: Document to remain subject to update to reflect fully termed GSAs currently under negotiation.]***

This MEOR Carve-Out Term Sheet sets out each of those key terms and provisions relevant to the various gas sales agreements ("**GSAs**") to be entered into in respect of the purchase of gas by the Magnus Operator/Owners, as agreed between the Seller and the Buyer.

The Buyer acknowledges that certain of the GSAs may be entered into prior to Completion. Accordingly, any such GSAs will require to be amended in accordance with this MEOR Carve-Out Term Sheet with effect from Completion.

The GSAs to be entered into are:

Quad 204

Separate GSAs with each of the BP, Shell and Siccar Point Energy entities having an interest in the Schiehallion and Loyal fields.

Clair Ridge

Separate GSAs with each of the BP, Shell, ConocoPhillips and Chevron entities having an interest in the Clair Ridge development.

Clair (Phase 1)

Existing GSAs for Clair field (phase 1) gas to remain, but may be amended (if agreed between the Seller and its relevant Clair Field counterparties) to reflect the transaction and MEOR Carve-out, in particular: (i) set new gas profile; (ii) provide for clarity of information flows as between Clair/Britoil GSA and back-to-back Britoil/Magnus GSA; (iii) remove references to now terminated/expired Magnus/FLAGS transportation agreement in relation to Clair gas; and (iv) a restructuring such that the Magnus Owners purchase gas directly from the Clair field owners, rather than via Britoil (as back-to-back buyer/seller) as takes place under existing arrangements.

Foinaven

Separate GSAs with each of the BP, Marathon and Faroe entities having an interest in the Foinaven fields (Foinaven, East Foinaven, T25 and T35).

Existing GSAs have been extended until the end of the current Gas Year to allow new GSAs to be finalised, to seek to allow continued export flow of gas to the Magnus Field. The Magnus Owners have a right of termination.

For the purposes of this MEOR Term Sheet, where "[WoS Field]" is referred to below, it shall mean the relevant WoS Field which has entered into the relevant GSA, and "Gas Seller" shall mean the relevant WoS Field owner entering into the relevant GSA.

| Commercial Term | Magnus Offer |
|---|---|
| Structure of Arrangements | Individual GSAs between (i) EnQuest NNS Limited in its capacity as the Magnus Operator and a Magnus Owner, (ii) BP Exploration Operating Company Limited in its capacity as a Magnus Owner (parties (i) and (ii) together the "Gas Buyers") and (iii) each relevant Gas Seller, managed by a separate Common Stream Agreement for each WoS Field group. |
| Dedication & Gas Seller's obligation to deliver | In relation to Quad 204 GSAs, gas dedicated to Gas Buyers for period to the earliest of (i) Magnus CoP; or (ii) 30th Sept 2023.<br><br>In relation to Clair Ridge GSAs, gas dedicated to Gas Buyers for period until commissioning of ESP (the crossover pipeline connecting the onshore EoS Pipeline System to SIRGE pipeline).<br><br>In relation to Foinaven GSAs, gas dedicated to Gas Buyers for period to the earliest of (i) Magnus CoP; or (ii) 30th Sept 2023.<br><br>GSAs will contain express de-dedication provisions allowing Gas Sellers to otherwise dispose of gas in relation to offshore operations (including offshore fuel gas sales) only in relation to other WoS Field requirements and during periods in which Gas Buyers unable to take or relieved of obligation to take under GSA.<br><br>Gas Seller will tender all relevant gas at the Delivery Point.<br><br>Gas Seller to be obliged to operate, maintain and repair those of its facilities necessary for the purposes of the GSA to the standard of a reasonable and prudent operator. |
| Gas Buyer's obligation to take | If [WoS Field] has on-specification gas to deliver, Gas Buyers will take. Bona Fide maximum quantity profile to be created and agreed between the parties consistent with [Brent Bypass] profiles.<br><br>Gas which the Gas Buyers are unable to inject in the Magnus Field reservoir will be transported to the NBP through EOSPS/NLGP/FLAGS. All [WoS Field] Gas whether injected into the Magnus Field Reservoir or transported to the NBP will be purchased by the Gas Buyers at the same Contract Price.<br><br>Magnus Operator to be obliged to operate, maintain and repair those of its facilities necessary for the purposes of the GSA to the standard of a reasonable and prudent operator. A warranty may be included to the effect that, at commencement, the Gas Buyers are not aware of any outstanding issue relating to the status of the facilities which would prevent due compliance with terms of the GSA. |

| Commercial Term | Magnus Offer |
|---|---|
| Capacity Reservation EOSPS/NLGP/FLAGS | Gas Buyers to reserve capacity for [WoS Field] Gas through EOSPS/NLGP/FLAGS up to a maximum figure commensurate with [Brent Bypass] Cost Share Agreement. Reasonable endeavours obligation to take in excess of such quantities. |
| Delivery Point | The point (agreed by the Parties) on the EOSPS Pipeline at which the EOSPS Pipeline crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands, the coordinates of such point being 595435.83E, 6705938.62N (being the point where the onshore Sweetening Facilities (including the EOSPS Specified Pipe) connect to the offshore EOSPS pipeline). |
| Contract Price | NBP price (as per the Heren Index) with netback of: NBP entry charges and agreed sums representing FLAGS/NLGP/EOSPS transportation costs.<br><br>NBP Price: [In respect of any Month, being Month "M", the NBP Monthly Price (the "NBP Monthly Price") will be the arithmetic average of the midpoint of the "Offer" price and "Bid" price for Natural Gas at the NBP for that Month M in pence per Therm as published by Heren in "European Spot Gas Market (ESGM)" on each Working Day of the immediately preceding Month, being Month "M-1.]<br><br>In relation to the Foinaven GSAs, the price will also be adjusted to reflect and provide for a return on the Magnus contribution to Brent Bypass costs which corresponds to the submitted Foinaven gas export profile used by SEGAL owners for calculating Brent Bypass cost shares. |
| Send or Pay arrangements | No send or pay arrangement for EOSPS/NLGP.<br><br>Gas Seller liable for equivalent costs of FLAG System send or pay provisions should aggregate Contract Year gas deliveries to Magnus Field fall below corresponding FLAG System minimum delivery provisions in relation to capacity reserved in FLAG System for such Gas Seller. |
| Take or Pay arrangements | No take or pay arrangements. |
| Alternative sources of gas | Other field Gas across [WoS Field] facilities permitted (subject to Gas Buyers' approval) on same terms at single price for all gas provided they secure transportation term to the Delivery Point. |
| Conditions Precedent | Relevant CPs as required –Brent Bypass having been commissioned and execution of the transportation, processing, allocation and capacity agreement between the Seller (in its proposed new capacity as the operator and owner of the Sweetening Facilities Operator/Owner) and the operators and owners of the WoS Fields in respect of gas from the WoS Fields |
| Commencement Date | Aligned with start-up. Reasonable endeavours to start on 30 days' notice. |

| Commercial Term | Magnus Offer |
|---|---|
| Term and Termination | Termination for conventional reasons including insolvency, un-remedied material breach and failure to deliver or take specified minimum volumes of gas within specified periods. Specific termination rights in the event that Gas Buyers cannot take gas on a permanent basis and Magnus CoP.<br><br>Gas Buyer ability to terminate on 12 months' notice of cessation of production, such termination effective no earlier than 30 September 2023. If the Gas Seller requests, the Gas Buyer and Gas Sellers will meet to discuss in good faith the means by which the gas may continue to be accepted at the Delivery Point and exported therefrom.<br><br>If the event of permanent loss of physical access to the National Transmission System via the NLGP or FLAGS pipeline, the parties shall meet and agree such amendments to the GSAs as necessary to enable the Gas Buyer to continue to purchase the gas. If the parties cannot reach agreement, then either party may terminate the GSAs upon 90 days' written notice. |
| Liabilities and Indemnities | Gas Seller to indemnify Gas Buyers for losses caused by off-specification [WoS Field] Gas delivered to the Gas Buyers in the commingled stream up to a cap (see Off-Spec Gas below).<br><br>Mutual hold harmless provisions in relation of people, property, pollution and consequential losses to apply otherwise.<br><br>Exclusive remedy and annual liability caps for breach of contract may be included, with typical exclusions to the caps (for example, excluding claims in respect of non-payment for gas actually sold and claims under mutual hold harmless regimes). Caps are expected to be set by reference to assumed volumes and gas prices. |
| Title and Risk | Title and risk passes to Gas Buyers at the Delivery Point. |
| Maintenance | Annual meetings and/or consultation with all WOS Gas Sellers and Magnus Operator to co-ordinate timing of shutdowns. |
| Force Majeure, restriction and suspension | The obligations of both the Gas Buyers and Gas Seller to accept and / or deliver gas shall be reduced by Force Majeure.<br><br>Suspension and restriction rights in relation to obligations to tender and take gas will be available to the Gas Seller and the Gas Buyers for defined and limited operational reasons.<br><br>The Gas Buyers shall be entitled to suspend or restrict their obligation to take gas where Magnus Operator is unable to inject gas in the Magnus reservoir and export such gas via NLGP and FLAGS. |
| [WoS Field] Profile | Maximum gas quantity for delivery to be provided annual rolling basis for subsequent 3 years and a [bona fide life of field estimate]. |

| Commercial Term | Magnus Offer |
|---|---|
| Off-Spec Gas | Gas Buyers may refuse to accept off-specification [WoS Field] Gas tendered for delivery, however, the Gas Buyers shall use reasonable endeavours to accept off specification gas at Gas Buyers' sole discretion.<br><br>Should the acceptance of off-specification gas cause loss/damage to the Gas Buyers, the Gas Seller will indemnify the Gas Buyers up to a cap of in the range of £50m to £100m, per occurrence or series of related occurrences. Provisions may be included to the effect that indemnity claims (other than in respect of third party claims) must be made within 2 years of the underlying loss being identified. |
| Delivery Specification | **[TO BE INCLUDED]** |
| Nomination Provisions | On or before 31 August in each year, the Gas Sellers shall provide the Gas Buyers with an updated production profile and FLAGS requested capacity for the following year.<br><br>The Gas Buyers shall reserve capacity in the EOSPS/NLGP for contract year N+1 equivalent to the respective Gas Seller's share of its production profile for that contract year and will include the FLAGS requested capacity in its forecast capacity nominations.<br><br>The Gas Sellers shall notify the Gas Buyers of a daily forecast, being the quantity of gas which the Gas Sellers estimate they will deliver at the Delivery Point on Day D+1. |

**MEOR CARVE-OUT TERM SHEET**

**SULLOM VOE TERMINAL AND RELATED PIPELINES CULA**

This MEOR Carve-Out Term Sheet should be read in conjunction with the Sullom Voe Terminal and Related Pipelines Cross-User Liability Agreement dated 21 April 1999 (the "**CULA**") as amended, and in particular as amended by the Accession and Amending Agreement to the CULA dated 10 November 2008 (the "**2008 Amendment**").

Capitalised terms shall have the meaning given in the CULA unless otherwise defined herein.

*Background and Objectives*

The CULA is entered into by six groups, as follows:

- The Terminal Operator
- The Pipeline Operators
- The Field Operators
- The Terminal Owners
- The Pipeline Owners
- The Field Owners

Since the 2008 Amendment, (in addition to its other existing capacities) the Seller has been a party to the CULA as a Pipeline Operator and Pipeline Owner in respect of the "Magnus Pipeline". In order to achieve the MEOR Carve-Out, the Seller shall remain a party to the CULA in each of these capacities (i.e. as Pipeline Owner and Pipeline Operator), but the "Magnus Pipeline" will be amended in the CULA where relevant to refer to the "Sweetening Facilities".

This MEOR Carve-Out Term Sheet sets out each of those amendments and novations as agreed between the Seller and the Buyer required to effect a transfer of the interests being sold by the Seller to the Buyer, and to facilitate (together with the other MEOR Carve-Out Agreements), the MEOR Carve-Out.

*Novations and amendments*

The proposed novations and amendments to the CULA are set out in the table below.

The amendments and novations below are to take place in two stages: (1) Novation of (and consequential amendment) BP interest as Magnus Pipeline Operator/Owner to Sweetening Facilities Operator/Owner at 00:01; and (2) novations to the Buyer (in respect of SVT Operator/Owner, NPS Operator/Owner and Magnus Field Operator/Owner capacities) at 00:02.

| CURRENT DEFINITION/CLAUSE | AGREED CHANGE | COMMENTS |
|---|---|---|
| **CULA Parties** | | |
| Terminal Operator | BP to novate its interest as Terminal Operator to the Buyer, provided the Operatorship Condition is satisfied by transfer of operatorship to the Buyer. | Transfer of SVT Operator capacity depends on whether a transfer of operatorship to the Buyer can be achieved. |
| Pipeline Operators | BP to novate its interest as NPS Operator to the Buyer, provided the Operatorship Conditions is satisfied by transfer of operatorship to the Buyer.<br>BP to retain interest as "Pipeline Operator" in respect of the "Magnus Pipeline", but "Magnus Pipeline" to be amended to mean "Sweetening Facilities". | Transfer of NPS Operator capacity depends on whether a transfer of operatorship to the Buyer can be achieved. |
| Field Operators | BP to novate its interest as Field Operator in respect of the Magnus Field to the Buyer. | |
| Terminal Owners | BP to novate an interest in its capacity as Terminal Owner to the Buyer corresponding to the 25% equity transfer to the Buyer under the SVTOA. | BP to remain a party in its capacity as Terminal Owner (75% equity not yet transferred). |
| Pipeline Owners | BP to novate an interest in its capacity as a Pipeline Owner to the Buyer corresponding to the 25% equity transfer to the Buyer under the NPOA.<br>BP to retain interest as "Pipeline Owner" in respect of the "Magnus Pipeline", but "Magnus Pipeline" to be amended to mean "Sweetening Facilities". | BP to remain a party in its capacity as Pipeline Owner in respect of NPS (75% equity not yet transferred). |
| Field Owners | BP to novate an interest in its capacity as a Field Owner to the Buyer corresponding to the 25% equity | BP to remain a party in its capacity as Field Owner in |

| CURRENT DEFINITION/CLAUSE | AGREED CHANGE | COMMENTS |
|---|---|---|
| | transfer to the Buyer in respect of the Magnus Field. | respect of Magnus (75% equity not yet transferred). |
| **Amendments to CULA** | | |
| Definitions (as incorporated by Exhibit 4 to the 2008 Amendment) | Clause 1.1 shall be amended as follows:<br>(a) By deleting the definition of "**Pipeline**" and replacing it with the following:<br>"**Pipeline**" means the Brent System, the Ninian Pipeline, the Clair Pipeline, the Sweetening Facilities, the WOS Pipeline or any other pipeline system delivering Production to or taking Production from the Terminal<br>(b) By deleting the definition of "**Magnus Pipeline**" and replacing it with the following:<br>"**Sweetening Facilities**" means the onshore facilities located adjacent to the Sullom Voe Terminal which are intended to receive, meter, analyse and process Natural Gas delivered from the West of Shetland Pipeline, and includes the EOSPS Specified Pipe"<br>(c) By deleting all references to the "Magnus Pipeline" throughout the CULA and replacing with the "Sweetening Facilities" | ***Note: To be further updated to take account of proposed amendments in respect of Shetland Gas Plant.*** |

| CURRENT DEFINITION/CLAUSE | AGREED CHANGE | COMMENTS |
|---|---|---|
| | (d) By incorporating a new definition of "**EOSPS Specified Pipe**" as follows:<br><br>(e) "**EOSPS Specified Pipe**" means the onshore Natural Gas pipeline controlled by the Sweetening Facilities Owners forming part of the Sweetening Facilities, from the point immediately downstream of the Sweetening Facilities, to the point at which the EOSPS Specified Pipe crosses the Mean Water Low Springs at the Orka Voe landfall in the Shetland Islands.<br><br>(f) By deleting the definition of "**Pipeline Group**" and replacing it with the following:<br><br>"**Pipeline Group**" means the Brent System Group, the Ninian Pipeline Group, the Clair Pipeline Group, the Sweetening Facilities Group and the WOS Pipeline Group or any other Persons collectively owning a Pipeline, as the context may require".<br><br>(g) By inserting the following new definitions:<br><br>"**Clair Pipeline Group**" means all of the Clair Pipeline Owners.<br><br>"**Sweetening Facilities Group**" means all of the Sweetening Facilities' Owners.<br><br>"**WOS Pipeline Group**" means all of the | |

| CURRENT DEFINITION/CLAUSE | AGREED CHANGE | COMMENTS |
|---|---|---|
| | WOS Pipeline Owners. | |
| **Schedules** | | |
| Schedule 1 – Terminal Operator | "BP Exploration Operating Company Limited" shall be deleted and replaced with "EnQuest NNS Limited". | ***Note: Reference to "EnQuest NNS Limited" to read "EnQuest Heather Limited" in the event the Transaction Documents are novated to EnQuest Heather Limited.*** |
| Schedule 2 – Terminal Owners | EnQuest NNS Limited shall be included in the list of Terminal Owners. | ***Note: If there has been a novation of the Transaction Documents to EnQuest Heather Limited, there will be no requirement to make this change as EnQuest Heather Limited is already included in the list of Terminal Owners.*** |
| Schedule 3 – Pipeline Operators<br>(A) Ninian Pipeline Operator | "BP Exploration Operating Company Limited" shall be deleted and replaced with "EnQuest NNS Limited". | ***Note: Reference to "EnQuest NNS Limited" to read "EnQuest Heather Limited" in the event the Transaction Documents are novated to EnQuest Heather Limited.*** |
| Schedule 3 – Pipeline Operators<br>(B) Magnus Pipeline Operator | "Magnus Pipeline Operator" shall be deleted and replaced with "Sweetening Facilities Operator". | |
| Schedule 4 – Pipeline Owners<br>(B) Ninian Pipeline Owners | EnQuest NNS Limited shall be included in the list of Ninian Pipeline Owners. | ***Note: If there has been a novation of the Transaction Documents to EnQuest Heather Limited, there will be no requirement to make this change as EnQuest Heather Limited is already included in the list of Ninian Pipeline Owners.*** |
| Schedule 4 – Pipeline Owners<br>(C) Magnus Pipeline Owners | "Magnus Pipeline Owners" shall be deleted and replaced with "Sweetening Facilities Owners". | |

| CURRENT DEFINITION/CLAUSE | AGREED CHANGE | COMMENTS |
|---|---|---|
| Schedule 5 – Field Operators | At Magnus, "BP Exploration Operating Company Limited" shall be deleted and replaced with "EnQuest NNS Limited". | ***Note: Reference to "EnQuest NNS Limited" to read "EnQuest Heather Limited" in the event the Transaction Documents are novated to EnQuest Heather Limited.*** |
| Schedule 6 – Field Owners | At Magnus, the words "EnQuest NNS Limited". shall be added below "BP Exploration Operating Company Limited", and the percentage interest share in the column next to each party name shall be updated to reflect the 25%: 75% split.<br><br>At Magnus EOR, "Magnus EOR" shall be deleted and re-named "Sweetening Facilities" (and alphabetised accordingly). | ***Note: Reference to "EnQuest NNS Limited" to read "EnQuest Heather Limited" in the event the Transaction Documents are novated to EnQuest Heather Limited.*** |
| Schedule 7 – The Parties' Addresses | Relevant address details shall be added for EnQuest NNS Limited. | ***Note: Reference to "EnQuest NNS Limited" to read "EnQuest Heather Limited" in the event the Transaction Documents are novated to EnQuest Heather Limited.*** |
| Notes section and all references to notes throughout Schedules | To be updated to reflect all agreed changes. | |

**DATE:** **201[•]**

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**DEED OF TERMINATION**
**IN RELATION TO THE PROJECT MAGILL/TEMPLE NON-DISCLOSURE LETTER DATED 24 APRIL 2015 (AS AMENDED)**

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Between

**BP INTERNATIONAL LIMITED**

and

**ENQUEST HEATHER LIMITED**

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**THIS DEED OF TERMINATION** (the "**Deed**") is made the day of 201[•]

**BETWEEN:**

(1) **BP INTERNATIONAL LIMITED** a company incorporated in England and Wales (company number 00542515), having its registered office at Chertsey Road, Sunbury On Thames, Middlesex, TW16 7BP ("**BP**"); and

(2) **ENQUEST HEATHER LIMITED** a company incorporated in England and Wales (company number 02748866), having its registered office at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR ("**EnQuest**").

each a "**Party**" and together the "**Parties**"

**RECITALS**

(A) By way of a letter sent by BP to EnQuest on 24 April 2015, of which receipt was acknowledged and its constituent terms agreed to by EnQuest on the same day, and by way of amendment to that letter agreed between the Parties on 1 July 2015 (the "**NDA**"), the Parties agreed to provide rights and accept obligations to the other in respect of confidentiality of certain information.

(B) BP's affiliate, BP Exploration Operating Company Limited ("**BPEOC**"), and EnQuest's affiliate EnQuest NNS Limited entered into a sale and purchase agreement dated [•], pursuant to which BPEOC agreed to sell and EnQuest NNS Limited has agreed to purchase certain interests in the Magnus Field, the Magnus South Field, the Sullom Voe Terminal, the Ninian Pipeline System and the Northern Leg Gas Pipeline (the "**SPA**").

(C) The SPA contains, within its terms, rights and obligations for the Parties in respect of confidentiality of the Confidential Information, which the Parties agree will take precedence over those included in the NDA.

(D) The Parties have agreed to enter into this Deed in order to terminate the NDA.

**Operative Provisions**

**1. Definitions and Interpretation**

1.1 In this Deed all capitalised terms and expressions shall, unless otherwise defined, have the meanings attributed to such terms and expressions in the NDA as at the date of this Deed.

1.2 The headings in this Deed are inserted for convenience only and shall be ignored in construing this Deed.

1.3 Unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing a gender include every gender and references to a person include an individual, corporation, partnership, any unincorporated body of persons and any government entity.

**2. Termination**

2.1 With effect from the date of this Deed, each of the Parties agrees:

2.1.1 that the NDA shall terminate with effect on and from the date of this Deed.

2.1.2 that the termination effected pursuant to clause 2.1.1 above shall be without prejudice to any rights, obligations and/or liabilities incurred by or which may have accrued to any Party prior to the date hereof.

**3. Counterparts**

This Deed may be executed in any number of counterparts with the same effect as if the signatures on the counterparts were upon a single engrossment of this Deed provided that this Deed shall not be effective until each Party has executed and delivered one but not necessarily the same counterpart. Each counterpart shall constitute an original of the Deed and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

**4. Governing law and jurisdiction**

This Deed, and any non-contractual rights or obligations arising out of or in connection with it or its subject matter, shall be governed by and construed in accordance with English law and each of the parties agrees that the courts of England shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed or its subject matter.

**IN WITNESS** of which the Parties have signed this instrument as a deed and have delivered it upon dating it.

Executed as a deed by )
)
)
For and on behalf of )
**BP INTERNATIONAL LIMITED** )
)

Attorney, acting under a Power of Attorney
dated .....

In the presence of:

Witness signature

Witness full name

Witness address

Witness occupation

Executed as a deed by )
)
)
For and on behalf of
**ENQUEST HEATHER LIMITED** )

Director

In the presence of:

Witness signature

Witness full name

Witness address

Witness occupation