

Regulations for the determination of tariffs etc. for certain facilities

Laid down by the Ministry of Petroleum and Energy xx xx 2002. Laid down pursuant to Act 29 November 1996 no 72 relating to petroleum activities, Section 10-18 first paragraph and Section 4-8 and to regulations 27 Juni 1997 no 653 to Act relating to petroleum activities Section 70.

Section 1 Scope etc.

These regulations shall apply to the facilities listed in the third paragraph below.

The provisions of Chapter 9 of the Petroleum Regulations of 27 June 1997 shall apply to the facilities listed in the third paragraph below.

For the purpose of determining tariffs, the facilities shall be divided into tariff areas A, B, C and D as follows:

Area A

- The 32” pipeline for carrying rich gas from the Statfjord B platform to the terminal at Kårstø including the 16” Gullfaks satellite T-connection, the 12” Veslefrikk T-connection and the 8” Brage T-connection.

Area B

- The 42” pipeline for carrying rich gas from the Åsgard B platform to the terminal at Kårstø including the U-loop T-connection and the Draugen T-connection.

Area C

- The terminal at Kårstø for processing of rich gas, NGL and condensate, with the exception of K-Lab, the propane filling station and the plant for cleansing, storage and shipment of ethane.

Area D

- The 42” pipeline for carrying dry gas from the terminal at Kårstø to facilities in Germany;
- The 28” pipeline for carrying dry gas from the terminal at Kårstø to the Draupner S riser platform;
- The 36” pipeline for carrying dry gas from the Heimdal platform to the Draupner S riser platform;
- The 40” pipeline for carrying dry gas from the terminal at Kollsnes to the Sleipner riser platform;
- The 40” pipeline for carrying dry gas from the terminal at Kollsnes to the Draupner E riser platform;
- The Draupner E riser platform;
- The Draupner S riser platform;
- The 30” pipeline for carrying dry gas from the Sleipner platform to the Draupner S riser platform;
- The 40” pipeline for carrying dry gas from the Sleipner riser platform to the terminal in Zeebrugge;

- The terminal in Zeebrugge;
- The 40" pipeline for carrying dry gas from the Draupner S riser platform, via the Draupner E riser platform to facilities in Germany;
- Facilities in Germany consisting of the facilities for receiving dry gas established in Dornum, metering facilities established in Dornum, and the 42" pipeline for carrying dry gas between these facilities together with metering facilities established in Emden;
- The 36" pipeline for carrying dry gas from the Draupner S riser platform to the terminal Norse Sea Gas in Emden, including the Y-connection Ekofisk tie-in and the platforms B-11 and H-7;
- The terminal Norse Sea Gas in Emden;
- The 42" pipeline for carrying dry gas from the Draupner E riser platform to the terminal in Dunkerque;
- The terminal in Dunkerque;
- The 36" pipeline for carrying dry gas from the Oseberg D platform to and including the Heimdal riser platform;
- The 32" pipeline for carrying dry gas from the Heimdal riser platform to and including metering instrument at the terminal in St. Fergus, and associated installations as defined as "Norwegian Pipeline" in Art. 30, sixth paragraph in the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway relating to the Amendment of the Agreement of 10 May 1976 relating to the Exploitation of the Frigg Field Reservoir and the transmission of Gas therefrom to the United Kingdom and
- The 32" pipeline for carrying dry gas from the Frigg TCP2 platform which is connected to the pipeline from the Heimdal riser platform to St. Fergus.

Section 2 Definition of inlets, outlets and processing

Area A

Inlets:

All connection points at which natural gas can be delivered into the pipeline from Statfjord for transportation to Kårstø.

Outlet:

The outlet of the pipeline from Statfjord to Kårstø at the Kårstø terminal.

Area B

Inlets:

All connection points at which natural gas can be delivered into the pipeline from Åsgard for transportation to Kårstø.

Outlet:

The outlet of the pipeline from Åsgard to Kårstø at the Kårstø terminal.

Area C

Processing:

- Extraction
- Fractionation, storage and shipment of NGL-products with the exception of ethane
- Stabilisation, storage and shipment of condensate
- Fractionation of ethane

Area D

Inlets:

All connection points where natural gas can be delivered into the relevant pipelines at Sleipner, Kollsnes, Oseberg, Heimdal, Kårstø, Ekofisk and Draupner.

Outlets:

Points from which natural gas can be delivered from the terminals in Zeebrugge, Dunkerque, Emden, Dornum and St. Fergus, from Snurrevarden and from Heimdal for transportation of natural gas for injection in the Grane field.

Section 3 Right of use

The right of use comprises delivering of natural gas to inlets or taking natural gas out from outlets, or processing in area C.

Section 4 Tariffs

The tariffs shall be determined by the following formula at the inlet to and/or outlet from the areas A, B and D, and for processing in area C:

$$t = \left(K + \frac{I}{Q} + U \right) \cdot E + \frac{O}{Q}$$

where;

t = the tariff per unit for the right to use an inlet, outlet or processing

K = the fixed part of the capital element per unit

Q = the estimated aggregate reserve capacity in the year in question

I = the annual element calculated for investments to maintain the system

U = the element calculated for investments related to extensions of the system

E = the escalation factor

O = the anticipated operating costs

All figures in these Regulations shall be in 2002-NOK, except when otherwise stated.

i) Fixed part of capital element (K)

For area A, K is set at 5.5 øre per Sm³ and shall be applied at the outlet from the area.

Exceptions:

- for the right to use the Kårstø outlet agreed upon for the fields Statfjord, Gullfaks phases 1 and 2, Veslefrikk, Statfjord Nord, Statfjord Øst, Brage, Tordis and Snorre before these Regulations enter into force, K is set at 18 øre per Sm³.

For area B, K is set at 3.5 øre per Sm³ and shall be applied at the outlet from the area.

Area C:

For extraction K is set at 10.0 øre per Sm³.

Exception:

- For the right to extraction as agreed for the Åsgard field before these regulations enter into force, K is set at 0.

- For the right to extraction of volumes from the Heidrun, Norne, Huldra, Borg and Tordis Øst fields for which a definite right of use cannot be given up to and including September 2003, K is set at 7.5 øre per Sm³.

For fractionation, storage and shipment of NGL, K is set at NOK 300 per tonne in the facilities comprised by the installation and operation plan adopted by the joint venture or company before these regulations enter into force, including the capacity obtained in facilities being built to accommodate the needs for processing natural gas from the Mikkel and Kristin Fields.

Exception:

- For the right to fractionation, storage and shipment as agreed for the fields Statfjord, Gullfaks phases 1 and 2, Veslefrikk, Statfjord Nord, Statfjord Øst, Brage, Tordis and Snorre before these regulations enter into force, K is set at NOK 1070 per tonne.
- for the right to fractionation, storage and shipment as agreed for the fields Åsgard, Gullfaks Sør, Draugen, Heidrun and Norne before these regulations enter into force, K is set at NOK 530 per tonne.
- For the right to fractionation, storage and shipment as agreed for the fields Sleipner Øst and Vest and Sigyn before these regulations enter into force, K is set at NOK 130 per tonne.

For stabilisation, storage and shipment of condensate for the fields Sleipner Øst, Sleipner Vest and Sigyn, K is set at 0 within the capacity that exists before these regulations enter into force.

For fractionation of ethane, K is set at NOK 17.8 per tonne within the capacity that exists before these regulations enter into force.

In area D, K shall apply at the inlets to and the outlets from the area.

At inlets, K is set as follows:

- At Kollsnes; 3 øre per Sm³ up to and including the calendar year 2010, and 1.5 øre per Sm³ from and including calendar year 2011.
- At Kårstø and Oseberg; 2 øre per Sm³.
- Elsewhere; 0.

At outlets, K is set as follows:

- 12.5 øre per Sm³ up to and including calendar year 2006.
- 8.5 øre per Sm³ from and including calendar year 2007 up to and including calendar year 2010.
- 6.0 øre per Sm³ from and including calendar year 2011.

Exceptions from K for area D as decided in the seventh and eighth paragraphs of subsection i):

- For the right to use the Emden outlet for natural gas originating from petroleum deposit(s) in Production Licence 018, K is set at 2.2 øre per Sm³.
- For the right to use the St. Fergus outlet for natural gas originating from petroleum deposit(s) in Production Licence 024, K is set at 0.

- For the right to use the St. Fergus outlet for natural gas from the British part of the Frigg field, K is set at 0 up to and including September 2003.
- For the right to use the Heimdal outlet for the carriage of natural gas for injection into Grane, K is set at 0.
- For the right to use the Snurrevarden outlet as agreed before these regulations enter into force, K is set at 0.

ii) *Reserved capacity (Q)*

The Q for the different areas shall be estimated by the operator for the year in question. In areas A, B and D, the Q shall be estimated at the outlets from the areas. In area C the Q shall be estimated for the different services in the area.

iii) *Investments linked with maintaining the system (I)*

I shall be estimated for investments required to maintain the system that are not included under O as described below. I shall be determined by the Ministry. I shall be determined for each investment of this type and shall be calculated as an annuity within the remaining licence period. The annuity shall be so determined that the owners may expect a reasonable return on total investments. After the extension of capacity resulting from the investment is put into service, the I shall be included in the tariff for the area which necessitated the investment. If by the end of the year the sum collected differs from the sum calculated according to the second, third and fourth sentences, this difference shall be corrected in the following year. In areas A, B and D, the I shall be determined at the outlets from the area. In area C, I shall be determined for the different services in the area. Investments linked with compressors at the Kårstø terminal shall be included in area D.

iv) *Investments linked with expanding the system (U)*

For investments resulting in an expansion of the capacity and for which I or O as described in subsections iii) and vi) do not apply, the U shall be determined by the Ministry in such manner that the owners may expect a reasonable return on total investments. In addition, the Ministry shall take due account of the income corresponding to obligations for the right to capacity use existing before U is determined and becomes applicable. U shall apply to all future rights to use capacity, including rights to use capacity acquired before U is determined and becomes applicable. Otherwise, the Ministry shall take due account of factors described in subsection iv), third paragraph.

U shall be included in the tariff for the area which necessitates the investment. In areas A, B and D, U shall be determined at the outlets from the area. Investments relating to the compressors at the Kårstø terminal shall be included in area D.

For users who acquire a right to use capacity before U is determined and becomes applicable for the investment in question, the sum of all U within each of the areas A, B and D shall not exceed 0.7 øre per Sm^3 with a gas transport level of up to 72 billion Sm^3 per year, and 0.6 øre per Sm^3 at a gas transport level of 90 billion Sm^3 or more per year. For gas transport levels between 72 and 90 billion Sm^3 per year, U shall be straight-line/linear between 0.6 and 0.7 øre per Sm^3 . If this U is not sufficient to render the above-mentioned return on the investments when expanding capacity, the Ministry shall determine an additional tariff for the users for whom the expansion was necessary.

v) *Escalation factor (E)*

The escalation factor for the year in question is determined on the basis of the Norwegian consumer price index published by the Central Bureau of Statistics/Statistics Norway and shall be the ratio between the last index published before 1 July in the same year and the corresponding index as of 1 January 2002 (108.9). If the ratio is less than 1.0, E shall equal 1.0.

vi) *Anticipated operating costs (O)*

At the beginning of the year the operator shall determine the *O* for the different areas.

In areas A, B and D, *O* shall be determined at the outlets from the relevant area. In area D, the costs paid for use of the terminals, as announced pursuant to Section 7, shall be included in *O*. In addition, costs for the operation of compressors at the Kårstø terminal shall be included in *O*.

In area C, *O* shall be determined for the different services in the area.

O shall include, in addition to current operating costs, individual investments that do not exceed the limits given in the table below.

Area	Up to
A and B	40 million NOK x E
C	60 million NOK x E
D	200 million NOK x E

Nevertheless, the sum of the individual investments that may be included in *O* per year shall not exceed up to three times the limit in each area.

For natural gas originating from petroleum deposit(s) in Production Licence 024, *O* is set at 0 for right to use the St. Fergus outlet up to and including September 2003.

If at the end of the year the operator has collected operating costs that differ from the actual operating costs, an adjustment shall be made for the difference in the estimate of *O* for the following year within the same area.

Section 5 Tariff in event of a change in the right of use

When a user changes the inlet or outlet, the user shall be charged the highest of the tariffs. Changes as mentioned in the first sentence are subject to capacity being available at the inlet or outlet to which the user wishes to change.

Section 6 Aid etc.

A user who encounters an unforeseen delivery problem shall be entitled to aid from other users free of charge for quantities already ordered, if the user is unable to meet his commitments by means of his own natural gas. Nevertheless, the other users shall not be bound to provide such aid if that would prevent them from utilising their own right to use

capacity. A user who has received aid shall return the volumes received with no undue delay. The cumulative aid to one user shall not exceed the sum of one day of the right of use at outlets in area D for such user.

A user who, due to planned events, including planned maintenance work, shall be allowed access to flexibility in facilities to which these regulations apply to meet his commitments, to the extent this does not prevent other users from utilising commercial possibilities within their own capacity rights. Such access to flexibility in facilities to which these regulations apply shall be balanced relative to the user's actual contribution towards establishing the desired flexibility.

§ 7 Publication of conditions for the right to use specific facilities

Owners of the terminals in Zeebrugge and Dunkerque, owners of receiving facilities and metering facilities for dry gas established in Dornum and the 42" pipeline for carrying dry gas between these facilities, and owners of the terminal Norse Gas and metering facilities established in Emden shall, no less than once a year, publish the principal business terms for use of these facilities.