



Treaty Series No. 21 (2002)

# 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

Oslo, 25 August 1998

[The Agreement entered into force on 30 June 2000]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
May 2002*

**© Crown Copyright 2002**

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be addressed to The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603 723000 or e-mail: [copyright@hmso.gov.uk](mailto:copyright@hmso.gov.uk)

**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**

The Agreement of 10 May 1976<sup>1</sup> between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway relating to the Exploitation of the Frigg Field Reservoir and the Transmission of Gas therefrom to the United Kingdom shall continue in force subject to the amendments incorporated into the revised text which is set out in the Schedule hereto.

This Agreement shall enter into force on the date on which the two Governments shall have informed each other that all necessary internal requirements have been fulfilled.

In witness whereof the undersigned, duly authorised by their respective Governments, have signed this Agreement.

Done in duplicate at Stavanger this 25th day of August 1998 in the English and Norwegian languages, both texts being equally authoritative.

For the Government of the United  
Kingdom of Great Britain and  
Northern Ireland:

For the Government of the Kingdom of  
Norway:

JOHN BATTLE

MARIT ARNSTAD

---

<sup>1</sup> Treaty Series No. 113 (1977), Cmnd 7043.

## SCHEDULE

### **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 EXPLOITATION OF THE FRIGG FIELD RESERVOIR AND THE USE OF THE INSTALLATIONS AND PIPELINES FOR THE EXPLOITATION AND TRANSMISSION OF HYDROCARBONS**

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway;

Considering that the drilling in the Continental Shelf appertaining to the United Kingdom and in the Continental Shelf appertaining to the Kingdom of Norway has proved the existence of a gas reservoir, now named the Frigg Field Reservoir, which extends across the dividing line as defined in the Agreement of 10 March 1965<sup>1</sup> between the two Governments relating to the Delimitation of the Continental Shelf between the two countries;

Having regard to Article 4 of the said Agreement under which the two Governments have undertaken, in consultation with the licensees, to seek agreement as to the manner in which any such field shall be most effectively exploited and the manner in which the proceeds deriving therefrom shall be apportioned;

Desiring, before production commences, to make provision for the exploitation of the Frigg Field Reservoir as a single unit, and to regulate certain further questions which will arise in connection with the transmission of the gas from the Frigg Field Reservoir to the United Kingdom by two pipelines to be built for this purpose;

Desiring to facilitate the continued use of the Frigg installations and the two Pipelines after the cessation of production from the Frigg Field Reservoir;

Desiring to make provision for the abandonment of the two Pipelines;

Have agreed as follows:

#### PART I

#### **Exploitation of the Frigg Field Reservoir and use of Frigg Installations**

##### ARTICLE 1

1. The gas in the Frigg Field Reservoir and the hydrocarbons produced with or from the gas (excluding oil underlying the gas and gas and oil in other horizons), referred to in this Agreement as "Frigg Gas", shall be exploited as a single unit by means of installations specified in Annex A to this Agreement, and except that those installations may be replaced from time to time by installations for a similar purpose on a similar location, the Governments shall require that no other installations are used without prior consent of both Governments.

2. Each Government shall require those who are its licensees to enter into agreements between themselves and the licensees of the other Government to regulate in accordance with this Agreement the exploitation of Frigg Gas and the use of the Installations for other hydrocarbons, which agreements require the approval of the two Governments, and incorporate provisions to ensure that in the event of a conflict between any of those agreements and this Agreement the terms of this Agreement shall prevail. The licensees may supplement the agreements so concluded by agreements in respect of accounting, operating and other matters, and the terms of all such supplementary agreements shall be

---

<sup>1</sup> Treaty Series No. 71 (1965), Cmnd 2757.

notified to the two Governments within 45 days of their conclusion or the date of this Agreement as the case may be and the two Governments may require amendments or such further agreements to be made as the Governments agree to be necessary.

3. The licensees shall be required to submit any proposed amendment to any of the agreements mentioned in paragraph (2) of this Article for the prior approval of the two Governments which approval may be deemed to have been given unless the licensees have been notified to the contrary by one or both Governments within 45 days of the submission to both Governments.

## ARTICLE 2

1. The Governments shall jointly demarcate, in a manner to be agreed, the dividing line defined in the Agreement of 10 March 1965, and shall thereafter jointly determine the position of each Installation when in place in relation to the dividing line, with conclusive effect for the purposes of this Agreement.

2. The two Governments shall consult with a view to agreeing a determination of the limits and estimated total reserves of the Frigg Field Reservoir and an apportionment of the reserves therein as between the Continental Shelf appertaining to the United Kingdom and the Continental Shelf appertaining to the Kingdom of Norway. For this purpose the licensees shall be required to submit to the Governments a proposal for such determinations.

3. The two Governments shall endeavour to agree the apportionment of the reserves of the Frigg Field Reservoir before production of the reserves commences. If they are not able to do so, then pending such agreement, the production shall proceed on the provisional basis of a proposal for the apportionment submitted by the licensees, or, if there is none, on the provisional basis of equal shares. Such provisional apportionment shall be without prejudice to the position of either Government. When the apportionment is agreed, the agreed apportionment shall be substituted for the provisional apportionment as if the agreed apportionment were a revision made under Article 3.

4. If the two Governments are unable to reach agreement on any of the matters which fall to be agreed under paragraph (2) of this Article within 12 months from the date of the commencement of production, the question shall be settled in accordance with the provisions of Article 28.

5. Subject to requirements of safety, neither Government shall withhold a permit for the drilling of wells by, or on account of, licensees of the other Government, in conformity with those agreements mentioned in paragraph (2) of Article 1 between the licensees, for purposes related to the determination of the limits of the Frigg Field Reservoir, the total amount of reserves therein or the apportionment of the reserves.

## ARTICLE 3

1. The limits of the Frigg Field Reservoir and the total amount of the reserves and the apportionment of the reserves or any of them when agreed or determined under Article 2 shall be reviewed if either Government so requests:

- (a) at the date of commencement of production of Frigg Gas;
- (b) at the expiry of every period of four years after that date;
- (c) at any other time when naturally occurring gas-bearing reservoirs are proved to contain gas which was capable of flowing into the Frigg Field Reservoir at the start of production, and the Government making the request considers that the circumstances are of sufficient importance to justify a revision.

2. If, as a result of a determination under Article 2 or a revision under this Article, the limits of the Frigg Field Reservoir include an area of the Continental Shelf in respect of which a person not a party to any agreements mentioned in Article 1 subsisting at the date of the determination or revision, as the case may be, holds a production licence, that person

and the licensees who are parties to those agreements shall be required to enter into an agreement, within such time as the Governments shall stipulate, the terms of which shall conform to the provisions of paragraph (2) of Article 1 and shall be subject to the approval of the two Governments.

3. The provisions of paragraphs (2) and (4) of Article 2 shall apply to revisions under this Article as those provisions apply to matters to be agreed pursuant to Article 2. The licensees shall be required to conduct all operations necessary for each revision and to secure that at the time the production from the Frigg Field Reservoir ceases the share in the total volume of Frigg Gas received by the licensees of the Government of the United Kingdom and the share thereof received by the licensees of the Government of the Kingdom of Norway shall each correspond to the final apportionment of the reserves in place. All revisions shall be based upon the characteristics of the Frigg Field Reservoir before commencement of production. Whenever a revision results in a new apportionment of the total amount of the reserves, such revisions shall make such provision as between the licensees as will ensure that the licensees of the Governments of the United Kingdom and Norway respectively receive deliveries of Frigg Gas such that any surplus or deficiency resulting from deliveries made under the apportionment in force immediately before such revision is made good. All revisions shall have effect from the date that revision has been agreed by both Governments or settled by arbitration, as the case may be.

4. If, at any time gas which is not part of the Frigg Field Reservoir is proved to be flowing into the Reservoir, such gas shall be exploited under the provisions of this Agreement as if it were Frigg Gas. In these circumstances the two Governments shall consult with a view to determining:

- (a) the total amount of the reserves of the Frigg Field Reservoir and such other gas and the apportionment thereof;
- (b) any consequential arrangements which need to be made for the exploitation of such other gas; and
- (c) any consequential arrangements which need to be made between the licensees and the persons who hold production licences relating to such other gas, regarding its exploitation.

#### ARTICLE 4

1. Each Government shall require its licensees to submit for the approval of the two Governments a scheme to secure the conservation of the Frigg Field Reservoir for productive operations, with provision for review at intervals of not more than four years, the results of which shall be submitted to the two Governments for approval.

2. The Governments shall ensure that any approved scheme is implemented.

#### ARTICLE 5

For the purposes of the exploitation of Frigg Gas and other hydrocarbons in accordance with this Agreement a Unit Operator shall be appointed by agreement between the licensees, subject to the approval of the two Governments.

## ARTICLE 6

1. Subject to the requirements of safety, each Government shall ensure the free movement of all persons and materials between all Installations for the purposes of the exploitation and transmission of Frigg Gas and other hydrocarbons under this Agreement.
2. Subject to the requirements of safety, the landing facilities on every Installation (including intermediate platforms involved in the operation of the Pipelines) shall be freely available to vessels and, in accordance with any arrangements which may be concluded between the competent authorities, available to aircraft of the nationality of either State for the purposes of activities connected with the exploitation and transmission of Frigg Gas and other hydrocarbons under this Agreement.

## ARTICLE 7

1. The two Governments shall consult one another with a view to agreeing appropriate safety measures for each Installation and with a view to ensuring that all Installations are as far as possible subject to uniform safety and construction standards.
2. Each Government shall have the final right to determine the safety measures which are to govern the Installations under its jurisdiction as set out in Article 29. With respect to pipelines crossing the dividing line between Installations, the two Governments shall, after consultations, formulate joint safety measures and shall require compliance therewith by their respective licensees.
3. The establishment, operation and control of equipment for radio communications for the Frigg Field Reservoir and for the use of the Installations for any purpose under this Agreement, shall be subject to agreement between the competent authorities.

## ARTICLE 8

1. With a view to ensuring compliance with the safety and construction standards referred to in Article 7, the Governments agree to consult and to take all necessary steps to that end, including the conferment on their inspectors of functions with respect to such safety and construction standards on or about the Installations; their powers in respect of Installations located on the Continental Shelf appertaining to the other State being those specified in paragraphs (3) and (4) of this Article.
2. Each Government shall procure access for such inspectors including the inspectors of the other Government to Installations and equipment, and production to those inspectors of all relevant information affecting the interest of the other Government in the Frigg Field Reservoir or in the exploitation of other hydrocarbons under this Agreement.
3. The inspectors of each Government shall act in co-operation and consult with inspectors of the other Government with a view to achieving compliance with the safety and construction standards applicable to each Installation and in particular an inspector of one Government may, with regard to an Installation located on the Continental Shelf appertaining to the other State, request an inspector of the Government of that other State to exercise his powers to ensure such compliance whenever it appears that circumstances so warrant. In the event of any disagreement between the Inspectors of the two Governments or the refusal of the inspector of the one Government to take action at the request of the inspector of the other, the matter shall be referred to the competent authorities of both Governments.
4. If it appears to an inspector of either Government to be necessary or expedient for the purpose of averting a casualty or other accident involving loss of life or danger to life suffered by a person, whether the danger is immediate or not, or minimising the consequences of such a casualty or other accident, and time and circumstances do not permit consultation between the inspectors of the two Governments, that inspector may order the immediate cessation of any or all operations in the Frigg Field or in relation to the exploitation of other hydrocarbons on the Installations provided the fact of such an

order and the reason therefor is reported immediately to the competent authorities of both Governments who shall then consult to consider the actions necessary for the safe and speedy resumption of operations.

5. The competent authorities of the two Governments shall consult with each other to agree on methods to implement this Article.

#### ARTICLE 9

Profits, gains and capital in respect of:

- (a) the exploitation of the Frigg Field Reservoir;
- (b) fixed installations and equipment used for the exploitation of the Frigg Field Reservoir; and
- (c) the disposal or use of such fixed installations and equipment

shall be taxed in accordance with the laws of the United Kingdom and the Kingdom of Norway respectively, including the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital signed at Oslo on 3rd October 1985<sup>1</sup> and any Protocol or Protocols to that Convention or any Convention replacing that Convention as may be signed in the future.

#### ARTICLE 10

Each Government shall ensure that its licensees shall not transfer any of the rights granted by virtue of any production licence relating to any part of the Frigg Field Reservoir and shall not grant the like rights to any other person without the prior consent of the licensing Government. Before granting its consent, the licensing Government shall consult with the other Government.

#### ARTICLE 11

1. In the event of the expiration, surrender or revocation of any production licence or any part of such a licence relating to any part of the Frigg Field Reservoir, the Government which issued the licence shall ensure that the exploitation of Frigg Gas is continued in accordance with the terms of this Agreement and the agreements between the licensees referred to in Article 1 subsisting immediately before such expiration, surrender or revocation. In particular the Government concerned shall take one of the following steps:

- (a) issue a new licence in replacement of the licence which has expired, been surrendered or revoked; or
- (b) itself conduct such exploitation as if it were a licensee; or
- (c) take such other action to continue the exploitation of the Frigg Gas as the two Governments may agree.

---

<sup>1</sup> Treaty Series No. 13 (1986), Cmnd 9730.



2. The Government taking action as described in paragraph (1) of this Article shall procure that the agreements between the licensees referred to in Article 1 shall be the subject of such supplementary agreements as are necessary consequent upon the action taken.

## ARTICLE 12

1. The use of any Installation for the exploitation of other hydrocarbons shall not adversely affect the exploitation of Frigg Gas in accordance with this Agreement.

2. Nothing in this Agreement shall preclude either Government from requiring of their licensees that royalty be paid in kind.

## PART II

### Use of the Pipelines

## ARTICLE 13

1. For the transmission of Frigg Gas to the United Kingdom, use shall be made of the United Kingdom Pipeline and the Norwegian Pipeline.

2. The Norwegian Pipeline shall be owned by Norwegian legal entities incorporated under the law of the Kingdom of Norway and having their domicile in Norway. The owners of the Norwegian Pipeline shall be subject to Norwegian law and jurisdiction as regards civil and criminal proceedings, forum and enforcement. This shall also apply in relation to the Norwegian Pipeline and incidents pertaining thereto in respect of those parts of the Norwegian Pipeline located on the Continental Shelf appertaining to the United Kingdom; it being understood, however, that this shall not exclude the concurrent jurisdiction of the United Kingdom Courts and the application of the laws of the United Kingdom subject to the rules of the laws of the United Kingdom governing the conflict of laws.

3. Those parts of the Norwegian Pipeline located in the territorial sea, internal waters and on the land territory of the United Kingdom shall be subject to United Kingdom law and jurisdiction. The United Kingdom shall neither impede by means of an unfair or discriminatory charge or in any other way, nor impose any requirements which have the practical effect of hampering the transmission of hydrocarbons from the Norwegian Continental Shelf to the United Kingdom through the Norwegian Pipeline.

4. The route of the Norwegian Pipeline shall be subject to the approval of both Governments.

5. The Government of the United Kingdom shall, in accordance with and subject to the laws of the United Kingdom, grant any necessary licences and give any necessary consents concerning the Norwegian Pipeline.

6. A Government shall on granting a licence or giving a consent in relation to either the United Kingdom Pipeline or the Norwegian Pipeline make available a copy of that licence or consent to the other Government.

7. A Government shall not substantially alter or modify a licence or consent to the assignment of a licence relating to the United Kingdom Pipeline or the Norwegian Pipeline without prior consultation with the other Government. In respect of that part of the Norwegian Pipeline for which it is the relevant Government, the Government of the United Kingdom shall not grant any licenses or consents or substantially alter or modify a licence or consent so as to prevent there being unified ownership, operating and safety arrangements for the Norwegian Pipeline as a whole.

#### ARTICLE 14

The two Governments shall take whatever measures are open to them with the aim of securing that the owners of the Pipelines enter into an agreement between themselves to regulate in accordance with this Agreement the transmission of hydrocarbons, and that such agreement requires the approval of the two Governments, and incorporates provisions to ensure that in the event of a conflict between that agreement and this Agreement the terms of this Agreement shall prevail. The owners of the Pipelines may supplement the agreement so concluded by agreements in respect of the intermediate platform(s), the on-shore terminal, accounting procedure and other matters relating to the transmission of hydrocarbons. The two Governments may request to be notified of the terms of such supplementary agreements within 45 days of their conclusion or the date of this Agreement as the case may be and may request that amendments or such further agreements be made as they agree to be necessary. The two Governments may request to be notified of any proposed amendments to any of the agreements mentioned in this Article for prior approval by the two Governments. Where any approval is required of the two Governments the same shall be deemed to have been given unless the owners have been notified to the contrary by one or both Governments within 45 days of the submission to both Governments.

#### ARTICLE 15

For the purposes of the operation of the United Kingdom Pipeline and the Norwegian Pipeline in accordance with this Agreement and their maintenance and safety, a Pipeline Operator shall be appointed by agreement between the owners of the United Kingdom Pipeline and the owners of the Norwegian Pipeline, subject to the approval of the two Governments.

#### ARTICLE 16

1. The two Governments shall encourage the optimal use of the Pipelines. In this respect, the Governments agree that any decision they make on tariffs and other terms for the use of the Norwegian Pipeline shall be based on integrated proposals for the use of that Pipeline or part thereof, as appropriate, and that tariffs and other terms may only be determined or approved by the relevant Government at the point of entry of hydrocarbons into that Pipeline for their transmission throughout the whole length of the Pipeline or part thereof.
2. The two Governments agree that, subject to the following paragraphs of this Article, other hydrocarbons may be transmitted through the Pipelines.
3. The two Governments shall take measures to secure that the owners of the Pipelines include in the agreements referred to in Article 14 provisions regarding priorities in the transmission of other hydrocarbons, including provisions for giving first priority to Frigg Gas and securing that royalty taken in kind is given the same priority of transmission as hydrocarbons from the field from which royalty is taken in kind.
4. In furtherance of the aims set out in paragraphs (1), (2) and (3) of this Article, each Government shall take such measures as may be available to it to assist persons wishing to connect pipelines or otherwise obtain access to either of the Pipelines to make use of any spare capacity, provided that any such connection or access shall not prejudice the efficient operation of the Pipeline(s) for the transmission of quantities of hydrocarbons, including those entering the Pipeline(s) through connections, which their respective owners have at any time contracted to carry.
5. Where a person desires to use spare capacity in the Norwegian Pipeline for landing hydrocarbons produced from reservoirs on the United Kingdom Continental Shelf or to use the United Kingdom Pipeline in relation to hydrocarbons produced from reservoirs on the Norwegian Continental Shelf (hereinafter referred to as the "applicant"), but is unable to agree fair commercial terms for the use of the Pipeline with the owner of the Pipeline, the applicant may apply to the relevant Government requesting access.

6. When an application is made under paragraph (5) of this Article, the relevant Government shall consult the other Government with a view to agreeing a mutually acceptable response to such an application. When considering such an application the relevant Government shall, subject to paragraph (3) of this Article, apply the principles of non-discrimination and fairness for all parties concerned. In undertaking consultation concerning such access to the Pipelines the Governments shall address fully and take proper account of:

- (a) the spare capacity available in the Pipeline and at the on-shore terminal, allowing for the owner's existing contractual obligations and usage which the owners may reasonably be expected to require;
- (b) the technical compatibility of hydrocarbons proposed for transmission through the Pipeline with the hydrocarbons contracted for transmission therein;
- (c) relevant economic factors including costs relevant to the contract proposed, comparable tariffs and other conditions applied to the use of the Pipeline;
- (d) the need not to endanger security of supply or prejudice safety and environmental measures;
- (e) the technical capability and financial viability of the applicant;
- (f) other relevant matters raised by the relevant Government.

7. If after such consultation the relevant Government is satisfied that capacity in the Pipeline has been unreasonably refused or that fair commercial terms have not been offered to the applicant, that Government shall require the owner to convey the applicant's hydrocarbons subject to such terms and conditions as it may specify. Following the consultation provided for in paragraph (6) of this Article, and at least 21 days before conveying its decision to the applicant, the relevant Government shall communicate to the other Government the response it intends to make to the applicant.

8. If the two Governments are unable to agree a mutually acceptable response to an application, either Government shall have the right to submit to arbitration in accordance with Article 28 the question of whether or not the relevant Government has met its obligations under this Article, particularly paragraphs (6) and (7).

#### ARTICLE 17

1. The two Governments shall consult one another with a view to agreeing common construction and safety standards for the Pipelines and shall require the owners of the Pipelines to comply with those standards.

2. The establishment, operation and control of equipment for radio communications relating respectively to the Pipelines shall be subject to agreement between the competent authorities. Other communications systems relating to the two Pipelines shall as far as possible be subject to common standards of design. Where it is not possible to impose common standards, the standards imposed by each Government shall be compatible.

3. If equipment is installed during the construction of the United Kingdom Pipeline and serves or is intended to serve both the United Kingdom Pipeline and the Norwegian Pipeline, or serves the Norwegian Pipeline only, the Government of the United Kingdom shall consult the Government of the Kingdom of Norway on the safety standards which are to apply to that equipment.

#### ARTICLE 18

1. The Government of the United Kingdom and the Government of the Kingdom of Norway shall each appoint persons to be inspectors and agree a joint scheme for the purpose of assisting their respective Governments in securing compliance with the standards for the proper construction and safe operation of Pipelines.

2. The relevant Government shall take such steps as are available to it to secure for inspectors appointed by the other, access to the Pipelines.

3. If it appears to an inspector of either Government to be necessary or expedient for the purposes of averting a casualty or other accident involving loss of life or danger to life suffered by a person, whether the danger is immediate or not, or minimising the consequences of such a casualty or other accident, and time and circumstances do not permit consultation between the inspectors of the two Governments, that inspector may order the immediate cessation of any or all operations in relation to the United Kingdom Pipeline or the Norwegian Pipeline or both, provided the fact of such an order and the reason therefor is reported immediately to the competent authorities of both Governments who shall then consult to consider the actions necessary for the safe and speedy resumption of operations.

4. Paragraphs (3) and (5) of Article 8 apply to the inspection of Pipelines under this Article as they apply to the inspection of Installations under Article 8.

#### ARTICLE 19

1. It is the intention of the two Governments that Frigg Gas belonging to persons other than the licensees referred to in paragraph (2) of this Article shall be transmitted through the Pipelines at fair commercial tariffs, and if such gas having been extracted from the Continental Shelf appertaining to the Kingdom of Norway is transmitted through the United Kingdom Pipeline, or having been extracted from the Continental Shelf appertaining to the United Kingdom is transmitted through the Norwegian Pipeline, the two Governments shall take such measures as are open to them to ensure that tariffs approved by the two Governments are observed by the owners of the Pipelines.

2. The licensees referred to in paragraph (1) of this Article are Total Oil Marine Limited, Elf Oil Exploration and Production (UK) Limited, Aquitaine Oil (UK) Limited (being licensees of the United Kingdom Government), Elf Norge A/S, Aquitaine Norge A/S, Total Marine Norsk A/S, Norsk Hydro Produksjon a.s. and Den norske stats oljeselskap as (being licensees of the Norwegian Government) and their successors.

#### ARTICLE 20

Profits, gains and capital in respect of:

- (a) the transmission of hydrocarbons through the Pipelines;
- (b) the Pipelines; and
- (c) the disposal of the Pipelines or an interest therein

shall be taxed in accordance with the laws of the United Kingdom and the Kingdom of Norway respectively, including the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital signed at Oslo on 3 October 1985 and any Protocol or Protocols to that Convention or any Convention replacing that Convention as may be signed in the future.

#### ARTICLE 21

1. In the event of the expiration, surrender or revocation of any licence relating to a Pipeline, the Government which issued the licence shall ensure that if the two Governments are agreed that there is need for the continued use and operation of the Pipeline in question, such use and operation is continued in accordance with the terms of this Agreement and the agreements between the owners of the Pipeline referred to in Article 14 subsisting immediately before such expiration, surrender or revocation. In particular the Government concerned shall take one of the following steps:

- (a) issue a new licence in replacement of the licence which has expired, been surrendered or revoked; or

- (b) itself conduct such use and operation; or
- (c) take such other action to continue such use and operation as the two Governments may agree.

2. The Government taking action as described in paragraph (1) of this Article shall procure that the agreements between the owners of the Pipelines referred to in Article 14 shall be the subject of such supplementary agreements as are necessary consequent upon the action taken.

3. If the relevant Government considers the continued operation of the Pipeline or part thereof for technical, economic or other reasons not to be practicable, it shall consult with the other Government as to whether that Government wishes in consultation with the owners of the Pipeline to take steps to ensure the continued operation on fair terms and conditions of the Pipeline or part thereof. Subject to safety and environmental considerations, the relevant Government shall not prevent the other Government from securing the continued operation of the Pipeline or part thereof on such terms and conditions.

4. Subject to paragraph (3) of this Article, if the other Government takes over the operation of the Pipeline or part thereof it shall ensure the removal or isolation of any part of the Pipeline which is no longer in use and which both Governments agree should be removed or isolated. The Government which takes over the operation of the Pipeline or part thereof according to this paragraph shall thereafter be considered to be the relevant Government for the purpose of this Agreement. In regard to future abandonment of the Pipeline or part thereof, paragraphs (5) to (12) of this Article shall apply, *mutatis mutandis*.

5. Subject to paragraphs (3) and (4) of this Article, the owners of the Pipeline shall be required to submit jointly to the relevant Government at least two years in advance of the proposed commencement of the abandonment a plan (hereinafter referred to as the "plan") setting out the measures to be taken in connection with the abandonment of the Pipeline or part thereof.

6. Without prejudice to the generality of paragraph (5) of this Article, the plan shall include:

- (a) an estimate of the cost of the measures proposed in it;
- (b) details of the times at or within which the measures proposed in it are to be taken or make provision as to how those times are to be determined.

7. Recognising that the interdependence and proximity of the Pipelines makes desirable a consistent approach to their abandonment, the relevant Government shall, before it makes its decision on the plan submitted, consult the other Government with a view to agreeing a mutually acceptable response to the measures proposed in the plan. In undertaking consultation concerning abandonment of the Pipeline or part thereof the two Governments shall address fully and take proper account of:

- (a) best available cost-effective techniques;
- (b) economic factors;
- (c) applicable international standards or guidelines;
- (d) safety hazards associated with abandonment, including where relevant transport and disposal;
- (e) safety of navigation;
- (f) the environmental impact of the measures proposed in the plan;
- (g) the impact of the measures proposed on other uses of the sea;
- (h) the timetable for abandonment;
- (i) the impact of the measures proposed on the continued operation and abandonment of the other Pipeline;

(j) other relevant matters raised by the relevant Government.

8. The relevant Government may approve the plan with or without modifications and either subject to conditions or unconditionally. Before approving the plan with modifications or subject to conditions, the relevant Government shall give the owners who submitted the plan an opportunity to make representations about the proposed modifications or conditions.

9. In addition, in respect of the Norwegian Pipeline located in the territorial sea, internal waters and on the land territory of the United Kingdom, the United Kingdom Government shall ensure that the financial implications of whatever decision it makes on the plan submitted to it are acceptable to the Norwegian Government.

10. The relevant Government shall act without unreasonable delay in reaching a decision as to whether to approve or reject the plan and if approved require its implementation.

11. If the plan is rejected, the relevant Government shall inform the owners of the reasons for doing so. The owners shall in such circumstances be required to submit a revised plan within a specific time limit acceptable to both Governments.

12. If the two Governments are unable to agree a mutually acceptable response to an application, either Government shall have the right to submit to arbitration in accordance with Article 28 the question of whether or not the relevant Government has met its obligations under this Article, particularly paragraph 7.

### PART III

#### General provisions

#### ARTICLE 22

1. The system for metering the quantity of gas and liquid volumes and determination of the composition of hydrocarbons produced from the Frigg Field Reservoir and from the exploitation of other hydrocarbons in accordance with this Agreement shall be capable of separately metering the quantities of gas and liquids landed ashore, consumed on the field and at individual pumping stations, and discharged from or burnt off on flare platforms. Such system shall be the subject of agreement between the competent authorities of the two Governments. The licensees shall be instructed as to the manner in which the metering system is to be designed, installed and operated. The competent authorities of the two Governments shall agree a joint scheme for the supervision of the designing, installation and operation of the metering system, and for this purpose the representatives of those authorities shall have access to all parts of the system.

2. When both Governments have a legitimate interest in the system for determining the quantities of other hydrocarbons using facilities on an Installation or being admitted into the Pipelines, such system shall be subject to agreement between the competent authorities of the two Governments.

3. The two Governments shall agree on regular calibration of the metering systems and shall exchange at agreed intervals production records of the Frigg Field Reservoir and from the exploitation of other hydrocarbons in accordance with this Agreement relating to production from each side of the dividing line mentioned in paragraph 1 of Article 2 together with records of landed volume.

#### ARTICLE 23

The two Governments undertake to make every endeavour, jointly and severally, after consultations, to ensure that the operation of any Installation or Pipeline shall not cause pollution of the marine environment or damage by pollution to the coastline, shore

facilities or amenities, or vessels or fishing gear of any country. The competent authorities of the two Governments shall develop procedures for the implementation of this Article in an emergency.

#### ARTICLE 24

1. The Governments shall take steps to procure that all contracts of employment of natural persons by the Unit Operator or by the Pipeline Operator for any purpose under this Agreement are governed by the law of the State of which the employer is a licensee but without prejudice to the freedom of any employee to choose another law.
2. The two Governments shall endeavour to ensure that all employees are covered with regard to social security benefits and that each employee need comply only with one social security system.
3. The two Governments shall endeavour to ensure that other legislation for the protection and welfare of employees is applied consistently with the exploitation of the Frigg Field Reservoir as a single unit and with the operation of the Installations and Pipelines in accordance with this Agreement.
4. The Governments may from time to time conclude separate arrangements for the regulation of matters of common interest in the field of social security, employee welfare and labour relations in respect of the Frigg Field Reservoir or any Installation or Pipeline.
5. Nothing in this Article shall prejudice or affect any arrangements concerning matters referred to in paragraph 4 of this Article existing at the date of signature of this Agreement.

#### ARTICLE 25

1. A Government may, subject where appropriate to any restrictions in a licence, disclose to the other Government information in respect of licensed operations covered by this Agreement which a licensee has supplied to its Government. Where information is given to a Government in confidence, that Government shall treat it as confidential and any further disclosure shall be subject to any restrictions in the licence in question. Each Government shall nevertheless be entitled at any time to make use of the information for the purpose of preparing general reports on activities in respect of the Frigg Field Reservoir and the use of the Installations and Pipelines for the exploitation and transmission of hydrocarbons.
2. Copies of all such general reports or statements (including Press releases) published by one Government shall be transmitted to the other Government not later than the date of publication.

#### ARTICLE 26

Nothing in this Agreement or in the agreements referred to in Article 1 and Article 14 shall prejudice the exercise by each Government or by the two Governments jointly of special powers in the case of national or international emergency. Consultations shall be held at the earliest opportunity in order that the two Governments may agree on appropriate joint measures to reconcile the urgency of the situation with their common interest in the most effective exploitation of the Frigg Gas and the use of the Installations and Pipelines.

#### ARTICLE 27

A commission shall be established consisting of six persons of whom each Government shall appoint three persons, to be known as the Frigg Consultative Commission, for the purpose of facilitating the implementation of this Agreement. The functions of the Commission, which shall include that of considering matters referred to it by the Governments, and its procedures shall be subject to such further arrangements which may be agreed by the two Governments from time to time.

## ARTICLE 28

1. Any dispute about the interpretation or application of this Agreement, or any other matter referred to the Governments for settlement under the agreements between the licensees mentioned in paragraph (2) of Article 1 and Article 14 shall be resolved through the Frigg Consultative Commission or by negotiation between the two Governments.
2. If any such dispute cannot be resolved in this manner or by any other procedure agreed to by the two Governments, the dispute shall be submitted, at the request of either Government, to an Arbitral Tribunal composed as follows:

Each Government shall designate one arbitrator, and the two arbitrators so designated shall elect a third, who shall be the Chairman and who shall not be a national of or habitually reside in the United Kingdom or in the Kingdom of Norway. If either Government fails to designate an arbitrator within three months of a request to do so, either Government may request the President of the International Court of Justice to appoint an arbitrator. The same procedure shall apply if, within one month of the designation or appointment of the second arbitrator, the third arbitrator has not been elected. The Tribunal shall determine its own procedure, save that all decisions shall be taken, in the absence of unanimity, by a majority vote of the members of the Tribunal. The decisions of the Tribunal shall be binding upon the two Governments and shall, for the purposes of this Agreement, be regarded as agreements between the two Governments.

## ARTICLE 29

1. Nothing in this Agreement shall be interpreted as affecting the jurisdiction which each State has under international law over the Continental Shelf which appertains to it. In particular, Installations located on the Continental Shelf appertaining to the United Kingdom shall be under the jurisdiction of the United Kingdom, and Installations located on the Continental Shelf appertaining to the Kingdom of Norway shall be under the jurisdiction of the Kingdom of Norway.
2. Nor shall anything in this Agreement be interpreted as prejudicing or restricting the application of the laws of either State or the exercise of jurisdiction by their Courts, in conformity with international law.

## ARTICLE 30

For the purpose of this Agreement, unless the content otherwise requires:

1. "Frigg Field Reservoir" means the naturally occurring gas-bearing sand formations of the lower Eocene age beneath the sea bed but immediately above the sub-sea level of approximately 1955 metres located in the vicinity of the intersection of the line of latitude 59°53' North and of the dividing line which is defined in the Agreement of 10 March 1965 between the two Governments relating to the Delimitation of the Continental Shelf between the two States, and encountered by the four wells described in Annex B and includes all other gas-bearing strata from which gas at the start of the production is capable of flowing into the above mentioned gas-bearing sand formations.
2. "Installation" means any structure or device installed in or on the sea bed, including a pipeline, which is or has been involved in the exploitation of the Frigg Field Reservoir. Installation does not include the Norwegian Pipeline or the United Kingdom Pipeline hereinafter defined. "Installations" means two or more such Installations.
3. "the licensees" means Total Oil Marine Limited, Elf Oil Exploration and Production (UK) Limited, Aquitaine Oil (UK) Limited (being licensees of the United Kingdom Government), Elf Norge A/S, Aquitaine Norge A/S, Total Marine Norsk A/S, Norsk Hydro Produksjon a.s. and Den norske stats oljeselskap a.s. (being licensees of the Norwegian Government) and their successors and such other persons as may from time to time be licensees of either Government for the exploitation of any part of the Frigg Field Reservoir in addition to, or in substitution for, all or any of the above-named persons.



4. “other hydrocarbons” means any gaseous or liquid hydrocarbons originating from other petroleum deposits than the Frigg Field Reservoir save for such other gas as referred to in Article 3 paragraph (4) of this Agreement.
5. References to “Unit Operator” and “Pipeline Operator” include references to the company or companies for the time being acting as such pursuant to the agreements referred to in Articles 1, 5 and 14.
6. “Norwegian Pipeline” means the pipeline to be built and operated from the inlet flange of the pipeline at a Frigg Field Reservoir platform situated on the Continental Shelf appertaining to the Kingdom of Norway up to and including metering instruments onshore at St. Fergus, and also including associated installations serving this pipeline on an intermediate platform or platforms.
7. “United Kingdom Pipeline” means the pipeline to be built and operated from the inlet flange of the pipeline at a Frigg Field Reservoir platform situated on the Continental Shelf appertaining to the United Kingdom up to and including metering instruments onshore at St. Fergus, and also including associated installations serving this pipeline on an intermediate platform or platforms.
8. “Pipeline” means either the Norwegian Pipeline or the United Kingdom Pipeline. “Pipelines” means both the United Kingdom Pipeline and the Norwegian Pipeline.
9. “relevant Government” means the Government of the Kingdom of Norway in all matters relating to those parts of the Norwegian Pipeline on the Continental Shelves of the Kingdom of Norway and the United Kingdom and the Government of the United Kingdom in all matters relating to (a) the United Kingdom Pipeline, and (b) those parts of the Norwegian Pipeline located in the territorial sea, internal waters and on the land territory of the United Kingdom.

#### ARTICLE 31

1. This Agreement shall enter into force on the date on which the two Governments shall have informed each other that all necessary internal requirements have been fulfilled.
2. The two Governments may amend or terminate this Agreement at any time by agreement. Either Government may at any time request that consultations are initiated with a view to considering amendments to this Agreement. Such consultations shall commence within two months of the request, and shall be conducted expeditiously. In such consultations the two Governments shall consider fully and take proper account of the proposals for amendment with the aim of reaching a mutually acceptable solution within the shortest possible time.

Installations

1. On the Continental Shelf appertaining to the Kingdom of Norway:
  - (a) One drilling platform.
  - (b) One combined treatment and compressor platform.
2. On a Continental Shelf appertaining to the United Kingdom:
  - (a) One drilling platform.
  - (b) One treatment platform.
  - (c) One quarters platform.
  - (d) One flare column.

**Annex B**

<i>Country</i>	<i>Well No.</i>	<i>Geographical Location</i>
Norway	25/1-1	59° 53' 17.09" N 02° 04' 42.7" E
Norway	25/1-2	59° 56' 08" N 02° 04' 54.6" E
Norway	25/1-3	59° 54' 05" N 02° 10' 08" E
UK	10/1-1A	59° 50' 10.5" N 02° 00' 34.5" E

ISBN 0-10-155132-0



9 780101 551328