

Report on completed negotiations - Use of facilities by others

This form is submitted pursuant to Section 14 of the Regulations relating to the use of facilities by others, laid down by the Ministry of Petroleum and Energy (MPE) on 20 December 2005. The owner and the user fill in the form. The user of the facility forwards the form to the Norwegian Petroleum Directorate (NPD), who will publish it. Please state volumes etc according to the metric system.

Contents:

1. Key elements in the agreement that has been made regarding others use of the facility
2. Information on the user's fields and streams¹
3. Information on the negotiation process

Title and date² of agreement	Agreement for Drilling of Nøkken Test Well and Tie-in and Processing of Nøkken Well Stream at the Gullfaks C Platform Between the Gullfaks Unit and Kvitebjørn Group 31.10.2018
NPD reference number³	
NPD reference number for related agreements³	
Parties to the agreement⁴	<p>The Gullfaks Unit (owner): Equinor Energy AS 51% Petoro AS 30% OMV (Norge) AS 19%</p> <p>&</p> <p>PL193 Nøkken (user): Equinor Energy AS 39,55% Petoro AS 30% Spirit Energy Norge AS 19% A/S Norske Shell 6,45% Total E&P Norge AS 5%</p>

1. Key elements of the agreement	
This form must state the key provisions regarding distribution of responsibilities and financial terms	
Services⁵	Drilling of Nøkken Test Well Maintenance of the Nøkken Wellhead Daily operation of the Nøkken Test Well Receipt, processing and handling of the Nøkken Well Stream at the Nøkken Wellhead Treatment of produced water Storage, loading and redelivery of Nøkken Export Oil at the Gullfaks C loading facility Redelivery of Nøkken Export Gas at the Gassled entry point A2
Start and duration of services⁶	Drilling will start when the Gullfaks C Drilling Rig is ready to commence drilling operations of the Nøkken Test Well. This will happen after the Gullfaks C rig maintenance stop planned during second half of 2019,

¹ What is transported, processed, injected, etc. will in the following be termed "streams"

² Must be updated if there are changes to, exception from or amendments to the agreement

³ To be determined by the Norwegian Petroleum Directorate (NPD)

⁴ The name of the owner and the user, cf. Section 3 of the Regulations, and the licensees' interests in the facility and user field

⁵ A description of the services included in the agreement, including information on entry point and redelivery point for streams.

⁶ Start and duration of services according to the agreement

	Production will start when the activities related to drilling, tie-in, fracking, clean-up has been completed and remain until the Kvitebjørn Group decides to permanently cease production from the Nøkken Field or at the end of Gullfaks lifetime
Tariffs ⁷	Oil tariff: 14,5 NOK/bbl Gas tariff: 0,126 NOK/Sm ³ Adjusted with the Norwegian Consumer Price Index (Jan 18)
Other compensation ⁸	Documented costs related to drilling plus a fixed fee to cover costs of equipment maintenance related to the use of the Gullfaks C Drilling Rig. Compensation for use of Well Slot at Gullfaks Compensation for deferred production caused by using the Gullfaks C drilling rig
Capacity rights (over time) ⁹	Capacities for oil and gas is given in accordance with Nøkken design basis. Profiles will be updated prior to start of production
Flexibility in volumes ¹⁰	Tariff to be paid for actual exported volumes There is no "send or pay" obligation for Nøkken.
Priority ¹¹	Gullfaks shall during the first 4 days use its best efforts to optimise production from all parties. Thereafter and for 16 days priority shall be equal and based on booked capacity. In the period thereafter Gullfaks shall be given priority and the remaining capacity shall be shared based on booking
Technical requirements ¹²	Nøkken shall compensate and hold Gullfaks harmless from direct costs and losses caused by proppants in the Nøkken Wellstream. Nøkken shall be liable for consequential losses caused by proppants, limited to 100 MNOK per occurrence or series of occurrences.
Special issues ¹³	Nøkken shall be liable for any repair caused by major breakdown of the Gullfaks C drilling rig. Nøkken's liability related to a major breakdown shall not exceed 150 MNOK

⁷ Current compensation to the owner. Please also state any indexation and/or rate changes over time. The tariffs must be split to the extent this has been done in the agreement. If desirable, an interval or level may be given which must not deviate more than +/- 15% from the actual agreed compensation

⁸ Reimbursable cost, compensation for postponed production for the owner of the infrastructure, and any other compensation (e.g. for use of risers) not covered by current compensation

⁹ To be specified for the applicable capacities according to the agreement. Changes over time and conditional changes should be shown

¹⁰ Please specify whether payment must be made irrespective of the actual use of the facility ("send or pay"), and whether unused rights may be transferred to later periods

¹¹ Priority for the user's streams when there is limited access to services

¹² Important technical requirements and particular issues related to the user's streams.

¹³ Any relevant supplementary information regarding the agreement

2. Information on the user's fields and streams	
This form describes the field and the streams etc. that are relevant to the agreement	
The user field	Nøkken Test Well
Planned development solution ¹⁴	The strategy for the Nøkken Test Well is to first test the reservoir by one well with hydraulic fractures and then further consider the development solution or abandonment based on the results from the test well. The planned production test period is 3-6 months depending on well performance. If proven successful, the well is planned to be produced until economical lifetime for the well or GFC lifetime. The test Well shall be designed as a production well and the volumes shall be processed and exported from Gullfaks C together with Gullfaks existing volumes.
Utilisation of the agreement services ¹⁵	
1. Start date and end date ¹⁶	The Nøkken Test Well will be drilled after the Gullfaks C rig maintenance stop planned during second half of 2019, commencement of services will be when drilling is completed, and the well is ready to start production. The agreement will end when Nøkken production is permanently ceased, or at the end of Gullfaks lifetime
2. Starting time plateau ¹⁷	Oil: 480 Sm ³ /d Gas: 1 mill Sm ³ /d
3. Plateau level	
4. Duration of plateau	
5. Total volume	Oil: 841.000 Sm ³ Gas: 1.972 MSm ³
Unique characteristics of the streams ¹⁸	
3. Information on the negotiation process	
Date when the request regarding use was received ¹⁹	08.09.2017
Date when the reply to this request was sent ²⁰	05.10.2017

¹⁴ Overall description, possibly with an illustration of the development. The description must include the development solution (including changes to the owner's facility in connection with the agreement), gas lift, injection (gas and/or water), export solutions and, if relevant, used drilling slots/risers and any other important parameters

¹⁵ The field's expected streams and other figures relevant to the services in the agreement. State Items 1-5 per stream, etc. (e.g.: well stream, processed oil, gas, condensate, NGL, produced water, injected gas, the number of used risers or drilling slots)

¹⁶ Expected start date and end date for use of the service

¹⁷ Plateau is the highest level of service, e.g. well stream volume, water injection volume or the number of used drilling slots

¹⁸ This may for example be: low API, high H₂S, high CO₂, significant sand production, etc.

¹⁹ The date when the owner received a request regarding use, cf. Section 6 of the Regulations

²⁰ The date of the owner's reply to the request regarding use, cf. Section 6 of the Regulations

Milestones in the agreement negotiations ²¹	First draft term sheet was issued 07.02.2018 Final term sheet was issued 20.06.2018. This was later than initial progress plan, as the decision process for approving the Nøkken Test Well was delayed in PL193, due to the need for technical clarifications related to drilling risks. Final agreement was issued for licence approval on 04.10.2018, a few days later than initial progress plan.
The structure of and roles in the negotiations ²²	Spirit Energy was negotiation lead for Nøkken, with support from Shell. Equinor contributed as technical service provider. Equinor was negotiation lead for Gullfaks, with support from OMV
Other important matters regarding the negotiations	

²¹ Start date, milestones (deadline kept: Y / N: Reason) and end date (deadline kept: Y / N: Reason) compared to the initial progress plan submitted to the Ministry, cf. Section 7 of the Regulations

²² Negotiation structure: polarized or round table. The parties' negotiation roles: Negotiation leader, facilitator, technical assistant.