

1973 AGREEMENT RELATING TO THE TRANSMISSION OF PETROLEUM BY PIPELINE FROM THE EKOFISK FIELD AND NEIGHBOURING AREAS TO THE UNITED KINGDOM

Adopted in Oslo, Norway on 22 May 1973

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

DESIRING to regulate certain questions which will arise in the event of petroleum extracted from the Ekofisk field and neighbouring areas being transmitted to the United Kingdom by a pipeline which is built for this purpose, and also certain questions related thereto such as the transmission in the same pipeline of petroleum originating from other areas;

HAVE AGREED as follows:

ARTICLE 1

The Government of the United Kingdom shall not object to the laying and operation of a pipeline from the Ekofisk field and neighbouring areas to the United Kingdom by a pipeline company as referred to in article 3.

ARTICLE 2

The Government of Norway shall issue a licence or licences to the pipeline company for the laying and operation of the whole length of the pipeline and may charge normal fees therefor. The Government of the United Kingdom shall issue any further licence or licences to the pipeline company which may be necessary according to United Kingdom legislation and may charge normal fees therefor.

ARTICLE 3

1. The owners and operators of the pipeline shall be a pipeline company which shall be a Norwegian legal entity incorporated under Norwegian law and having its domicile in Norway. The pipeline company shall have its central place of business in Norway and shall be resident in Norway for tax purposes; it shall, however, as regards trading operations relating to the transmission of petroleum extracted from the United Kingdom Continental Shelf, also have a branch in the United Kingdom.
2. The pipeline company may a profit making or a non-profit making enterprise and may be owned wholly or in part by the Norwegian State or by a Norwegian State-owned company.

ARTICLE 4

The pipeline company 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 pipeline and incidents pertaining thereto; it being understood, however, that this shall not exclude the concurrent jurisdiction

of the United Kingdom courts and the application of United Kingdom law subject to the rules of United Kingdom law governing the conflict of laws.

ARTICLE 5

1. The main object of the pipeline company shall be to transmit petroleum extracted from the Ekofisk field and neighbouring areas.
2. To the extent that the capacity of the pipeline so permits, the pipeline company may transmit petroleum received by feeder pipelines from other fields in the Norwegian Continental Shelf or from fields in parts of the Continental Shelf appertaining to neighbouring countries. The Government of Norway may make any project to connect feeder pipelines with the pipeline subject to its approval.
3. The Governments of Norway and the United Kingdom shall agree on the arrangements to govern the linking in of feeder pipelines to the pipeline on the United Kingdom Continental Shelf, the metering of United Kingdom sources of supply and other relevant matters related to feeder pipelines from fields in the United Kingdom Continental Shelf.
4. Spare capacity of the pipeline shall be made available firstly to licensees of other petroleum fields in the Norwegian Continental Shelf, secondly to licensees of petroleum fields in the United Kingdom Continental Shelf, and lastly to licensees of petroleum fields in parts of the Continental Shelf appertaining to other neighbouring countries.

ARTICLE 6

Transmission facilities shall be available at fair commercial rates. The rates shall be subject to the approval of the Norwegian Government; provided, however, that rates shall also be subject to the agreement of the United Kingdom Government as regards petroleum extracted from the United Kingdom Continental Shelf.

ARTICLE 7

The route of the pipeline shall be subject to the agreement of the two Governments.

ARTICLE 8

All pipelines, including feeder pipelines, shall to the extent possible be subject to a uniform safety standard. The two Governments shall consult with a view to harmonizing their relevant safety requirements as soon as possible.

ARTICLE 9

1. The terms of the licence or licences issued according to article 2 shall be in conformity with the applicable law and with the provisions of the present Agreement.
2. A copy of the licence or licences issued by one Government shall be made available to the other Government.
3. No licence or licences shall be substantially altered or modified or assigned to a new licensee by the Government concerned, nor shall the Government concerned permit any substantial

change to take place in the persons or bodies having control over the licensee, without prior consultation with the other Government.

4. In the event of serious or repeated violations of the terms of the principal licence or of any other licence, the Government concerned may revoke such licence but not without prior consultation with the other Government.

ARTICLE 10

1. If the principal licence expires or is revoked, the Norwegian Government may require that the property in the pipeline shall pass to the Norwegian Government. In these events the Norwegian Government may also order the pipeline company to take the necessary steps to secure the future operation of the pipeline.
2. If the Norwegian Government considers that continued operation of the pipe line for technical, economic or other reasons is not feasible, it shall consult with the Government of the United Kingdom, and that Government shall in such circumstances have the right to take over the operation of that part of the pipeline which it considers necessary to transmit petroleum extracted from the United Kingdom Continental Shelf on conditions to be agreed by the two Governments at the time. In such case the Government of the United Kingdom shall assume responsibility for ensuring the removal, if necessary, of that part of the pipeline when it is no longer to be used.
3. Subject to the above-mentioned provisions the Government of Norway shall ensure the removal, whether by the pipeline company or otherwise, of any part of the pipeline which is no longer in use and which both Governments agree should be removed.

ARTICLE 11

Liability for pollution damage including the costs of preventive and remedial action, shall be governed in accordance with the provisions of article 4. The licence or licences may contain conditions concerning the liability of the licensees and their obligations to insure against or to furnish security or guarantees in respect of possible pollution damage.

ARTICLE 12

1. The terminal for the pipeline shall be built and operated by a terminal company which shall be a separate legal entity. This company shall be incorporated under United Kingdom law (either English or Scottish), shall have its central place of business in the United Kingdom, and shall be resident in the United Kingdom for tax purposes. The company may be owned, wholly or in part, by a Norwegian State-owned company or other Norwegian companies. It shall be subject to United Kingdom law and jurisdiction as regards civil and criminal proceedings.
2. The main purpose of the terminal shall be to handle petroleum extracted from the Ekofisk field and neighbouring areas. As regards petroleum extracted from other fields, the provisions of article 5, paragraph 4, shall apply.

ARTICLE 13

Terminal facilities shall be available at fair commercial rates which the United Kingdom Government may approve or stipulate subject to the agreement of the Norwegian Government to the extent that petroleum extracted from the Norwegian Continental Shelf is handled.

ARTICLE 14

1. So long as the pipeline company is resident in Norway for tax purposes, the United Kingdom Government shall charge United Kingdom taxes and dues on the profits and assets of that company only in so far as they relate to the transmission of petroleum extracted from the United Kingdom Continental Shelf.
2. Nothing in this Agreement shall restrict the right of the Norwegian Government to levy taxes and dues on the pipeline company according to Norwegian legislation.
3. Nothing in this Agreement shall restrict the right of the United Kingdom Government to tax the whole of the profits of the terminal company. These profits shall not be taxable in Norway.
4. Except for normal taxes, fees, dues or local authority rates, no additional charges shall be levied on the terminal or the terminal company.

ARTICLE 15

1. Nothing in the Convention between the two Governments for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed at London on 22 January 1969, shall restrict the right of the Norwegian Government to charge tax on the profits made from the production of petroleum from fields on the Norwegian Continental Shelf.
2. No provision in any convention or agreement between the two countries shall prevent the Norwegian authorities from stipulating particular tax reference prices with respect to taxation of income or calculation of royalties from production of petroleum on the Norwegian Continental Shelf.
3. Nothing in this article shall prejudice the right of the United Kingdom to charge tax in accordance with its laws.

ARTICLE 16

The United Kingdom Government shall place no obstacles in the way of transportation to Norway by sea of petroleum extracted from fields in the Norwegian Continental Shelf and transmitted to the United Kingdom by means of the pipeline.

ARTICLE 17

If the Norwegian Government decides that the royalty from petroleum produced on the Norwegian Continental Shelf shall be paid in kind, the United Kingdom Government shall place no obstacles in the way of its transportation to Norway by sea.

ARTICLE 18

1. The provisions of articles 16, 17, 19, 20 and 21 shall apply correspondingly if agreement is reached between the Norwegian Government or a Norwegian company or companies designated by the Norwegian Government and any licensee for the transportation to Norway by sea of natural gas liquids in order to establish or supply a petrochemical industry in Norway.

2. The same applies in the event that natural gas liquids are processed in the United Kingdom.

ARTICLE 19

1. The Norwegian Government shall have the right in accordance with sections 34 and 35 of the Norwegian Royal Decree of 8 December 1972, or similar legislation, to require all or any part of petroleum produced on the Norwegian Continental Shelf to be transported to Norway. This right shall prevail even if a "force majeure" situation exists in the United Kingdom, including a state of war, a national oil shortage or similar emergency.
2. The United Kingdom Government shall place no obstacles in the way of transportation to Norway by sea of such petroleum.

ARTICLE 20

The following provisions shall apply to petroleum which the Norwegian Government may require to be transported to Norway under section 34 of the Royal Decree of 8 December 1972, or similar legislation:

- (a) For quantities exceeding 'At of the quantity of Norwegian petroleum transmitted by the pipeline in the preceding calendar year, the Norwegian Government shall give at least 3 months' notice to the United Kingdom Government.
- (b) For quantities exceeding 3/4 of the total quantity of Norwegian petroleum transmitted by the pipeline in the preceding calendar year, the Norwegian Government shall give at least 6 months' notice to the United Kingdom Government.
- (c) In either case the notice shall give an indication of the period over which such requirement shall be in force.

ARTICLE 21

The quantities of petroleum which the Norwegian Government may decide should be transported to Norway under section 35 of the Royal Decree of 8 December 1972, or similar legislation shall not be subject to any limitation.

ARTICLE 22

Except for any normal fees or dues for facilities used in the United Kingdom, no additional charge shall be payable in respect of petroleum transported to Norway under articles 16-19 above. No customs charges shall be made on this petroleum.

ARTICLE 23

Nothing in this Agreement shall affect any provision of the law of the United Kingdom relating to the procedure for obtaining normal consents or permissions for the laying and operation of the pipeline or for the construction and operation of the terminal for the pipeline.

ARTICLE 24

1. A Commission consisting of three representatives from each Government shall supervise the implementation of this Agreement.
2. The Commission shall meet at the request of either Government, but not less than once a year.

ARTICLE 25

1. Any dispute concerning the interpretation or application of this Agreement, which it has not been possible to settle within the Commission mentioned in article 24 or through diplomatic channels, shall at the request of one of the Governments be submitted to an arbitral tribunal consisting of three members. Each Government shall appoint one member of the tribunal and the third member shall be appointed by agreement between the two members so appointed. If one of the Governments has not within three months of the request for arbitration appointed an arbitrator, or if the third arbitrator has not been appointed within a month of the appointment of the first two arbitrators, either of the Governments may request the President of the International Court of Justice to appoint one arbitrator, or if necessary two arbitrators, from among the nationals of a third State having no direct or indirect interest in the dispute. The tribunal shall determine its own procedure.
2. All decisions of the tribunal shall be taken by a majority vote. The decisions of the arbitral tribunal shall be binding on the Governments.

ARTICLE 26

In this Agreement:

1. "Ekofisk field and neighbouring areas" means the Norwegian Continental Shelf south of 57° 20' North latitude and west of 4° East longitude.
2. "Petroleum" means all liquid and gaseous hydrocarbons, including natural gas liquids.
3. "Natural gas liquids" means ethane, propane, butane and pentane.
4. "Pipeline" means the pipeline or the pipelines for the transmission of petroleum from the inlet flange of the pipeline at the Ekofisk pumping platform, together with any associated installation and other apparatus, which may be laid and operated from the areas mentioned in paragraph 1 of this article to the United Kingdom up to and including metering instruments and initial storage installations.
5. "Pipeline company" means one or more of the companies mentioned in article 3.
6. "Feeder pipelines" means the pipelines which may be laid from fields outside the area mentioned in paragraph 1 of this article to a connection with the pipeline.
7. "Principal licence" means the licence or licences issued by the Norwegian Government in accordance with article 2, together with any subsequent licences issued by way of renewal or in substitution.
8. "Terminal" means all the onshore facilities for receiving, stabilizing, separating, processing, storing and transporting petroleum except those included in the pipeline.

9. "Norwegian Continental Shelf" and "United Kingdom Continental Shelf" mean those parts of the Continental Shelf appertaining to Norway and the United Kingdom respectively.

ARTICLE 27

This Agreement shall enter into force on the date of signature. It shall continue in force until both Governments agree otherwise.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed the present Agreement.

DONE in duplicate at Oslo this 22nd day of May, 1973, in the English and Norwegian languages, both texts being equally authoritative.