

CONFIDENTIALITY AGREEMENT

BETWEEN

Shell U.K. Limited

Esso Exploration and Production UK Limited

AND

xxx

in respect of evaluation and negotiation of the possible provision by the SEGAL Owners of services through the SEGAL System in respect of certain quantities of wet gas from the xxx Field

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THIS AGREEMENT (“Agreement”) is effective _____, 2018 (**“Effective Date”**)

BETWEEN:

- (1) **Shell U.K. Limited** (company number 140141), a company incorporated in England and Wales and having its registered office at Shell Centre, London SE1 7NA (acting in its capacity as SEGAL Operator and SEGAL Owner) (**“Shell”**, being a **Receiving Party** and a **Disclosing Party**);
- (2) **Esso Exploration and Production UK Limited** (company number 207426), a company incorporated in England and Wales and having its registered office at Ermyn House, Ermyn Way, Leatherhead, Surrey KT22 8UX (acting in its capacity as SEGAL Owner) (**“Esso”**, being a **Receiving Party** and a **Disclosing Party**); and
- (3) **xxx** (company number **xxx**), a company incorporated in England and Wales and having its registered office at xxx (acting in its capacity as Field Operator for itself and as agent for and on behalf of the Field Owners) (**“xxx”**, being a **Receiving Party** and a **Disclosing Party**).

Shell, Esso, xxx and the Field Owners may also be referred to individually as a **“Party”** or collectively as the **“Parties”**.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Definitions and Interpretation

1.1 Whenever used in this Agreement the following terms shall have the following meanings:

“Affiliate” means:

- (a) in relation to Shell, any Shell Company other than Shell. **“Shell Company”** means any of the following:
 - (i) Royal Dutch Shell plc (an English registered company); and
 - (ii) any company (wherever registered) which at the time in question is directly or indirectly affiliated with Royal Dutch Shell plc.

For the purpose of this paragraph (a),

- (1) a company is directly affiliated with another company or companies if the latter is (are) beneficial owner(s) of shares (or their equivalent) carrying fifty percent (50%) or more of votes exercisable at a general meeting (or its equivalent) of such company;
- (2) a company is indirectly affiliated with a company or companies (the **“parent”** or **“parents”**) if a series of companies can be specified beginning with the parent(s) and ending with the particular company, so related that each company or companies except the parent(s) is directly affiliated with one or more companies in the series.

- (b) in relation to any Party other than Shell:

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- (i) if the Party is a subsidiary of another company, the Party's ultimate holding company and any subsidiary (other than the Party itself) of the Party's ultimate holding company; or
 - (ii) if the Party is not a subsidiary of another company, any subsidiary of the Party.

For the purpose of this paragraph (b), "holding company" and "subsidiary" have the meanings given to those expressions in Section 1159 of the Companies Act 2006 provided that a company shall be treated for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c) of the Companies Act 2006 as a member of another company even if its shares in that other company are registered in the name of (a) another Person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee and such Person referred to in (a) or nominee referred to in (b) shall not be Affiliates by reason of holding such shares in such capacity.

"Commercial Information" has the meaning given in Clause 2.2.2.

"Confidential Information" means:

- (a) the terms and existence of this Agreement;
- (b) the fact that discussions are taking place between the Parties in respect of the Permitted Purpose;
- (c) the Permitted Purpose;
- (d) the Disclosed Information; and
- (e) any Secondary Data.

"Disclosed Information" means all information communicated to or obtained by the Receiving Party or its Representatives, directly or indirectly from the Disclosing Party (either through itself or its Affiliates and its and their representatives) in connection with the Permitted Purpose whether in written, electronic or any other form or medium in which such information may be kept, or in the course of any oral or written communications, including geological and geophysical data, maps, models, interpretations and forecasts, technical designs, marketing arrangements, development plans and other technical, contractual and Commercial Information.

"Disclosing Party" means, in relation to Disclosed Information, the Party disclosing it. When Disclosed Information is disclosed in accordance with this Agreement by one member of the Field Group or the SEGAL Group, the other members of the Field Group or the SEGAL Group (as relevant) shall also be deemed Disclosing Parties in relation to such Disclosed Information.

"Field" has the meaning given in Clause 2.1.

"Field Group" means, together, the Field Operator and the Field Owners.

"Field Operator" means the operator of the Field who at the date of this Agreement is xxx.

"Field Owner" means any of the entities holding a legal and beneficial interest in the Field at the date of this Agreement, namely xxx, and **"Field Owners"** means all of them.

"Permitted Purpose" has the meaning given in Clause 2.1.

“**Person**” means an individual or other entity (legal or otherwise), including a corporation, joint stock company, limited liability company, partnership or joint venture.

“**Receiving Party**” means, in relation to Disclosed Information, the Party receiving it.

“**Representative**” means a Person within the categories described in Clause 3.3.

“**Secondary Data**” means material derived or generated from the inspection or evaluation of the Disclosed Information, including notes, summaries, interpolations or synthesis.

“**SEGAL Group**” means, together, the SEGAL Operator and the SEGAL Owners.

“**SEGAL Operator**” means the operator of the SEGAL System who at the date of this Agreement is Shell.

“**SEGAL Owner**” means an owner of the SEGAL System, and “**SEGAL Owners**” means all of them who at the date hereof are Shell and Esso.

“**SEGAL System**” means the facilities described in Appendix 1 as may be adapted, added to, modified, repaired or replaced from time to time.

1.2 All of the following apply to the interpretation of this Agreement:

- (i) reference to any clause or appendix is to a clause or appendix of this Agreement;
- (ii) save for the reference to Section 1159 of the Companies Act 2006 in the definition of Affiliate above, reference to any statute, statutory provision or statutory instrument includes a reference to that statute, statutory provision or statutory instrument as from time to time amended, extended or re-enacted;
- (iii) reference to the singular includes the plural and vice versa;
- (iv) the words “include” and “including” are not limiting; and
- (v) the word “or” is not exclusive.

2. Purpose

2.1 The Parties wish to enter into discussions for the purpose of evaluating and negotiating the possible provision by the SEGAL Owners of transportation and processing services through the SEGAL System in respect of certain quantities of wet gas from the xxx field which is located in the United Kingdom Continental Shelf Petroleum Production Licence xxx (Block xxx) (the “**Field**”) (and/or other related services which may include the purchase of such natural gas by Shell and/or Esso) (the “**Permitted Purpose**”).

2.2 In pursuance of the Permitted Purpose, the Parties are willing to exchange certain Disclosed Information and have agreed to make such Disclosed Information available on the terms set out in this Agreement. Such Disclosed Information may include:

2.2.1 data, information and interpretations of a technical and operational nature disclosed by (a) the SEGAL Operator for and on behalf of the SEGAL Owners relating to the SEGAL System or (b) the Field Operator for and on behalf of the Field Owners relating to the Field; and

2.2.2 data, information and interpretations of a commercial nature disclosed pursuant to the marketing of the possible services referred to in Clause 2.1 by (a) Shell

and/or Esso or (b) any of the Field Owners acting individually (“**Commercial Information**”).

3. Obligation of Confidentiality and Use of Confidential Information

3.1 In consideration of the Disclosing Party making available Disclosed Information to the Receiving Party the Receiving Party undertakes:

3.1.1 to hold the Confidential Information in the strictest confidence and not to disclose, trade or otherwise divulge the Confidential Information to any Person without the prior written consent of the Disclosing Party, except as permitted by this Clause 3; and

3.1.2 to use the Confidential Information only for the Permitted Purpose.

3.2 The Receiving Party may disclose the Confidential Information without the prior written consent of the Disclosing Party only to the extent that immediately prior to such disclosure the Confidential Information:

3.2.1 is already lawfully known to the Receiving Party or its Affiliates under no applicable obligations of confidentiality or restrictions on use;

3.2.2 is in the public domain other than through the act or omission of the Receiving Party or of any other Person to whom Confidential Information is disclosed pursuant to this Agreement;

3.2.3 is available to the Receiving Party or its Affiliates having become so available through any third party that expressly represents that it has the right to disclose such information at the time that it is acquired by the Receiving Party or its Affiliates;

3.2.4 is required to be disclosed by law or by any government, statutory or regulatory body (provided that the Receiving Party informs the receiving third party of the confidential nature of such Confidential Information and makes all reasonable efforts to give prompt written notice to the Disclosing Party prior to such disclosure of the request made by such receiving third party and the extent of the intended disclosure); or

3.2.5 is required to be disclosed by the Receiving Party or any of its Affiliates to comply with the rules and regulations of any recognised stock exchange upon which the Receiving Party's or its Affiliates' stock is quoted or the Securities and Exchange Commission of the United States of America (provided that the Receiving Party informs the receiving third party of the confidential nature of such Confidential Information and makes all reasonable efforts to give prompt written notice to the Disclosing Party prior to such disclosure of the request made by such receiving third party and the extent of the intended disclosure).

3.3 The Receiving Party may disclose the Confidential Information, without the prior written consent of the Disclosing Party, to the following Persons for the Permitted Purpose:

3.3.1 employees, directors and officers of the Receiving Party;

3.3.2 its Affiliates and employees, directors and officers of such Affiliates;

3.3.3 contract personnel of the Receiving Party or its Affiliates;

3.3.4 any insurer, insurance broker, professional adviser, consultant or agent retained by the Receiving Party or its Affiliates;

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- 3.3.5 any bank, financial institution, fund or funding entity which the Receiving Party proposes or intends to involve in the financing of the Permitted Purpose, and their professional advisers;
 - 3.3.6 any bona fide assignee or potential assignee of a Field Owner's interest (or part thereof) in the Field;
 - 3.3.7 any bona fide assignee or potential assignee of a SEGAL Owner's interest (or part thereof) in the SEGAL System; and
 - 3.3.8 subject to Clause[s] 3.5 [and 3.6], to any other Party to this Agreement.

3.4 Prior to the disclosure of any Confidential Information to any Person under the provisions of Clause 3.3, the Receiving Party shall procure that the proposed recipient of such Confidential Information:

- 3.4.1 is made aware of the terms of this Agreement; and
- 3.4.2 if disclosure is made under the provisions of Clauses 3.3.3, 3.3.4, 3.3.5, 3.3.6 or 3.3.7, is bound to the Receiving Party to maintain the confidentiality of such Confidential Information on terms no less onerous than those set out in this Agreement.

The Receiving Party shall be liable to the Disclosing Party for any loss or damage suffered by the Disclosing Party arising out of the disclosure of Confidential Information by any Person to whom it has been disclosed directly or indirectly by the Receiving Party to the same extent as if the Confidential Information had been disclosed by the Receiving Party.

- 3.5 The Field Group shall not disclose to Esso any Commercial Information that they receive from Shell, and shall not disclose to Shell any Commercial Information that they receive from Esso.
- 3.6 [In the event that any of the Field Owners are negotiating commercial terms with either Shell and/or Esso separately from other Field Owners, such negotiating Field Owners shall not disclose to the other Field Owners any Commercial Information that they receive from Shell and/or Esso. *NB Applicable to Norwegian fields only*]

4. Liability

- 4.1 The Disclosing Party (which term for the purpose of this Clause 4.1 excludes any deemed Disclosing Party) represents and warrants to the Receiving Party that it has the right and authority to disclose the Disclosed Information to the Receiving Party.
- 4.2 The Disclosing Party makes no representations or warranties, express or implied, regarding the quality, completeness or accuracy of the Disclosed Information.
- 4.3 Other than as a result of a breach of the representation and warranty in Clause 4.1, the Disclosing Party has no liability with respect to the use of or reliance upon the Confidential Information by the Receiving Party.
- 4.4 The Parties agree and acknowledge that monetary damages may not be a sufficient remedy for any actual or threatened breach of this Agreement and that, in addition to all other remedies, the Disclosing Party shall be entitled to seek the remedy of injunction, specific performance and any other equitable relief for any threatened or actual breach of the provisions of this Agreement.

5. Storage, Return and Retention of Information

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- 5.1** The Receiving Party shall exercise all due care in ensuring the proper and secure storage of the Confidential Information.
- 5.2** The Disclosed Information shall remain the property of the Disclosing Party and the Receiving Party shall acquire no proprietary interest in, or right to, the Disclosed Information.
- 5.3** As soon as practicable after a demand in writing from the Disclosing Party all original copies of the Disclosed Information shall be retrieved and returned by the Receiving Party to the Disclosing Party and the Receiving Party shall, on request, notify the Disclosing Party in writing that it has:
- 5.3.1 destroyed all other copies of the Disclosed Information in its possession;
- 5.3.2 taken all reasonably practicable steps to permanently erase all Disclosed Information from computer media; and
- 5.3.3 procured that all Persons to whom the Receiving Party has disclosed any Disclosed Information comply with this Clause 5.
- 5.4** Clause 5.3 shall not apply to:
- 5.4.1 Disclosed Information that is required to be retained by the Receiving Party by law, including by stock exchange regulations or by governmental order, decree, regulation or rule;
- 5.4.2 Disclosed Information which has been automatically backed-up on the computer systems of the Receiving Party or its Representatives. To the extent that such computer back-up procedures create copies of the Disclosed Information, the Receiving Party and/or its Representatives, as appropriate, may retain such copies for the period they normally archive backed-up computer records; or
- 5.4.3 any Secondary Data, including corporate documents of the Receiving Party which contain data derived from the Disclosed Information which is contained or reflected in material presented to its or any of its Affiliates' executive board(s) (or the equivalent thereof).
- 5.5** If any Affiliate of the Receiving Party to whom Confidential Information has been disclosed as provided for herein ceases to be an Affiliate, the Receiving Party undertakes to retrieve to itself any Confidential Information, materials and records in whatsoever media related to Confidential Information so disclosed, prior to any such Affiliate ceasing to be such and to cause such Affiliate to destroy all records and copies in whatsoever media of the disclosed Confidential Information.
- 5.6** The return or destruction of Confidential Information and the ability to retain certain data pursuant to Clause 5.4 shall not release the Receiving Party from any of its obligations under this Agreement.
- 6. Termination**
- 6.1** This Agreement shall terminate on the earlier of:
- 6.1.1 the Parties entering into an agreement which contains provisions covering the confidentiality of the Confidential Information; or
- 6.1.2 five (5) years from the Effective Date.
- 6.2** Termination of this Agreement shall be without prejudice to the provisions of Clauses 3.5, [3.6,] 4.1 and 4.2 which provisions shall survive any termination of this Agreement.
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7. Waiver

No failure or delay by any Party in exercising any right under this Agreement shall operate as a waiver thereof, and no waiver or variation of any term of this Agreement shall be valid unless it is in writing and signed by the Party by whom it is given.

8. Status

8.1 For the avoidance of doubt none of the Parties shall be under any obligation or commitment to enter into discussions or any further agreement with regard to the Permitted Purpose merely by reason of execution of this Agreement or the disclosure or evaluation of Disclosed Information. This Agreement shall not constitute nor shall be construed as constituting an offer or commitment to enter into such discussion or further agreement.

8.2 The Receiving Party acknowledges that the Disclosed Information is provided on a non-exclusive basis.

9. Miscellaneous

9.1 This Agreement may be executed in counterparts with the same effect as if the signatures to each such counterpart were on the same document provided that this Agreement shall not be effective until a counterpart has been executed and delivered by each Party. A Party shall be entitled to rely on a copy of this Agreement signed by another Party and delivered to it by facsimile transmission or electronic means (including e-mail) until the delivery to it of an original of this Agreement containing the original signature of such other Party.

9.2 Any notices to be given hereunder by a Party to another shall be sent by registered post or courier to the other Party at the addresses stated below:

Shell U.K. Limited

Address : Shell U.K. Limited

1 Altens Farm Road

Nigg

Aberdeen

AB12 3FY

Attention: Asset Leader – Onshore

Esso Exploration and Production UK Limited

Address : Mailpoint 42

Ermyrn House

Ermyrn Way

Leatherhead

Surrey

KT22 8UX

Attention: Manager – Commercial Manager

xxx

Address :

Attention: xxx

Any notices shall be effective only upon actual receipt at the appropriate address.

- 9.3** In the event that any provision of this Agreement is held to be void or unenforceable, then any such provision shall be deemed to be deleted and the remainder of this Agreement shall remain in full force and effect.
- 9.4** This Agreement comprises the complete agreement between the Parties in relation to the disclosure of the Disclosed Information and supersedes all prior communications and agreements between the Parties relating thereto whether written or oral.

10. Contracts (Rights of Third Parties) Act 1999

The Parties confirm that no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

11. Governing Law and Jurisdiction

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and Wales and each Party hereby submits to the exclusive jurisdiction of the courts of England and Wales.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of the Parties the day and year first above written

For and on behalf of Shell U.K. Limited

Name: _____

Position: _____

For and on behalf of Esso Exploration and Production UK Limited

Name: _____

Position: _____

For and on behalf of xxx acting in its capacity as Field Operator for itself and as agent for and on behalf of the Field Owners

Name: _____

Position: _____

Appendix 1: SEGAL SYSTEM

The SEGAL System consists of:

- (a) the twenty inch (20") nominal diameter pipeline from the Fulmar Platform to St. Fergus ("**Fulmar Gas Line**");
- (b) the desulphurisation facilities at St Fergus, Aberdeenshire, Scotland for gas arriving at St. Fergus through the Fulmar Gas Line;
- (c) (a) currently, the thirty-six inch (36") nominal diameter pipeline from the Brent 'B' platform to St. Fergus with a twenty-four inch (24") nominal diameter feeder pipeline from the Brent 'A' platform and/or, (b) which is applicable following bypass of the Brent 'A' Platform, the 20" pipeline from the point five (5) metres downstream of the centreline of the Eastern top bar of the 'V2C' NLGP subsea isolation valve structure to a tie in point on the 36" pipeline and thereafter to St. Fergus ("**FLAGS Pipeline**");
- (d) the gas and NGLs processing plant at St. Fergus (excluding the Goldeneye facilities) ("**St. Fergus**");
- (e) the eighteen inch (18") nominal diameter pipeline for the transportation of methane, ethane, propane and butane either separately or in combination between St Fergus and Peterhead Power Station;
- (f) the six inch (6") nominal diameter pipeline for the transportation of natural gasoline and associated NGLs between St Fergus and Cruden Bay;
- (g) the twenty inch (20") nominal diameter pipeline for the transportation of NGLs from St Fergus to the NGLs plant at Mossmorran, Fife, Scotland;
- (h) the facilities to fractionate NGLs, a sulfinol unit and facilities for storage at Mossmorran ("**Mossmorran**");
- (i) the loading pipelines for fractionated NGLs, pipelines to return vapours from such fractionated NGLs and the pipeline for loading Natural Gasoline, all between Mossmorran and Braefoot Bay on the Firth of Forth, Scotland;
- (j) the jetty and facilities to load fractionated NGLs onto vessels at Braefoot Bay;
- (k) the flange at Mossmorran for re-delivery of fractionated ethane;
- (l) that section of the sixteen inch (16") nominal diameter pipeline originating from the Cormorant "A" platform, which runs from (but excludes) the outboard face of flange 248/008 to the flange connecting such pipeline to the pipeline end manifold on the 24"

section of the FLAGS Pipeline, together with all equipment associated with the tie-in of spurlines to such pipeline from platforms using such pipeline (“WLT”); and

- (m) any other facilities relative to the above used by the SEGAL Operator.