**MINI GUIDE**

**IN RESPECT OF**

**PROXIMITY AGREEMENTS**

**PIPELINE CROSSING AGREEMENTS**

1. **Introduction**

This guide describes the process related to the entering into of proximity agreements and pipeline crossing agreements based on the model agreements included in the approved Norwegian Oil and Gas Recommended Guidelines for use of standard agreements.

The guide is aimed at personnel handling operations that require the entering of proximity and pipeline crossing agreements, and is meant to provide an outline and a step-by-step description of how to proceed when the need for such agreement(s) is identified. The purpose is to enable relevant personnel to handle this process in a prudent and time efficient manner.

The guide contains of two separate parts, where section A describes the process related to proximity agreements and section B describes the process related to pipeline crossing agreements.

Please note that this guide is meant as a practical tool only, and does not render any legal assessment of the agreements or the framework for the entering into of these agreements.

**SECTION A PROXIMITY AGREEMENTS**

**Introductory remarks**

The remarks below are based on the proximity agreement (“PA”) included in the Norwegian Oil and Gas recommended guidelines for use of standard agreements.

A PA is to be entered into when a pipeline is laid within close proximity to a pre-existing pipeline or installation without actually crossing the preexisting pipeline or being physically connected to the preexisting installation at any point. When a pipeline is physically crossing another pipeline the pipeline crossing agreement should be used (see section B).

Whilst the standard PA refers to pipelines, it can be used equally for other scenarios such as when a hose or cable is laid in close proximity to a pre-existing pipeline/installation without actually crossing/touching it at any point. PA may also be used for other operations performed in the vicinity of an existing pipeline/installation, e.g. when anchoring a rig/vessel to the seabed.

If the PA is to be used for such other situations (i.e. other than a pipeline to be laid in proximity of another pipeline), this will require the definitions in the PA to be amended as appropriate.

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|  | **Phase/situation** | **Remarks/actions (best practice)** |
| 1 | When is a PA needed? | The PA is drafted to entail operations that are carried out within less than 2 nautical miles from the pre-existing pipeline/installation.  PA STC article 2.1:  “*The Affected Party agrees that the Executing Party may perform the Proximity Operation in the Proximity Area on the terms and conditions provided in this Agreement.*”  PA STC definition of Proximity Area: *“Proximity Area” shall mean the area within a radius of two (2) nautical miles from the Proximity Point(s) as well as any area where the Proximity Operation is conducted closer to the Affected Pipeline than two (2) nautical miles”.* |
| 2 | **Initiation phase** |  |
| 2 A | Your company plans to perform operations in proximity to a third party’s pipeline/installation. | Recommended actions:  Well in advance of the planned execution date of the operation establish contact with the operator of the existing pipeline/installation in order to plan such operation and to prepare the necessary PA.  Due to the possibility of other marine activity, contact with the affected party should be established as early as practically possible,  Suggest that the standard PA be used, and enclose a draft PA to an identified contact person in the third party by email. The draft PA should be prepared according to item 3 below.  Prior to sending a draft PA to the affected party, relevant personnel in your company and/or lisence should be informed. |
| 2 B | A third party requests your company’s/license’s acceptance of performing operations in proximity to a pipeline/installation you operate/own. | Recommended actions:  Evaluate whether the proposed and requested operation is acceptable to your company/licence.  If any commercial or HSE concerns related to the proximity operation are identified, please contact relevant (including legal if deemed necessary) personnel to evaluate whether the concerns are of a character than gives your company/license the right to refuse such operation, or if your company/license’s concerns might be solved through agreed mitigation measures. Relevant regulation in relation to such evaluation is the Petroleum Activities Act section 3-12 and the framework regulation (Nw: rammeforskriften) section 47.  If the proximity operation is deemed acceptable, your company/license should suggest that the standard PA be used. When the draft is received from the third party, it should be evaluated according to item 3 below.  Relevant personnel in your company and/or lisence should be informed of the third party request. |
| 3 | **Preparation of the PA** |  |
| 3 A | PA structure | The PA is divided into several parts:   1. Special terms and conditions (STC) 2. Appendix A - General terms and conditions (GTC) 3. Appendix B - Proximity Point(s) 4. Appendix C - Proximity Operation |
| 3 B | STC | The STC describes the parties and the particularities of the specific proximity operation.  The specific details (open spaces in the PA) must be filled out correctly. The specifics of the proximity operation must be inserted by the party planning the operation.  In the event the third party inserts additional clauses in the STC, it is recommendable to request that the third party explain the rationale behind such proposed deviations/additions. When such explanation is received, this should be evaluated by relevant personell (and legal personnel if necessary). |
| 3 C | GTC | The GTC should as a starting point be as set out in Appendix A to the PA, since no change or adjustment is normally needed.  Please note however that one must choose between two alternatives in the GTC Article 19.  The GTC should however in any case be reviewed in light of the planned proximity operation in order to control that the terms are suitable for the specific proximity situation (in particular the terms including specific deadlines).  The aim is to avoid as far as possible any (re)negotiation of the GTC. However, if a specific operation necessitates deviations from the GTC this should be included as part of the special terms. In the event deviations from the GTC are deemed necessary or is requested by the third party, please contact relevant personell (and legal personnel if needed). |
| 3 D | Appendix B and C | These appendices describing the Proximity Points and Operation are particular to each case, and must be drafted and provided by the party carrying out the operation.  The purpose of Appendix C (Proximity Operation) is to provide a high level description of the Proximity Operation, without unnecessary details (normally 2-3 pages will suffice). The exchange of method statements, operational procedures etc. for approval by the affected party takes place after the PA has been signed, ref. Article 2.2 of the GTC. |
| 4 | **Approval and execution of the PA**  (when PA is finalised) |  |
| 4 A | Approval | Approval by relevant company representative must be obtained.  If the PA is to be approved on behalf of a license, the following must be done prior to entering into the PA:   * Check whether the management committee of the license has approved that the operator enters into PAs without further resolution in the management committee for each specific PA.   + If such approval is given, the operator might enter into the PA in accordance with the general approval, and it is sufficient to submit the finalised and agreed PA on the relevant Licence2Share for information.   + If such approval is not given, the operator must ask the management committee for such approval prior to entering into the PA. |
| 4 B | Signing | With regard to signing of the PA as an independent company or as operator for either the executing party or the affected party, this must be done by a person with entitled to sign this agreement on the behalf of the company. Alternatively, obtain a power of attorney to sign the PA from a person entitled to sign the agreement.  Control that the other party signs the PA and that such countersigned version is returned to your company/license. |
| 4 C | Archiving | When the PA is signed by both parties, the PA should be duly archived. |

**SECTION B PIPELINE CROSSING AGREEMENTS**

**Introductory remarks**

The remarks below are based on the pipeline crossing agreement (“PCA”) included in the Norwegian Oil and Gas recommended guidelines for use of standard agreements.

A PCA must be entered into when a pipeline is physically crossing another pipeline. If the pipelines lie within close proximity of each other without actually crossing each other at any point the standard proximity agreement should be used (see section A above).

Whilst the PCA refers to pipelines, it can be used equally for other circumstances such as when a hose or cable is crossing a pipeline. If the PCA is to be used in such other circumstances, this will require the definitions in the PCA to be amended as appropriate.

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|  | **Phase/situation** | **Remarks/actions (best practice)** |
| 1 | When is a PCA needed? | A PCA is needed when a planned pipeline will cross another pipeline belonging to another owner/licence. |
| 2 | **Initiation phase** |  |
| 2 A | Your company plans to perform a pipeline crossing. | Recommended actions:  Establish contact with the owner/operator of the existing pipeline during the planning of the route of the crossing pipeline, as specific circumstances (free spans, anodes, location of existing rock dumping etc.) may have an impact on the possible location of crossing point(s) and thereby could influence on the route.  Contact with the owner/operator of the existing pipeline should be established well in advance (preferably more than 6 months if possible) of the planned execution date of the crossing operation in order to plan the operation and to prepare the necessary PCA.  Suggest that the standard PCA be used, and enclose a draft PCA to an identified contact person in the third party by email. The draft PCA should be prepared according to item 3 below.  Prior to sending a draft PCA to the third party, relevant personnel in your company and/or lisence should be informed. |
| 2 B | A third party requests your company’s/license’s acceptance to cross a pipeline you own/operate | Recommended actions:  Evaluate whether the proposed and requested crossing is acceptable to the company/licence.  If any commercial or HSE concerns related to the requested crossing are identified, please contact relevant personnel (including legal personnel if needed) to evaluate whether the concerns are of a character than gives your company/license the right to refuse such crossing, or if the concerns can be solved through agreed mitigation measures. Relevant regulation in relation to such evaluation is the Petroleum Activities Act section 3-12 and the framework regulation (Nw: rammeforskriften) section 47.  If the crossing is acceptable, it should be suggest that the standard PCA be used. When the draft is received from the third party, it should be evaluated according to item 3 below.  Relevant personnel in your company and/or lisence should be informed of the third party request. |
| 3 | **Preparation of the PCA** |  |
| 3 A | PCA structure | The PCA is divided into several parts:   1. Special terms and conditions (STC) 2. Appendix A - General terms and conditions (GTC) 3. Appendix B - Planned Route of the Crossing Pipeline and Crossing Point(s) 4. Appendix C - Laying Operation |
| 3 B | STC | The STC describes the parties and the particularities of the specific crossing.  The specific details (open spaces in the standard PCA) must be filled out correctly. The specifics of the crossing must be inserted by the party planning the operation.  In the event the third party inserts additional clauses in the STC, it is recommendable to request that the third party explain the rationale behind such proposed deviations/additions. When such explanation is received, this should be evaluated by relevant personell (and legal personnel if necessary). |
| 3 C | GTC | The GTC should as a starting point be as set out in Appendix A to the PA, since no change or adjustment is normally needed.  The GTC should however in any case be reviewed in light of the planned crossing in order to control that the terms are suitable for the specific situation (in particular the terms including specific deadlines).  The aim is to avoid as far as possible any (re)negotiation of the GTC. However, if a specific crossing necessitates deviations from the GTC this should be included as part of the special terms. In the event deviations from the GTC are deemed necessary or is requested by the third party, please contact relevant personnel (and legal personnel if needed). |
| 3 D | Appendix B and C | These appendices describing the Planned Route, Crossing Points and Laying Operation are particular to each case, and must be drafted and provided by the party carrying out the operation.  The purpose of Appendix C (Laying Operation) is to provide a high level description of the Laying Operation, without unnecessary details (normally 2-3 pages will suffice). The exchange of crossing design and operational procedures etc. for approval by the affected party takes place after the PCA has been signed, ref Article 2.2 of the GTC.  In relation to crossing of Gassco operated pipelines, Gassco routinely requires that Gassco’s own technical requirements for pipeline crossings be attached a Appendix D and that this be given priority over Appendix C. |
| 4 | **Approval and execution of the PCA**  (when PCA is finalised) |  |
| 4 A | Approval | Approval by relevant company representative must be obtained.  If the PCA is to be approved on behalf of a license, the following must be done prior to entering into the PCA:   * Check whether the management committee of the license has approved that the operator enters into PCAs without further resolution in the management committee for each specific PCA.   + If such approval is given, the operator might enter into the PCA in accordance with the general approval, and it is sufficient to submit the finalised and agreed PCA on the relevant Licence2Share for information.   + If such approval is not given, the operator must ask the management committee for such approval prior to entering into the PCA. |
| 4 B | Signing | With regard to signing of the PCA as an independent company or as operator for either the executing party or the affected party, this must be done by a person with entitled to sign this agreement on the behalf of the company. Alternatively, a power of attorney to sign the PCA from a person entitled to sign the agreement must be obtained.  Control that the other party signs the PCA and that such countersigned version is returned to your company/license. |
| 4 C | Archiving | When the PCA is signed by both parties, the PCA should be duly archived. |