

No. 30235

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
NETHERLANDS**

**Agreement relating to the exploitation of the Markham Field  
Reservoirs and the offtake of petroleum therefrom (with  
annexes and appendix). Signed at The Hague on 26 May  
1992**

*Authentic text: English and Dutch.*

*Registered by the United Kingdom of Great Britain and Northern Ireland  
on 30 August 1993.*

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**ROYAUME-UNI DE GRANDE BRETAGNE  
ET D'IRLANDE DU NORD  
et  
PAYS-BAS**

**Accord relatif à l'exploitation des gisements de Markham et  
au prélèvement des hydrocarbures s'y trouvant (avec  
annexes et appendice). Signé à La Haye le 26 mai 1992**

*Textes authentiques : anglais et néerlandais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord  
le 30 août 1993.*

AGREEMENT<sup>1</sup> BETWEEN THE UNITED KINGDOM OF GREAT  
BRITAIN AND NORTHERN IRELAND AND THE KINGDOM OF  
THE NETHERLANDS RELATING TO THE EXPLOITATION  
OF THE MARKHAM FIELD RESERVOIRS AND THE OFFTAKE  
OF PETROLEUM THEREFROM

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of the Netherlands,

Considering that the drilling in the Continental Shelf between the United Kingdom and the Kingdom of the Netherlands has proved the existence of gas reservoirs, now named the Markham Field Reservoirs, which extend across the dividing line as defined in the Agreement of 6 October 1965 between the two Governments relating to the delimitation of the Continental Shelf under the North Sea between the two countries;<sup>2</sup>

Having regard to the Agreement of the same date relating to the exploitation of single geological structures or fields extending across that dividing line under which the two Governments have undertaken to seek agreement as to the manner in which any such structure of field shall be most effectively exploited and the manner in which the costs and proceeds relating thereto shall be apportioned;

Desiring, before production commences, to make provision for the integrated exploitation of the Markham Field Reservoirs and for the regulation of the offtake of production from the Markham Field Reservoirs;

Have agreed as follows:

PART I

DEFINITIONS

ARTICLE 1

For the purposes of this Agreement, unless the context otherwise requires:

- (a) “Development Plan” means the Development Plan approved under Article 7 below, as amended from time to time.
- (b) “Export Pipeline” means the pipeline into which Markham Petroleum is discharged for transmission from the Markham System.
- (c) “Government Redetermination” has the meaning given in Article 6(3) below.
- (d) “Group of Markham Licensees” means all those individuals or bodies corporate, holding for the time being a licence from one of the Governments under which exploration or exploitation of naturally occurring hydrocarbons within a particular part of the Markham Area may be carried out, together with any individual or body

<sup>1</sup> Came into force on 3 March 1993, the date on which the Parties informed each other of the completion of the internal requirements, in accordance with article 25 (1).

<sup>2</sup> United Nations, *Treaty Series*, vol. 595, p. 113.

corporate appointed by that Government to participate on its behalf in the exploitation of that part. Any reference to a particular Government's Groups of Markham Licensees is a reference to the individuals or bodies corporate holding such a licence or licences from or so appointed by that Government.

- (e) "Initial Determination" means a determination of any of the matters specified in Article 5(1) below which has been approved by the Governments in accordance with Article 5(2) below or which has resulted from the operation of Article 5(3) below.
- (f) "Intrafield Pipeline" means any pipeline, installed or to be installed for the purpose of exploiting the Markham Field Reservoirs, connecting Markham Installations.
- (g) "Leman Sandstone Formation" means the geological formation (known in the Netherlands as the Slochteren Sandstone Formation) of the Lower Permian Rotliegendes Group, typically consisting of sandstones with thin siltstones and shales, which underlies and is, in part, the lateral equivalent of the Silver Pit Formation and which overlies the unconformity at the top of the Carboniferous system.
- (h) "Licensees' Agreement" means any agreement between all Groups of Markham Licensees relating to the exploitation of the Markham Field Reservoirs including any agreement in respect of accounting, operating or other specialised aspects of such exploitation.
- (i) "Licensees' Redetermination" means a review of any of the determinations reached on the matters specified in Article 5(1) below including any such review involving a referral to an independent expert to resolve a dispute in accordance with any Licensees' Agreement.
- (j) "Markham Area" means that area which is within the boundary delineated by lines, as described in Annex I of this Agreement, joining the points defined by the co-ordinates of latitude and longitude set out in that Annex.
- (k) "Markham Field Reservoirs" means—
  - (a) any part of the Leman Sandstone Formation which underlies the Markham Area and—
    - (i) which extends across the dividing line; or
    - (ii) which can be exploited by way of a well for which provision is made in the Development Plan; or
    - (iii) which the Markham Licensees have agreed with the approval of Governments to exploit under Licensees' Agreements;and—
  - (b) any other petroleum-bearing formation—
    - (i) the liquid or gaseous hydrocarbons in which can be proved to be in pressure and phase communication with the liquid or gaseous hydrocarbons in a part of the Leman Sandstone Formation within the scope of paragraph (a) above, and
    - (ii) which can be exploited by way of a well for which provision is made in the Development Plan.

- (l) “Markham Installations” means any structure or device installed or to be installed above, on or under the sea bed, excluding any Intrafield Pipeline and the Export Pipeline, for the purpose of exploiting the Markham Field Reservoirs in accordance with the Development Plan.
- (m) “Markham Licensees” means any individuals or bodies corporate belonging to a Group of Markham Licensees.
- (n) “Markham Petroleum” means, as the context may require, all naturally occurring liquid and gaseous hydrocarbons contained in or produced from the Markham Field Reservoirs.
- (o) “Markham System” means the Markham Installations and any Intrafield Pipeline.
- (p) “Unit Operator” has the meaning given in Article 4 below.

## PART II

### EXPLOITATION OF THE MARKHAM FIELD RESERVOIRS

#### ARTICLE 2

- (1) The exploitation of the Markham Field Reservoirs shall be undertaken in an integrated manner in accordance with the terms of this Agreement.
- (2) Each Government shall ensure that the obligations of the Governments contained in this Agreement, with respect to ensuring compliance by the Markham Licensees with the terms of this Agreement, shall be fully observed.

#### ARTICLE 3

##### Agreements

- (1) Each Government shall require its Groups of Markham Licensees, as comprised at the date on which this Agreement enters into force, to conclude Licensees’ Agreements to regulate the exploitation, in accordance with this Agreement, of the Markham Field Reservoirs by means of the Markham System.
- (2) Any Licensees’ Agreement shall incorporate provisions to ensure that in the event of a conflict between that Licensees’ Agreement and this Agreement, the terms of this Agreement shall prevail. Any Licensees’ Agreement requires the prior approval of the two Governments.
- (3) Any Licensees’ Agreement shall incorporate, *inter alia*, provisions to ensure that, except in so far as the contrary is expressly stated in that Agreement,—
  - (a) any agreed proposal to amend, modify, or otherwise change the Licensees’ Agreement, and
  - (b) any agreed proposal to waive or depart from any provision of the Licensees’ Agreement

shall require the approval of the two Governments before any such proposal may be implemented. Each Government shall acknowledge receipt of notice of any such proposal and shall specify the date of receipt. Approval shall be deemed to have been given unless the Unit Operator has been notified to the contrary by one or both Governments not later than 45 days after the later of the specified dates.

#### ARTICLE 4

##### **Unit Operator**

A single Markham Licensee shall be appointed by agreement between the Markham Licensees as their agent for the purposes of exploiting the Markham Field Reservoirs in accordance with this Agreement (“the Unit Operator”). The appointment of and any change of the Unit Operator shall be subject to prior approval by both Governments.

#### ARTICLE 5

##### **Determination and Apportionment of Markham Petroleum**

(1) The Unit Operator shall be required to make written submissions, including supporting documentation, to the Governments, at least 45 days before production of Markham Petroleum is scheduled to commence, setting out proposals for the determination of:

- (a) the position and extent of the Markham Field Reservoirs; and
- (b) an apportionment of Markham Petroleum as between the Groups of Markham Licensees calculated in accordance with the formula specified in the relevant Licensees’ Agreement under which tract participations are finally determined;

and the Governments shall consult each other with regard to such proposals.

(2) Following such consultation and in any event within 180 days of receipt of any determination proposal, or such shorter period as the Governments may agree in any particular case, each Government shall, on the basis of the information in the Unit Operator’s submission, either approve it or notify the Unit Operator and the other Government that it is unable to approve it. In the event that either Government is unable to approve a determination proposal, the Governments shall consult each other and the Unit Operator with a view to reaching agreement on the determination of the matter in question; the Unit Operator may submit alternative proposals for this purpose.

(3) If either Government remains unable to approve a determination proposal within 30 days of the end of the period provided for in paragraph (2) above, a single expert shall be appointed to determine the matter in question. The two Governments shall, within 60 days of any notification under paragraph (2) above, try to reach agreement on the appointment of such an expert. If, within this 60 days period, no agreement has been reached, the procedures specified in paragraph 2(b) and (c) of Annex II of this Agreement shall be followed. The expert appointed shall act in accordance with the terms of Annex II. The two Governments shall facilitate the task of the expert, in particular in the ways specified in Annex II. The expert’s decision shall be binding on both Governments and on the Markham Licensees. The two Governments shall ensure that the Unit Operator is promptly notified by the expert of his decision. The decision shall take effect on the first