



Treaty Series No. 4 (2018)

Agreement

between the United Kingdom of Great Britain and Northern Ireland and
the Kingdom of The Netherlands Relating to the Exploitation of the
Sillimanite Field

The Hague, 19 July 2018

[The Agreement entered into force on 19 July 2018]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
July 2018*

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**AGREEMENT BETWEEN THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE KINGDOM OF
THE NETHERLANDS RELATING TO THE EXPLOITATION OF
THE SILLIMANITE FIELD**

The United Kingdom of Great Britain and Northern Ireland and the Kingdom of the Netherlands, hereinafter referred to as ‘the Parties’.

Considering that there is a gas field, known as the Sillimanite Field, which extends across the dividing line as defined in the Agreement between the Government of the Kingdom of the Netherlands and the Government of the United Kingdom of Great Britain and Northern Ireland relating to the Delimitation of the Continental Shelf under the North Sea between the two Countries, done at London on 6 October 1965;

Having regard to the Agreement between the Government of the Kingdom of the Netherlands and the Government of the United Kingdom of Great Britain and Northern Ireland relating to the Exploitation of single geological structures extending across the Dividing Line on the Continental Shelf under the North Sea, done at London on 6 October 1965 under which the Parties have undertaken to seek agreement as to the manner in which any such structure or field shall be most effectively exploited and the manner in which the costs and proceeds relating thereto shall be apportioned;

Desiring therefore to make an agreement about the exploitation of the Sillimanite Field and the rights and obligations of the Parties in relation thereto;

Considering that the Licensees have the intention to exploit the Sillimanite Field by a platform on the Dutch Continental Shelf;

Have agreed as follows:

ARTICLE 1

Definitions

For the purposes of this Agreement:

- “Competent Authority” refers to a body exercising certain functions on behalf of the Party for the implementation of this treaty. In the United Kingdom, this means the Oil and Gas Authority (the OGA) which has been granted a range of powers to exercise functions and in the Netherlands, this means the Ministry Minister of Economic Affairs and Climate. In both cases, this includes any successor organisation authorised to perform the relevant functions at present exercised by said authorities;
- “Development Plan” means a programme specifying the relevant works, that may be amended from time to time, and which the relevant Competent

Authority has approved or served on the Licencee for the exploitation of the Sillimanite Field;

- “Licensee” means the holder of a licence issued by one of the Parties or their relevant Competent Authority to exploit the part of the Sillimanite Field on the Continental Shelf appertaining to that Party, together with any individual or body corporate appointed by that Party or their relevant Competent Authority to participate on its behalf in the exploitation of that part;
- “Licensees’ Agreement” means the agreement which is, or will be, entered into by the Licensees for the exploitation of the Sillimanite Field;
- “Redetermination” means a review of the levels of hydrocarbons contained in the Sillimanite Field in accordance with the Licensees’ Agreement, which may be followed by a re-establishment of the allocation of such hydrocarbons and unit interests between the Licensees;
- “Sillimanite Field” means the gas field in the area delimited in the Annex to this Agreement; and
- “Unit Operator” has the meaning given in Article 2(3).

ARTICLE 2

Exploitation of the Sillimanite Field

- (1) The exploitation of the Sillimanite Field shall be undertaken in accordance with the terms of this Agreement.
- (2) Each Party shall require or ensure that their relevant Competent Authority requires its Licensees to conclude a Licensees’ Agreement with the Licensees of the other Party. The Licensees’ Agreement, as well as any proposal to amend, modify or otherwise change, or to waive or depart from, the provisions of the Licensees’ Agreement, including the apportionment of benefits and costs of the Sillimanite Field, shall require the approval of the Parties or their Competent Authorities before any such proposal may be implemented by the Licensees. In the event that a Redetermination is undertaken in accordance with the Licensees’ Agreement, any statement or instrument issued by the Unit Operator documenting any change shall not become effective unless and until both Parties or their Competent Authorities have approved that statement or instrument.
- (3) A unit operator shall be appointed by agreement between the Licensees as their joint agent for the purpose of exploiting the Sillimanite Field in accordance with this Agreement (the “Unit Operator”). The appointment of and any change to the Unit Operator shall be subject to prior approval by the Parties or the Parties’ relevant Competent Authority.

- (4) Production shall not commence until the Development Plan for the Sillimanite Field has been approved by the Parties or the Parties' relevant Competent Authority.
- (5) Drilling, maintenance and suspension of boreholes from an installation on the Sillimanite Field under the United Kingdom Continental Shelf shall be considered to fall under Dutch legislation. Both Parties shall be informed or ensure that the relevant Competent Authority is informed by the Unit Operator of the exact position of each borehole.
- (6) Profits and capital gains arising from the Sillimanite Field shall be taxed in accordance with the laws of the United Kingdom and the Netherlands respectively, including the Convention between the Government of the Kingdom of the Netherlands and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital Gains, done at London on 26 September 2008, the Protocol done at London on 12 June 2013 and any Protocol or Protocols to that Convention or any Convention replacing that Convention as may be signed in the future.
- (7) Neither Party or its relevant Competent Authority shall permit production from the Sillimanite Field until the respective tax authorities of the two Parties have reached agreement regarding the taxation of the profits and gains arising from such production.

ARTICLE 3

Rights and Obligations of the Parties

- (1)
 - (a) Before production of gas from the Sillimanite Field is scheduled to commence, the Unit Operator needs approval of each Party or their relevant Competent Authority for the measurement systems used to determine the quantities and value of gas won and saved from the Sillimanite Field.
 - (b) Each Party or their relevant Competent Authority shall require its Licensees to provide access to relevant information including design and operational details of all systems relevant to the measurement of gas originating from the Sillimanite Field to that Party or its relevant Competent Authority.
 - (c) The inspectors of the Parties or their Competent Authority shall have the right to inspect the relevant measurement systems to ensure that their interests are safeguarded.

- (d) An inspector of the United Kingdom or the Competent Authority, who shall be accompanied by an inspector of the Kingdom of the Netherlands, shall be given access in due time to measuring systems for gas originating from the Sillimanite Field.
 - (e) The United Kingdom or its Competent Authority shall inform the Kingdom of the Netherlands about the names of the inspectors of the United Kingdom who will inspect the measuring systems.
- (2) The Parties shall ensure a free flow of information between them and their Competent Authority about matters relating to the exploitation of the Sillimanite Field.
 - (3) The Parties shall consult, at the request of either of them, on any matter relating to the interpretation, application or operation of this Agreement, including any unreasonable delay in giving approval under Article 2(2), Article 2(3), Article 2(4) or Article 3(4).
 - (4) The Parties shall also consult or ensure that their relevant Competent Authority consults, at the request of either of them, in the event that it is proposed that a permanent installation for the exploitation of the Sillimanite Field shall be placed on the Continental Shelf appertaining to the United Kingdom, and shall jointly agree or arrange the extent to which the provisions of this Agreement shall apply in that event. Both Parties shall be informed or ensure that their relevant Competent Authority is informed by the Unit Operator of the exact position of any installations used for the exploitation of the Sillimanite Field and shall ensure that no installation shall be placed within 125 meters of the maritime boundary between the United Kingdom and the Netherlands, except with the agreement of both Parties.
 - (5) The Parties recognise that the exploitation and transmission of gas other than gas from the Sillimanite Field is a legitimate use of the Sillimanite infrastructure. The Parties shall also therefore consult or ensure that their relevant Competent Authority consults, at the request of either of them, in the event that one of them considers that an area of the continental shelf lying outside the Sillimanite Field would appropriately be exploited in an integrated manner together with the Sillimanite Field, and shall jointly seek to agree on appropriate amendments to this Agreement in that event. Neither Party shall permit such integrated exploitation or transmission unless the respective tax authorities of the two Governments have reached agreement regarding the taxation of the profits and gains arising from the use of the Sillimanite Field's infrastructure in respect of such integrated exploitation and transmission.
 - (6) The Competent Authorities of the Parties may jointly enter into technical or administrative arrangements relating to the implementation of this Agreement or otherwise in connection with the exploitation of the Sillimanite Field.

- (7) The Parties shall in the first instance seek to resolve any disputes about the interpretation, application or operation of this Agreement through consultation in accordance with paragraph (3) above, but if the dispute cannot be resolved in this manner the dispute shall be submitted at the request of either Party, to an Arbitral Tribunal composed as follows:

Each Party shall designate one arbitrator, and the two arbitrators so designated shall elect a third, who shall be the Chairman and who shall not be a national of or habitually reside in the United Kingdom of Great Britain and Northern Ireland or the Kingdom of the Netherlands. If either Party fails to designate an arbitrator within three months of a request to do so, either Party may request the President of the International Court of Justice to appoint an arbitrator. The same procedure shall apply if, within one month of the designation or appointment of the second arbitrator, the third arbitrator has not been elected. The Tribunal shall determine its own procedure, save that all decisions shall be taken, in the absence of unanimity, by majority vote of the members of the Tribunal. The decisions of the Tribunal shall be final and binding upon the Parties.

- (8) Nothing in this Agreement shall be interpreted as affecting the jurisdiction which each Party has under international law over the Continental Shelf which appertains to it. In particular, any part of the Sillimanite Field located on the Continental Shelf appertaining to the United Kingdom shall be under the jurisdiction of the United Kingdom and any part of the Sillimanite Field located on the Continental Shelf appertaining to the Kingdom of the Netherlands shall be under the jurisdiction of the Kingdom of the Netherlands.
- (9) Apart from the Article 2 (5), nothing in this Agreement shall be interpreted as prejudicing or restricting the application of the laws of either Party, in conformity with international law.
- (10) Nothing in this Agreement shall be interpreted as prejudicing or restricting the the exercise of jurisdiction by the courts of either Party, in conformity with international law.

ARTICLE 4

Entry into Force and Duration

- (1) This agreement shall enter into force on the date of signature.
- (2) The Parties may amend or terminate this Agreement at any time by agreement.
- (3) The Annex shall form an integral part of this Agreement.

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

Done in duplicate at The Hague this Nineteenth day of July 2018 in the English language.

**For the Government of the
United Kingdom of Great
Britain and
Northern Ireland:**

PETER WILSON

**For the Government of
the Kingdom of The
Netherlands:**

**MAARTEN R. P. M.
CAMPS**

ANNEX

Delimitation of the Sillimanite Field

The area of the Sillimanite Field is bounded by a line joining, in the sequence shown, the points set out below defined by coordinates of latitude and longitude on WGS 84 Datum:

Point	Latitude	Longitude
A	54 degrees 26' 16.918"N	2 degrees 45' 6.862"E
B	54 degrees 25' 44.997"N	2 degrees 49' 11.221"E
C	54 degrees 24' 42.978"N	2 degrees 49' 29.450"E
D	54 degrees 23' 32.056"N	2 degrees 46' 19.932"E

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