

DATED _____ **201●**

HER MAJESTY THE QUEEN (1)

and

THE CROWN ESTATE COMMISSIONERS (2)

and

[] (3)

and

[] (4)

LEASE

relating to the right to store Carbon Dioxide
under the bed of the sea

Estates Ref: ●
Legal Ref: ●

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BETWEEN:

- (1) **HER MAJESTY THE QUEEN;**
- (2) **THE CROWN ESTATE COMMISSIONERS** on behalf of Her Majesty acting in exercise of the powers of the Crown Estate Act 1961 (the “**Commissioners**”);
- (3) [] (company number []) a company incorporated in and existing under the laws of England having its registered office at [] (the “**Tenant**”); and
- (4) [] (Company No.) a company incorporated in and existing under the laws of England having its registered office at [] (the “**Guarantor**”).

WHEREAS

1. Within the Territorial Seas the Commissioners have exclusive rights to store Carbon Dioxide in and under the seabed which forms part of The Crown Estate.
2. By virtue of section 1 of the Energy Act the right to store Carbon Dioxide in offshore areas outside of the Territorial Seas of the United Kingdom is vested in Her Majesty.
3. By virtue of section 17 of the Energy Act, no person may carry out any of the activities set out in section 17(2) of the Energy Act within a controlled place (as defined in the Energy Act) without first obtaining a Storage Licence.
4. By virtue of section 18 of the Energy Act, the controlled place to which such Storage Licence relates may be determined by reference to a Crown Lease.
5. The Tenant wishes to store certain volumes of Carbon Dioxide in the Carbon Storage Site on a commercial scale and a long term basis and thereafter operate and manage the same as operator and therefore the Tenant has requested and the Commissioners have agreed to enter into this Lease.
6. The Guarantor has agreed to guarantee the Tenant’s obligations under this Lease.
7. This Lease is a Crown lease, as defined in the Energy Act.

NOW THIS DEED WITNESSES as follows:

1. INTERPRETATION

- 1.1 In this Lease unless the context otherwise requires:
 - 1.1.1 words importing one gender include other genders;
 - 1.1.2 words importing the singular include the plural and vice versa;
 - 1.1.3 references to persons include bodies corporate and vice versa;
 - 1.1.4 references to clauses, schedules and annexures are references to the relevant clauses in or schedules or annexures to this Lease and references to paragraphs are to the relevant paragraphs in schedules to this Lease;
 - 1.1.5 the clause headings do not affect the construction of this Lease;

- 1.1.6 reference to any statute, directive or regulation or other item of legislation includes any amendment, modification, extension, consolidation or re-enactment of it and includes any statutory instrument, regulation or order made under it for the time being in force;
- 1.1.7 any obligation on the Tenant not to do or omit to do something shall be construed as including an obligation not to permit or knowingly to suffer it to be done by any other person;
- 1.1.8 references to the Commissioners and the Tenant where the context admits includes their respective successors or assigns;
- 1.1.9 a consent or approval to be given by the Commissioners is not effective for the purposes of this Lease unless it is in writing and signed by or on behalf of the Commissioners; and
- 1.1.10 references to the word “include” or “including” shall be construed without limitation.
- 1.2 Any covenant by (or implied to be made by) Her Majesty pursuant to the terms of this Lease is made (or implied to be made) by the Commissioners acting in exercise of the powers conferred by the Crown Estate Act 1961. No covenants, agreements or obligations are given by Her Majesty or anyone who reigns after Her. No liability is imposed on Her Majesty or anyone who reigns after Her nor on the Commissioners in any personal or private capacity.
- 1.3 In this Lease unless the context otherwise requires the following expressions shall have the following meanings:
- “**Abandonment Programme**” means the programmes and/or plans applicable to the decommissioning and Closure of the Carbon Storage Site prepared by the Tenant and approved by the Minister (including any alterations, modifications or conditions thereto) in accordance with the terms of the Storage Licence;
- “**Acceptable Guarantor**” means:
- (a) in relation to any Tenant or, if the case, proposed assignee which is a wholly owned subsidiary of a parent company which satisfies the Credit Condition, that parent company; and
- (b) in relation to any Tenant or, if the case, proposed assignee which is not a wholly owned subsidiary of a parent company which satisfies the Credit Condition, a (mediate or immediate) parent company of that entity which satisfies the Credit Condition;
- “**Affiliate**” in respect of any entity means any company (wherever registered) which at the time in question is directly or indirectly affiliated with that entity, where:
- (a) a company is directly affiliated with another company or companies if the latter is beneficial owner of shares (or their equivalent) controlling fifty percent (50%) or more of votes exercisable at a general meeting (or its equivalent) of such company; and
- (b) 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;

“**Agreement for Lease**” means the agreement for lease made between the Commissioners the Tenant and the Guarantor dated [●] 2011;

“**Authority**” means an authority whether statutory, public, local, European, government department, agency or otherwise and shall include a court of law;

“**Business Day**” means any day other than a Saturday or a Sunday when the banks are open for general business in the City of London;

“**Carbon Dioxide**” means the flow of carbon dioxide resulting from the process of carbon dioxide capture processes and shall include any other substance and in such quantities or from such other sources for testing purposes in each case as may be permitted to be included by the Storage Licence from time to time;

“**Carbon Storage Infrastructure**” means the Relevant Works, Wells, platforms and all associated infrastructure to be constructed by, and other equipment to be used by, the Tenant in accordance with the terms of this Lease [and any Retained Infrastructure] and any Exploration Works which are to be retained following the grant of this Lease;

“**Carbon Storage Rights**” means, in respect of those parts of the Lease Area located outside of the Territorial Seas, those rights vested in Her Majesty pursuant to section 1 of the Energy Act, and in respect of those parts of the Lease Area located within the Territorial Seas, the Commissioners’ rights, in each case in respect of the permanent storage of Carbon Dioxide;

“**Carbon Storage Site**” means the natural formations beneath the seabed contained within the Lease Area into which Carbon Dioxide is to be injected and permanently stored with a view to its permanent disposal in accordance with the terms of this Lease, the Storage Licence and the Storage Permit, as more particularly described in the Specification;

“**Carbon Storage Site Development Plan**” means the Development plan approved by the Minister in awarding the Storage Permit as may be modified or varied from time to time by the Tenant subject to the approval of the Minister;

“**CCS Project**” means the project to capture Carbon Dioxide, to have the same transported to [] and thereafter to have the same transported offshore and stored in the Carbon Storage Site;¹

“**CDM Regulations**” means the Construction (Design and Management) Regulations 2007;

“**Change in Control**” of the Tenant shall occur whenever a person has control of the Tenant who did not have control of the Tenant when this Lease was entered

¹ It is TCE’s intention with this drafting and the definition of “Funding Agreement” to ensure that a Lease is only granted where there is full funding in place for the development of the storage facility and sufficient evidence to demonstrate that there are commercial arrangements in place between the storage operator, capture plant operator and CO₂ pipeline operator for the CCS Project. This is to prevent giving storage rights to a project that will not be developed and consequential land banking issues.

into (or, if there has been an assignment of the benefit of this Lease under Clause 3.9, when that assignment took place) and sub-sections (2), (4), (5) and (6) of Section 416 of the Income and Corporation Taxes Act 1988 (c.1) shall be applied for the purpose of determining whether for the purposes of this definition a person has or had control of the Tenant subject to the following modifications:

- (a) for the words “greater part” wherever they occur in Section 416 (2) substitute “one third or more”; and
- (b) in Section 416 (6) for the word “may” substitute “shall”;

and where two or more entities are comprised in the Tenant a Change in Control of the Tenant shall also occur when there is a change of control of any entity included among the entities who together constitute the Tenant;

“**Closure**” means the point at which the Tenant has permanently ceased injecting Carbon Dioxide into the Carbon Storage Site;

“**CoI Date**” means the date determined pursuant to Clause 3.7.2, 3.11 or 6.8 or paragraph 8 of Schedule 8 and may occur whether or not any Carbon Dioxide has been injected into the Carbon Storage Site;

“**Commissioner’s Confidential Information**” means all information disclosed by the Commissioners relating to this Lease and to the affairs and business of the Commissioners and anyone deriving rights or title through or under them;

“**Commissioning**” means the substantial completion of all Relevant Works such that the Carbon Storage Site is capable of commencing Relevant Operations and cognate terms shall be construed accordingly;

“**Credit Condition**” in relation to any entity means that its senior unsecured debt is rated by any internationally recognised credit rating agency and the rating assigned to such debt is greater than or equal to “BBB+” by Standard & Poor’s (if rated by Standard & Poor’s) or its equivalent (if rated by any other such rating agency);

“**Data**” means all data (including seismic or well data) obtained by the Tenant during or by virtue of the exploration, appraisal, development, operation and decommissioning of the Development and the Relevant Operations;

“**Development**” means the [] carbon storage project comprising the Carbon Storage Site and the Carbon Storage Infrastructure;

“**Energy Act**” means the Energy Act 2008 (c.32);

“**Exclusion Zone**” means, in respect of the surface of the seabed within the Lease Area:

- (a) the area within 500 metres (or other safety zone prescribed under Part III Of the Petroleum Act 1987) from any platform or other installation constructed or installed by the Tenant, other than any Pipeline, on the seabed; and
- (b) any area within 200 metres (or other safety zone prescribed under Part III Of the Petroleum Act 1987) from any Pipeline,

in both cases, of which the location has been notified to the Commissioners in writing;

“Exploration Works” means those tests, investigations and works, including any Wells and other intrusive works, completed under the Work Programme or otherwise performed in accordance with the Storage Licence during the Appraisal Term (as defined in the Storage Licence);

“EU Directive” means Directive 2009/31/EC of the European Parliament and of the Council on the geological storage of Carbon Dioxide;

“Facilities Specification” means the specification of the Carbon Storage Infrastructure and any pipelines to be included in the Lease Area extracted from the Carbon Storage Site Development Plan and in the form attached to this Lease at Schedule 2 as may be modified or varied from time to time with the approval of the Minister and of the Commissioners in accordance with the provisions of this Lease;

"Force Majeure Event" means the occurrence of any (or any combination) of the events or circumstances, which (or any of the consequences of which): (a) are beyond the reasonable control of the Tenant; (b) could not have been prevented by Good Industry Practice or the exercise of reasonable care and skill; and (c) have a material adverse effect on the ability of the Tenant to perform and comply with its obligations under this Lease, including but not limited to:

- (a) any national strike, lock-out or any other industrial action or labour dispute involving an enterprise other than that of the Tenant or its agents or sub-contractors in connection with this Lease;
- (b) any act of war (whether declared or undeclared), invasion, armed conflict, act of a foreign enemy, blockade, embargo, revolution, riot, insurrection, civil commotion, sabotage, terrorism or the threat of sabotage or terrorism;
- (c) except to the extent that they constitute remedies or sanctions lawfully exercised by any Authority as a result of any breach of any law or official requirement of England and Wales, any act of state or other exercise of sovereign, judicial or executive prerogative by any Authority, including expropriation, nationalisation or compulsory acquisition or acts claimed to be justified by executive necessity;
- (d) any epidemic, plague, explosion, chemical or radioactive contamination or ionising radiation, lightning, earthquake, tempest, flooding, fire, cyclone, hurricane, typhoon, tidal wave, whirlwind, storm, volcanic eruption and other unusual and extreme adverse weather or environmental conditions or action of the elements, meteorites, collision or impact by any vehicle, vessel or aircraft or objects falling from aircraft or other aerial devices or the occurrence of pressure waves caused by aircraft or other aerial devices travelling at supersonic speed; or
- (e) any act of God;

“Funding Agreement” means the [funding provided by a UK or EU public body through a competitive process in support of the CCS Project] and any additional or substituted financial arrangements for the purposes of the Development approved by the Landlord in writing (whether pursuant to Clause 12.1.5 or otherwise), such approval not to be unreasonably withheld or delayed;

“Good Industry Practice” means:

- (a) using standards, practices, methods and procedures conforming in all material respects to all applicable laws and international treaties, and incorporating in all material respects all relevant guidelines, specifications, codes of practice and recommendations which are generally accepted and followed by the relevant industry sector in the United Kingdom and/or the United Kingdom continental shelf and elsewhere in the world offshore (as applicable); and
- (b) the exercise of that degree of skill, care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator having experience of carrying out projects and activities of a similar nature, scope, value and complexity as those authorised by or under a Storage Licence;

“Guarantor” includes any party who enters into covenants with the Commissioners pursuant to Clause 3.9.4(c) or 8;

“Independent Expert” means an independent engineer or geoscientist of recognised standing with experience of the offshore UK oil and gas or gas storage industry and so far as reasonably practicable offshore Carbon Dioxide storage industry, agreed by the Commissioners and the Tenant or, in default of agreement, nominated by the President or other acting chief officer for the time being of the Society of Petroleum Engineers in the United Kingdom on the written application of either the Commissioners or the Tenant;

“Insolvent” means that a Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) either:
 - (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head office or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official; or
 - (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in paragraph (i) above, and either:

- (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (B) is not dismissed, discharged, stayed or restrained in each case within fifteen (15) Business Days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
 - (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (g) has a secured person take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured person maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) Business Days thereafter;
 - (h) causes, or is subject to, any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) (inclusive); or
 - (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts,

provided that, for the avoidance of doubt, an event of Insolvency shall not occur in relation to a Party as a result of any proceeding, petition, process or other administrative action taken which is vexatious, frivolous or an abuse of the process of the relevant court, and “**Insolvency**” shall be construed accordingly;

“**Intellectual Property Rights**” means any patents, registered and unregistered designs, copyright, all knowhow and all other intellectual property protection wherever in the world enforceable;

“**Key Milestones**” means the milestones specified in Schedule 6;

“**Lease**” means this Lease, as the same may be amended from time to time, and all schedules and annexures hereto;

“**Lease Area**” means the area within which the Tenant may exercise the Rights, comprising the surface of the seabed for the Development as more particularly described and set out in the Specification and the Carbon Storage Site as more particularly described and set out in the Specification;

“**Lease Option Area**” has the meaning given to that expression means in, and interpreted under, the Agreement for Lease;

“**Minister**” means the Secretary of State for Energy and Climate Change or the appropriate office at such other Authority which, from time to time, has the statutory responsibility for the regulation of the rights being considered in the context of which the term is used in this Lease;

“**Monitoring Plan**” means the monitoring plan produced by the Tenant pursuant to the Regulations and the Storage Permit and approved or modified by the Minister, as varied or modified from time to time;

“**Necessary Consents**” means all consents, licences, permissions, orders, exemptions and approvals (including, inter alia, the Storage Licence, the Storage Permit, the Pipeline Works Authorisation, the Pipeline Lease and any abandonment programme prepared pursuant to Part IV of the Petroleum Act 1998 in relation to Carbon Storage Infrastructure, and any consent or permission required under any of them) required from any Authority in relation to the Development and Relevant Operations to the extent such operations are within the Lease Area and shall include, for the avoidance of doubt, all assessments that may be required to be undertaken before the issue of any of the foregoing. For the avoidance of doubt, this definition of “**Necessary Consents**” shall exclude any Necessary Consents required under the Pipeline Lease (as such term is defined therein);

“**Oil and Gas Works**” means any pipelines, platforms, wellheads or other works for the exploration for or exploitation of oil and gas in respect of which the consents of the Minister required under a licence issued pursuant to the Petroleum Act 1998 have been given;

“**Operator**” means that person that is either the sole licensee under the Storage Licence, or, where the licensee is two or more persons, the person which carries out any function of organising or supervising the Exploration Works and/or the Relevant Works and/or the Relevant Operations with the written approval of the Minister;

“**Party**” means any one of the Commissioners, the Tenant and the Guarantor (if any) and “**Parties**” shall mean each Party collectively;

“**Permitted Mineral Extraction**” means the processes undertaken by the Tenant of extracting of minerals and mineral substances from the Lease Area as is reasonably necessary and permitted by any required Necessary Consents for the installation, or upgrading of any Carbon Storage Infrastructure, its operation, maintenance, repair, testing, decommissioning, renewal, reinstatement, Closure and use of the Development permitted under this Lease;

“**Pipeline**” means the pipelines from the offshore platform comprising part of the Carbon Storage Infrastructure to [] and all other pipelines and electricity and telecommunications cables and all necessary wrappings, sleeves, slabs and other protective materials required as part of the Development;

“**Pipeline Lease**” means the lease dated of even date with this Lease granted by the Commissioners to the Tenant in respect of that part of any Pipeline which lies outside the Lease Area, and includes, for the purposes of this Lease, any option to enter into any such Lease;

“**Pipeline Works Authorisation**” means an authorisation granted by the Minister in respect of that part of any pipeline which lies in "controlled waters" (as such terms defined by the Petroleum Act 1998);

“**Pollution**” means any release into or presence in the environment after the date of the Agreement for Lease of any substance which is capable of causing harm to the health of man or other living organisms supported by the environment or

other interference with the ecological systems of which they form part where that release or presence was made:

- (a) from or in the Lease Area, or from elsewhere but so that it affects the Lease Area, but shall not include:
 - (i) any such release or presence after the expiry of this Lease (or occupation by the Tenant if that is later) unless due to or caused by the Tenant's occupation or use of the Lease Area; or
 - (ii) any presence of Carbon Dioxide in the Lease Area in compliance with the Necessary Consents;
- (b) from or in the Lease Option Area, or from elsewhere as a result of an act or omission of the Tenant or its contractors but so that it affects the Lease Option Area (other than the Lease Area) but shall not include any such release or presence after the cessation of occupation by the Tenant of the Lease Option Area unless due to or caused by the Tenant's occupation or use of the Lease Option Area;

“Post-Closure Plan” means the post-Closure plan produced by the Tenant pursuant the Regulations and approved or modified by the Minister, as varied or modified from time to time;

[**“Production Licence”** means production licence number [] awarded by the Minister for the development of and production of petroleum from the]

“Reasonable and Prudent Operator” means an operator seeking in good faith to perform its contractual obligations and in so doing, and in the general conduct of its undertaking, exercising Good Industry Practice;

“Regulations” means The Storage of Carbon Dioxide (Licensing etc) Regulations 2010;

“Relevant Operations” means the injection and storage of Carbon Dioxide with a view to its permanent disposal within s17(2)(a) of the Energy Act;

“Relevant Works” means the establishment or maintenance of permanent and non permanent installations for the purposes of the Relevant Operations;

“Rent” means the rent ascertained and payable as provided in Schedule 1;

[**“Retained Infrastructure”** means any Wells, platforms, pipelines and associated installations and infrastructure in the Lease Area in existence prior to the date of the Agreement for Lease and specified in the Facilities Specification;]

“Rights” means the right:

- (a) to enter the Lease Area with all necessary materials, equipment and personnel necessary to exercise Carbon Storage Rights within the Lease Area;
- (b) [to maintain repair, renew and decommission the Retained Infrastructure within the Lease Area;]
- (c) to erect, install, operate, maintain, repair, renew and decommission all Carbon Storage Infrastructure within the Lease Area necessary to exercise Carbon Storage Rights within the Lease Area;

- (d) to drill Wells between the surface of the seabed comprised in the Lease Area and the Carbon Storage Site; and
- (e) of passage along and through the Wells of Carbon Dioxide by way of injection and by way of extraction any fluids the extraction of which is permitted by the Minister for the purposes of managing pressure within the Carbon Storage Site;

“**Specification**” means the three dimensional specification of the Carbon Storage Site and the area of seabed comprised in the Lease Area in the form attached to the Lease in its final agreed form at Schedule 3;

“**Standard & Poor’s**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies;

“**Storage Licence**” means a licence to inject into and permanently store Carbon Dioxide in the Carbon Storage Site, granted by the Minister in favour of the Tenant (or to the Tenant and others) pursuant to the Energy Act and includes any document varying, supplementing or otherwise affecting the Storage Licence;

“**Storage Permit**” means a permit granted to the Tenant (or to the Tenant and others) pursuant to the Storage Licence (following review by the European Commission pursuant to Article 10 of the EU Directive) and includes any document varying, supplementing or otherwise affecting the Storage Permit;

“**Supplemental Lease**” has the meaning given to it in Clause 3.7.3;

“**Tenant’s Confidential Information**” means all Data and all information disclosed by the Tenant relating to this Lease, the Development (whether technical or commercial) and to the affairs and business of the Tenant and its affiliates, and anyone deriving rights or title through or under it other than information regarding:

- (a) the location and depth of the upper, lower and lateral boundaries of the Carbon Storage Site;
- (b) the location and layout of the Carbon Storage Infrastructure;
- (c) the location and boundaries of the Lease Option Area;
- (d) the location and boundaries of the area of surface of the seabed comprised within the Lease Area; and
- (e) a description of the components of the Carbon Storage Infrastructure;

“**Term**” means the period commencing on the date of this Lease and expiring on the fiftieth anniversary of such date or the date of determination in accordance with the terms of this Lease;

“**Territorial Seas**” means the internationally established area extending 12 nautical miles from the baseline or mean low water mark of the United Kingdom;

“**The Crown Estate**” means all property, rights and interests under the management of the Commissioners pursuant to the Crown Estate Act 1961;

“**Value Added Tax**” or “**VAT**” means value added tax charged under the Value Added Tax Act 1994 or any other similar tax of a similar nature whether charged in the United Kingdom or elsewhere;

“**Well**” means a well or a borehole; and

“**Work Programme**” means the work programme, if any, attached to the Storage Licence.

2. DEMISE

2.1 The Commissioners grant the Rights to the Tenant on an exclusive basis for the sole purposes set out in the terms and conditions of this Lease:

2.1.1 with no title guarantee,

2.1.2 subject to:

- (a) the public rights of navigation and fishing;
- (b) the rights of third states or their nationals under rules of international law;
- (c) the rights, easements and quasi-easements referred to in the documents described in Schedule 4; and
- (d) all other rights, easements and quasi-easements enforceable over the Lease Area,

2.1.3 except as reserving the matters set out in this Lease;

2.1.4 excepting all mines and minerals (other than Carbon Dioxide and its derivative compounds) under the Lease Area or within the Carbon Storage Site; and

2.1.5 for the duration of the Term unless this Lease is determined earlier in accordance with the terms and conditions herein.

3. TENANT’S OBLIGATIONS

3.1 If there are any inconsistencies between the Tenant’s obligations as set out in this Lease and the Tenant’s obligations under applicable law or the Storage Licence or Storage Permit, the Parties agree that the position under applicable law, the Storage Licence or the Storage Permit shall prevail.

3.2 The Tenant covenants with the Commissioners to observe and perform the obligations set out in this Clause 3.

3.3 Rent and other payments

3.3.1 To pay the Rent during the Term in accordance with the terms of Schedule 1, without deduction or set off, whether legal or equitable, to the Commissioners by direct transfer of cleared funds to such account as the Commissioners shall designate.

3.3.2 If any Rent or other sum becoming payable under this Lease by the Tenant to the Commissioners (including any Rent or other sum which the Commissioners have declined to accept whether after service of a notice under Section 146 of the Law of Property Act 1925 or otherwise) remains unpaid for more than 30 days after becoming due (whether formally

demanded or not) then the Tenant shall (if required but without prejudice to the Commissioners' right of determination or any other right or remedy of the Commissioners) as from the date on which it becomes due until the date of actual payment pay interest on it (as well as before and after any judgment) at the rate of []% per annum, or, if greater, []% per annum above the base rate of Barclays Bank plc for the period from (but not including) the date when it fell due to the date of payment.

3.3.3 To pay and indemnify the Commissioners against all existing and future rates, taxes, assessments, impositions, duties, charges and outgoings whatsoever payable (whether by the owner or occupier) in respect of the Lease Area and the Operation of the Development, except for taxes (other than VAT) payable by the Commissioners on the receipt of the Rent or in connection with any dealings with or disposition of the reversion to the Lease.

3.3.4 To pay and indemnify the Commissioners against any liability for:

- (a) all and any VAT which is chargeable on the Rent or any other sum payable by the Tenant to the Commissioners under this Lease; and
- (b) all VAT incurred in relation to any costs or expenses which the Tenant is obliged to pay or in respect of which it is required to indemnify the Commissioners under the terms of this Lease save where such VAT is recoverable or available for set off by the Commissioners as input tax.

3.4 Relevant Works

3.4.1 The Tenant shall apply for all Necessary Consents required to undertake the Development in a timely manner and shall comply with all requirements under applicable law and international treaties or of the Authority or other person to which each application is made to enable it to determine that application.

3.4.2 To the extent that they relate to any area which is on the seaward side of the mean low water mark of the United Kingdom, all plans showing the layout, route and location of the Relevant Works (or any other works comprised within the Development) submitted with each application for the Necessary Consents (and any amendments or variations to such plans) shall first be approved in writing by the Commissioners (such approval not to be unreasonably withheld or delayed).

3.4.3 The Tenant shall provide such information as the Commissioners shall reasonably require from time to time in respect of the progress of any applications for Necessary Consents and shall forward a copy of any decision notice to the Commissioners within fifteen (15) Business Days of receipt by the Tenant.

3.4.4 The Tenant shall use all reasonable endeavours to procure that each Necessary Consent which does not automatically enure for the benefit of the land to which it relates is granted on terms which permit that Necessary Consent (or the rights granted under it) to be transferred without the consent of any Authority to any person to whom an agreement

for lease or a lease is granted by the Commissioners in respect of the specific area to which such Necessary Consent relates.

3.4.5 The Relevant Works shall be conducted in accordance with:

- (a) the Facilities Specification;
- (b) all Necessary Consents relating to the same; and
- (c) all applicable laws.

3.4.6 The Tenant shall:

- (a) undertake and Commission the Relevant Works in a good and workmanlike manner, at all times acting in accordance with Good Industry Practice;
- (b) keep the Lease Area and the Relevant Works in good and safe repair and condition in accordance with Good Industry Practice other than in respect of any damage occasioned or repairs required due to the actions of any third parties to whom the Commissioners have granted another lease or licence across the Lease Area; and
- (c) keep the Relevant Works properly maintained save that any part of the Relevant Works which has ceased to be used for Relevant Operations shall be properly maintained in a safe and proper manner in accordance with the relevant Necessary Consents.

3.4.7 To the extent that the CDM Regulations are applicable to the Relevant Works:

- (a) the Tenant warrants that it has the competence to perform the duties imposed on a client by the CDM Regulations and that it will comply with the provisions of the CDM Regulations in respect of the Relevant Works, including without limitation all requirements relating to the provision and maintenance of a health and safety file and to provide on request to the Commissioners a copy of the health and safety file and any documents within it;
- (b) the Tenant covenants on receipt of written request from the Commissioners to supply all information to the Commissioners that the Commissioners reasonably require to comply with the Commissioners' obligations (if any) under the CDM Regulations;
- (c) prior to commencing any Relevant Works, the Tenant will make a written election that it is to be treated as the only client for the purposes of the CDM Regulations in respect of the Relevant Works and to provide a copy of the Commissioners of the election (and the Commissioners agree to the election to the extent that the Tenant actually is a client in respect of the Relevant Works).

3.4.8 The Tenant shall notify the Commissioners in writing as and when it has substantially completed each of the Key Milestones.

3.5 Alterations to the Development

3.5.1 Not to make any material alteration or addition to the location, route or layout of any part of the Development unless:

- (a) prior to seeking any Necessary Consents to such alteration or addition the Tenant has:
 - (i) submitted to the Commissioners detailed plans and revised drawings showing the proposed alteration or addition; and
 - (ii) obtained the Commissioners' consent to the proposed alteration or addition (such consent not to be unreasonably withheld or delayed);
- (b) the Tenant has thereafter obtained:
 - (i) the consent of each relevant Authority to carry out the alteration or addition; and
 - (ii) all Necessary Consents or variations to Necessary Consents as are required in relation to the proposed alteration or addition.

3.5.2 On notice from the Commissioners the Tenant will remove, as soon as reasonably practicable, any alteration or addition to the Development made in contravention of the provisions of Clause 3.5.1 and will restore the seabed to a safe and proper condition in accordance with the requirements of Clause 3.12.3. Any Well made in contravention of the provisions of Clause 3.5.1 shall be plugged and abandoned in accordance with the requirements of the Minister under the Storage Licence and any other relevant Authority.

3.5.3 To the extent that the CDM Regulations are applicable to any alteration or addition to the Development:

- (a) the Tenant warrants that it has the competence to perform the duties imposed on a client by the CDM Regulations and that it will comply with the provisions of the CDM Regulations in respect of any alterations or additions to the Lease Area or the Development undertaken pursuant to Clause 3.5.1, including without limitation all requirements relating to the provision and maintenance of a health and safety file and to provide on request to the Commissioners a copy of the health and safety file and any documents within it.
- (b) to supply all information to the Commissioners that the Commissioners reasonably require to comply with the Commissioners' obligations (if any) under the CDM Regulations.
- (c) prior to commencing any alterations to the Lease Area or the Development, the Tenant will make a written election that it is to be treated as the only client for the purposes of the CDM Regulations in respect of such alterations or additions to the Lease Area or the Development and to provide a copy to the Commissioners of the election (and the Commissioners agree to the election to the extent that the Tenant actually is a client in respect of such alterations to the Lease Area or the Development).

3.6 Relevant Operations

3.6.1 In carrying out Relevant Operations, the Tenant will not:

- (a) dig, extract or remove any minerals or mineral substances from the Lease Area other than in the process of Permitted Mineral Extraction; or
 - (b) cause waste, spoil or destruction of any minerals or mineral substances in or on the Lease Area other than in the process of Permitted Mineral Extraction and in accordance with the Necessary Consents and any applicable law.
- 3.6.2 As soon as reasonably practicable following any disturbance of the seabed within the Lease Area pursuant to the carrying out of Relevant Operations, the Tenant will restore the same to a safe and (allowing for the presence of the Relevant Works) proper condition and in accordance with all Necessary Consents and other applicable laws.
- 3.6.3 The Tenant will not perform any act, omit to do any act, allow any substance or article to remain on, in, under or over the Lease Area or exercise any right under this Lease in a manner which:
 - (a) may be, becomes or may cause a danger, nuisance, damage or injury to the Commissioners or any other person or premises; or
 - (b) may cause or contribute to Pollution.
- 3.6.4 In the event that a nuisance occurs the Tenant shall as soon as reasonably practicable take all necessary steps to abate such nuisance and remedy any damage caused.
- 3.6.5 In the event that Pollution occurs as a result of the Tenant's occupation of the Lease Area or the carrying out of any Relevant Operations the Tenant shall as soon as reasonably practicable carry out all works or operations (on the Lease Area or elsewhere) needed as a result of the Pollution that the Commissioners or the Tenant are required by any relevant Authority or court of competent jurisdiction to undertake or pay for.
- 3.6.6 At the written request of the Commissioners made at any time but at reasonable intervals the Tenant will provide to the Commissioners of all Data obtained by the Tenant in such format as the Commissioners may reasonably require.
- 3.7 Consequences of Migration
 - 3.7.1 In the event that Carbon Dioxide migrates outside of the Carbon Storage Site then the following provisions shall apply.
 - 3.7.2 For the avoidance of doubt, if as a consequence of the migration of Carbon Dioxide outside of the Carbon Storage Site for any reason the Storage Permit shall be revoked, withdrawn or otherwise determined by the Minister, then pursuant to Clause 3.11.6 the date of such revocation, withdrawal or termination shall constitute the CoI Date.
 - 3.7.3 If the Storage Licence and/or the Storage Permit shall not be revoked, withdrawn or otherwise determined by the Minister as a consequence of such migration, then, to the extent that the Commissioners have the power to and may otherwise lawfully do so, the Commissioners will, at the request and cost of the Tenant, grant to the Tenant a lease (the "**Supplemental Lease**") which shall be expressed to be supplemental to

this Lease (and which shall not be capable of assignment other than with the assignment of this Lease) on similar terms to this Lease of such adjacent and contiguous three dimensional volume (into all or part of which the Carbon Dioxide shall have migrated) as shall be designated or approved by the Minister but which shall not exceed a maximum total storage capacity for the Carbon Storage Site of [] million tonnes of Carbon Dioxide. The Tenant shall procure the giving of a suitable declaration as to the exclusion of security of tenure under the Landlord and Tenant Act 1954 in relation to the Supplemental Lease and the Tenant and the Guarantor shall execute a counterpart of the Supplemental Lease.

- 3.7.4 If the Storage Licence and/or the Storage Permit shall be revoked, withdrawn or otherwise determined by the Minister as a consequence of such migration, then the Tenant shall pay to the Commissioners an amount equal to the Rent that would have been payable from the CoI Date until the end of the Term.
- 3.7.5 The Commissioners shall have no claim against the Tenant for its own losses in the event of migration of Carbon Dioxide beyond the Lease Area save as set out in this Clause 3.7 but nothing in this clause shall operate to prevent the Commissioners from claiming against the Tenant under the indemnity in Clause 3.8 to the extent that any third party has a claim against the Commissioners or The Crown Estate as a direct or indirect consequence of any such migration.

3.8 Indemnity

- 3.8.1 To indemnify and keep the Commissioners indemnified against all actions, proceedings, claims and demands brought or made and all proper costs and expenses and all losses, damages and liabilities incurred suffered or arising directly or indirectly in respect of or otherwise in connection with the exercise or purported exercise of the Rights arising under this Lease (including, without limitation, the occupation and use of the Lease Area, the construction, operation or existence of the Relevant Works, the Relevant Operations, any alterations or additions to the Relevant Works or the Lease Area, or the existence of the Development), any Pollution occurring to the extent arising from the Tenant's occupation of the Lease Area or the carrying out of Relevant Operations and any breach of any covenant or other provision of this Lease to be observed and performed by the Tenant, in each case whether arising through any act, neglect or default of the Tenant or anyone deriving title or rights through or under the Tenant or anyone present in the Lease Area or exercising the Rights under this Lease with the express or implied authority of any such person.
- 3.8.2 Clause 3.8.1 shall not apply to the extent that any such actions, proceedings, claims and demands are brought or made or any losses, damages, costs, expenses and liabilities are incurred or suffered as a consequence of the breach by the Commissioners of their obligations under this Lease.
- 3.8.3 The Commissioners shall not make any admission of liability nor compromise or settle any actions, proceedings, claims and demands in respect of which they claim an indemnity under Clause 3.8.1 without first

notifying the Tenant and having due regard to the Tenant's timely representations.

3.8.4 This Clause 3.8 shall remain in full force and effect notwithstanding the expiry of the Term of this Lease or the earlier determination in accordance with the terms and conditions of this Lease save to the extent that liability for the subject matter of any claim that might be brought under this Clause 3.8 has transferred to the Minister following the expiry or earlier determination of the Term of this Lease.

3.8.5 The Commissioners acknowledge that the exercise of the Rights under this Lease carries an inherent risk that the Carbon Storage Site may be damaged in such a manner to wholly or partially prevent further use of the Carbon Storage Site for the purpose of Carbon Dioxide storage or any other use. The Commissioners therefore release the Tenant (and anyone deriving title or rights through or under the Tenant) from any and all claims the Commissioners may have against the Tenant under this Lease, in tort or otherwise at law in respect of loss or damage to the Carbon Storage Site and any use or uses that could be made of such Carbon Storage Site provided that nothing in this Clause 3.8.5 shall operate to prevent the Commissioners from claiming against the Tenant for an amount equal to the Rent that would have been payable from the date of such loss or damage until the end of the Term where the Carbon Storage Site has become damaged in such a manner as to wholly or partially prevent further use of the Carbon Storage Site for the purpose of a Carbon Dioxide storage reservoir due to the Tenant's failure to act as a Reasonable and Prudent Operator.

3.9 Alienation

3.9.1 Not to assign, novate or otherwise transfer the whole or any part of this Lease, the Lease Area or the rights or obligations arising under this Lease, except as provided in Clause 3.9.2.

3.9.2 The Tenant may assign the whole benefit of this Lease provided that it has obtained the Commissioners' prior written consent, such consent not to be unreasonably withheld or delayed, and provided that:

- (a) the Commissioners shall not be regarded as unreasonably withholding their consent if they withhold it on the ground of any of the circumstances (which are specified for the purposes of section 19(1A) of the Landlord & Tenant Act 1927) set out in Clause 3.9.3;
- (b) the Commissioners shall not be regarded as giving their consent subject to unreasonable conditions if they give their consent subject to any of the conditions (which are specified for the purposes of Section 19(1A) of the Landlord & Tenant Act 1927) set out in Clause 3.9.4;
- (c) the provisos in Clauses 3.9.3 and 3.9.4 shall operate without prejudice to the entitlement of the Commissioners to withhold their consent on any other grounds where such withholding of consent would not be unreasonable or to impose any further or subsequent conditions upon the grant of consent where the imposition of such condition or conditions would not be unreasonable.

3.9.3 The circumstances referred to in Clause 3.9.2(a) are:

- (a) where in the reasonable opinion of the Commissioners the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's obligations under this Lease; or
- (b) the proposed assignee is not resident in either the United Kingdom or a jurisdiction where reciprocal enforcement of judgements exists.

3.9.4 The conditions referred to in Clause 3.9.2(b) are:

- (a) prior to the assignment the Tenant pays all arrears of sums due and payable under this Lease;
- (b) the proposed assignee executes and delivers a covenant by deed with the Commissioners in such form as the Commissioners may reasonably require to observe and perform the obligations of the Tenant under this Lease until released by operation of law;
- (c) the proposed assignee procures the execution and delivery to the Commissioners of a deed of guarantee of the performance and observance by the proposed assignee of the obligations of the Tenant under this Lease from an Acceptable Guarantor, if required, such deed to contain the terms set out in Schedule 7 and otherwise in such form as the Commissioners may reasonably require;
- (d) where the proposed assignee and/or the Acceptable Guarantor is not incorporated in England or Wales the proposed assignee and/or the Acceptable Guarantor procures a legal opinion letter which complies with the requirements of Schedule 8 addressed to and approved by the Commissioners (acting reasonably) and provides to the Commissioners an irrevocable address for service in England or Wales for notices under this Lease and proceedings with solicitors or other agents approved by the Commissioners (acting reasonably);
- (e) that any Necessary Consents which have been granted are, to the extent that they are granted to the Tenant in its name, transferred, replaced or granted to the proposed assignee on or before completion of the proposed assignment;
- (f) prior to the assignment the Tenant and the proposed assignee take such steps and agree to make such variations to the Lease as, in the reasonable opinion of the Commissioners, are necessary to ensure that the Lease will be valid and binding notwithstanding the assignment;
- (g) that simultaneously with the assignment of this Lease the Storage Licence and the Storage Permit are, as required by the Authorities, transferred to the proposed assignee or, where the licensee under the Storage Licence and the Storage Permit will after the date of such transfer comprise two or more persons, to the assignee and any other persons comprising the licensee; and
- (h) that the assignee of this Lease is the Operator under the Storage Licence.

- 3.9.5 Not to underlet, part with, share the possession of or grant any licence of the whole or part of the Lease Area or hold this Lease or any rights or obligations in this Lease on trust for any other person.
 - 3.9.6 Not to charge or mortgage any part of the Lease Area or any rights or obligations arising under this Lease and not to charge or mortgage the whole of this Lease save to a bona fide financial institution as security for the repayment of money and not without the consent of the Commissioners (such consent not to be unreasonably withheld or delayed).
 - 3.9.7 Within one month from their respective dates to lodge in the Commissioners' office for registration all orders of court, assignments of the Lease Area and other instruments affecting devolution of this Lease or the Term and all mortgages and charges of them and on demand to pay the Commissioners' reasonable registration fee.
 - 3.9.8 Without prejudice to this Clause 3.9 the Tenant shall inform the Commissioners of the identity of those persons holding an interest in the Storage Licence and shall notify the Commissioners whenever there is a change in the identity of the joint holders of the Storage Licence, such notification to be provided in writing to the Commissioners within thirty (30) Business Days of such change.
- 3.10 Necessary Consents
- 3.10.1 Not to exercise the Rights (including without limitation commencing or carrying out the Relevant Operations) without first obtaining such Necessary Consents as are required in respect of such exercise, and thereafter to maintain all Necessary Consents required in respect of Relevant Works or to carry out Relevant Operations and to comply with all requirements of each applicable Authority or other person in relation to each Necessary Consent.
 - 3.10.2 Not wilfully to do or omit to do anything which may cause any Necessary Consent to be varied or modified to any material degree or revoked in each case without the consent of the Commissioners (such consent not to be unreasonably withheld or delayed).
 - 3.10.3 At all times, to comply with the terms of the Necessary Consents, any direction of the Minister, all applicable law and Good Industry Practice, as the same may be amended from time to time, and to provide the Commissioners with copies of all notices served in relation to Relevant Works or Relevant Operations or in relation to, or variations or amendments of, any Necessary Consents.
 - 3.10.4 To keep detailed and accurate records in accordance with the terms of Necessary Consents and applicable law and to maintain copies of all such records at a permanent residence in the United Kingdom (or, if stored electronically, to ensure that all stored data and relevant servers are located in a jurisdiction which recognises and gives effect to judgements of the courts of England and Wales). The Tenant shall permit any person or persons authorised by the Commissioners at all reasonable times access to such records for the purpose of examining, taking notes from and copying the same.

3.10.5 To provide a copy to the Commissioners of all reports and notices that it delivers pursuant to applicable law and/or the terms of each of the Necessary Consents.

3.11 CoI Date

3.11.1 The Tenant shall use reasonable endeavours to give as much prior written notice to the Commissioners of its intention to cease to inject Carbon Dioxide into the Carbon Storage Site as is reasonably possible. The Tenant will provide to the Commissioners a copy of the report that it is required to provide to the appropriate Authority pursuant to Schedule 2 of the Regulations as soon as reasonably practicable after issuing the same to such Authority together with the Tenant's estimate, at that time, of its anticipated CoI Date. The Tenant shall procure that an appropriate representative of the Tenant attends a meeting once in each year with one or more representatives of the Commissioners at such time and location as the Commissioners shall reasonably require to explain the contents of such report.

3.11.2 Immediately upon the Tenant permanently ceasing to inject Carbon Dioxide into the Carbon Storage Site with a view to its permanent storage, the Tenant shall give written notice to the Commissioners of such fact and the date upon which such use ceased and the date specified in that notice shall subject to the provisions of this Clause 3.11 be the CoI Date for all purposes.

3.11.3 If, in the reasonable opinion of the Commissioners, the Tenant has ceased to inject Carbon Dioxide into the Carbon Storage Site with a view to its permanent storage but the Tenant has failed to serve a notice pursuant to Clause 3.11.1 the Commissioners may give written notice to the Tenant of such fact and subject to service of a counter-notice by the Tenant pursuant to Clause 3.11.4, the date specified in that notice shall be the CoI Date for all purposes.

3.11.4 If the Commissioners serve a notice pursuant to Clause 3.11.3 the Tenant may serve on the Commissioners a counter-notice within thirty (30) Business Days of service of a notice pursuant to Clause 3.11.4, stating that Tenant has not ceased to inject Carbon Dioxide into the Carbon Storage Site with a view to its permanent storage. In the event that no counter-notice is served within such period, the CoI Date shall for all purposes be the date specified in the notice given pursuant to Clause 3.11.4. In the event that the Tenant serves a counter-notice pursuant to this paragraph the parties shall refer the matter to the Independent Expert. In the event that the Independent Expert's determination is that the Tenant has not ceased to inject Carbon Dioxide into the Carbon Storage Site with a view to its permanent storage, the date specified as the date of cessation of use in the Independent Expert's determination shall be the CoI Date.

3.11.5 The Commissioners may serve a notice on the Tenant specifying a CoI Date at any time after the occurrence of any of the events referred to in Clause 5.1. For the avoidance of doubt the procedure laid down in Clause 3.11.4 shall not apply in these circumstances.

3.11.6 The CoI Date shall automatically occur if the Storage Permit shall be withdrawn, revoked or terminated for any reason.

3.11.7 If the CoI Date shall not have occurred at any time prior to the date falling 30 years after the date of this Lease then that date shall be the CoI Date for all purposes.

3.11.8 For the purposes of this Clause 3.11 the Tenant shall not be treated as having ceased to inject Carbon Dioxide into the Carbon Storage Site with a view to its permanent storage if the Tenant shall temporarily cease to carry on Relevant Operations for any period less than 182 consecutive days for any reason or otherwise by reason of:

- (a) the reinstatement of the Relevant Works following damage or destruction to the Development or any part;
- (b) the operation, maintenance or repair of the Development or any part in accordance with Good Industry Practice;
- (c) a Force Majeure Event having occurred either in respect of the Development or in respect of the CCS Project; or
- (d) the replacement of any part of the Relevant Works;

and in each case only for so long as such reason for temporary cessation shall persist. If such temporary cessation pursuant to any of the reasons set out in sub-Clauses (a) to (d) above shall persist for a period of five (5) years then the Commissioners shall be entitled to serve a notice under Clause 3.11.3 and the Tenant shall only be entitled to serve a counter-notice under Clause 3.11.4 if the Tenant can demonstrate to the Commissioners' reasonable satisfaction that there is a reasonable prospect of the resumption of Relevant Operations within the following two (2) years.

3.11.9 Within 28 days of the CoI Date (or if later, the date of determination of the CoI Date) the Tenant shall pay to the Commissioners an amount equal to the Principal Rent that would have been payable from the CoI Date until the end of the Term.

3.12 Decommissioning and Closure

3.12.1 To provide the Commissioners, in a timely manner following approval by the Minister where necessary, with a full copy of the Abandonment Programme and Post-Closure Plan and any associated documentation which shall satisfy applicable law and international treaty requirements relating to decommissioning, closure and post-Closure monitoring and to notify the Commissioners, by way of disclosing updated versions, of any amendment to the same.

3.12.2 To commence and perform the obligations under the Abandonment Programme and Post-Closure Plan at its own expense and immediately upon the occurrence of any of the following events:

- (a) an obligation arising to carry out the Abandonment Programme or Post-Closure Plan which arises under any of the Necessary Consents or at the direction of the Minister;
- (b) a CoI Date occurring;
- (c) this Lease being determined for any reason.

3.12.3 The Tenant shall, as soon as reasonably practicable after the plugging of all wells forming part of the Development in accordance with the Abandonment Programme, restore the seabed to a safe and proper condition in accordance with the requirements (if any) of any Necessary Consents (including, for the avoidance of doubt, all decommissioning and Closure obligations set out in the Storage Licence, the Storage Permit and the Post-Closure Plan and other applicable laws and international treaty requirements). If the Necessary Consents do not specify a safe and proper condition to which the seabed should be returned, then the Tenant shall so notify the Commissioners and at the Commissioners' request the Tenant will procure a report from an Independent Expert (who shall be appointed by the Tenant but whom the Tenant shall procure shall owe a duty of care to the Commissioners in respect of such report) which shall specify the state and condition to which, in the opinion of such Independent Expert, the seabed should be returned in order to be left in a safe and proper condition having regard to the requirements of any relevant Authority, all applicable laws and Good Industry Practice then prevailing, and the Tenant shall, if required by the Commissioners, restore the seabed to the state and condition as specified in such report.

3.13 Use and Occupation

3.13.1 The Tenant shall not use the Lease Area for any purpose except for exercising the Rights (including undertaking the Relevant Works and the Relevant Operations in accordance with the terms of the Necessary Consents).

3.13.2 The Tenant shall be responsible for all acts, omissions, defaults or neglect by any agents, sub-contractors or other third parties engaged in the Relevant Operations and hereby guarantees the performance of such parties in accordance with the terms and conditions of this Lease.

3.13.3 To the extent that they are located in any area which is on the seaward side of the mean low water mark of the United Kingdom, the Tenant shall permit any person or persons authorised by the Commissioners at all reasonable times to enter into and upon any of the Tenant's installations or equipment used or to be used in connection with the Development to inspect the Lease Area and the Relevant Works subject to such persons complying with any reasonable health and safety requirements of the Tenant and the Tenant will use all reasonable endeavours to ensure that an appropriately qualified representative of the Tenant is present at any such inspection. The Tenant will provide a seat on an existing scheduled helicopter flight for conveyance to and from any installation or equipment for such purpose and will bear all costs of such inspection Provided that Tenant shall not be obliged to bear the cost of any inspection carried out more than once in any three (3) year period, save where the Landlord reasonably believes that the Tenant is in material breach of its obligations under this Lease.

3.13.4 The Tenant agrees that it will be from the date of this Lease, and that the person which is the Tenant for the time being under this Lease will for so long as the Lease is vested in it during the Term be, the Operator.

3.13.5 The Tenant may not inject into the Carbon Storage Site any quantity of Carbon Dioxide greater than the amounts permitted, prescribed or otherwise contemplated under this Lease.

3.14 Insurance

3.14.1 The Tenant shall maintain the insurances set out in Schedule 5 and any notified to the Tenant pursuant to Clause 3.14.5:

- (a) with effect from the commencement of any operations in respect of which such insurances are required to be maintained, or, in respect of insurance against physical damage or destruction, with effect from the time that the Tenant shall first carry the insurance risk of, or have an insurable interest in, the subject matter of such insurance;
- (b) with a limit of indemnity of not less than the corresponding sums set against each required policy to be carried by the Tenant; and
- (c) on terms and covering risks which a reasonable and prudent owner and/or operator of the Relevant Works and the Carbon Storage Infrastructure would require subject to the same being available in the market on terms which are reasonably commercially acceptable.

3.14.2 The Tenant shall also ensure that any agent or sub-contractor occupying the Lease Area in accordance with Clause 3.13.2 shall maintain all appropriate insurances as would be expected in accordance with Good Industry Practice in relation to the activities being undertaken by such agent or sub-contractor within the Lease Area.

3.14.3 The Tenant shall provide an annual written report to the Commissioners detailing every claim made against the insurance policies required under Clause 3.14 for that annual period in excess of the deductible under any such policy. The Tenant shall notify the Commissioners if any reduction in the level of deductible is to be made. The detail of each claim or event in the report shall include the name of the claimant, the date of notification, the alleged value or potential alleged value of the claim or event above such deductible, if known to the Tenant, the nature of the claim or event and whether or not the claim was settled.

3.14.4 The Tenant shall produce to the Commissioners documentary evidence that the insurances which the Tenant is obliged to maintain in accordance with this Lease have been obtained and are being properly maintained whenever so reasonably required by the Commissioners but in any event no less than once per calendar year and the Commissioners shall be named as co-insured parties where stipulated in Schedule 5.

3.14.5 The Tenant shall observe and perform the terms of any insurance policy effected pursuant to this Clause 3.14 and all requirements from time to time of the insurers and not knowingly to do or fail to do anything which shall or may cause any such policy to be void or voidable or any monies payable under it to be irrecoverable.

3.14.6 If the Tenant at any time fails to keep the Lease Area insured in accordance with its obligations under this Lease the Commissioners may effect and maintain the insurance and any money the Commissioners reasonably expend for that purpose in accordance with Good Industry

Practice must be repaid by the Tenant on demand and may be recovered by action.

3.14.7 The Commissioners will review the insurances listed in Schedule 5 and required to be held by the Tenant pursuant to this Clause 3.14 every 3 years following the date of this Lease and will consult with the Tenant before notifying the Tenant of the Commissioner's reasonable of additional requirements in relation to the holding of the insurances, and subsequently any additions or amendments that are required to the insurances listed in Schedule 5 which may reasonably be required as a matter of Good Industry Practice.

3.15 Costs

3.15.1 To pay and indemnify the Commissioners against all proper (and in the case of Clause 3.15.1(a) reasonable) fees charges disbursements costs and expenses connected with, incidental to, consequent upon and (where appropriate) in proper contemplation of:

- (a) an application for the Commissioners' consent (whether or not the consent is given or the application is withdrawn) unless such consent is unlawfully withheld or is subject to an unlawful qualification or condition because it is unreasonable or otherwise;
- (b) a notice pursuant to a provision of this Lease or under Section 146 or Section 147 of the Law of Property Act 1925 and proceedings under those sections even if forfeiture is avoided otherwise than by relief granted by the Court;
- (c) the recovery of arrears of Rent or other sums payable under this Lease; or
- (d) the enforcement of any covenant or obligation of the Tenant under this Lease.

The Commissioners shall not be able to recover any costs under this Clause 3.15 to the extent that such cost has been taken into account in calculating the Rent under Schedule 1 or would otherwise constitute a double recovery of any part of this cost.

4. DEALINGS AFFECTING LEASE AREA

4.1 The Commissioners are entitled, acting in their absolute discretion, to grant leases, licences or other consents for works and activities to be conducted in or on areas adjacent, subjacent or superjacent to the Lease Area provided that:

- 4.1.1 such leases, licences and/or other consents for works and activities to be conducted within the Exclusion Zone will not adversely affect the rights granted to the Tenant pursuant to the terms of this Lease; and
- 4.1.2 subject to Clause 4.3, the written consent of the Tenant is obtained (such consent not to be unreasonably withheld or delayed) to any works and activities to be conducted within the Exclusion Zone.

The Commissioners shall not be liable for any breach of this Clause 4.1 to the extent that the Tenant has failed to give the Commissioners accurate information regarding the location of any Carbon Storage Infrastructure.

- 4.2 Details of all leases, licences and other consents for works on, in, over or under the Lease Area granted by the Commissioners are set out in Schedule 4. No representation or warranty is made or given by the Commissioners as to the accuracy of any information as to the laid position of works referred to in Schedule 4 or as to whether there are any leases, licences or other consents granted which are not contained in Schedule 4.
- 4.3 The Tenant's consent under Clause 4.1.2 shall not be required for the grant of rights for the laying, inspecting, maintaining, repairing, renewing or relaying of cables and pipelines which cross the Lease Area by any lease granted after the date of this Lease but pursuant to the agreements listed in Schedule 4.

5. DETERMINATION

- 5.1 The Commissioners may determine this Lease with immediate effect by written notice to the Tenant if:
- 5.1.1 the Tenant has failed to pay any instalment of the Rent within ten (10) Business Days following service by the Commissioners on the Tenant of a written notice specifying that the Tenant has failed to pay Rent in accordance with the provisions of this Lease;
- 5.1.2 the Tenant materially fails to perform or observe any of its obligations in this Lease and such failure or event is:
- (a) incapable of remedy; or
 - (b) capable of remedy and the Commissioners have served on the Tenant written notice specifying the failure or event, requiring it to be remedied within a reasonable time (to be specified in the notice and taking into account the nature of the obligation in question) and the Tenant has failed to so remedy the failure or event accordingly;
- 5.1.3 there is a Change in Control of the Tenant without the prior written approval of the Commissioners (such consent not to be unreasonably withheld or delayed and in considering such Change in Control the Commissioners shall have regard to any decision of the Minister or the relevant Authority in respect of the Storage Licence);
- 5.1.4 the Funding Agreement is terminated and the Tenant fails to provide evidence reasonably satisfactory to the Landlord of acceptable alternative funding arrangements for the Tenant for the purposes of the Development within twelve (12) months;
- 5.1.5 [the Production Licence has not been surrendered to the relevant Authority;]
- 5.1.6 the Guarantor (or if there is no Guarantor, the Tenant) ceases to satisfy the Credit Condition and the Tenant fails to substitute (or, if the case, introduce) an Acceptable Guarantor in accordance with Clause 8 within 15 Business Days;
- 5.1.7 the Tenant or the Guarantor becomes Insolvent and in the event that the Guarantor has become insolvent a substitute Acceptable Guarantor has not been provided by the Tenant in accordance with Clause 8 within twenty-five (25) Business Days; or

- 5.1.8 the Tenant ceases to carry on Relevant Operations for a period of 182 consecutive days and for these purposes the Tenant shall not cease to carry on Relevant Operations if the Tenant shall temporarily cease to carry on Relevant Operations by reason of:
- (a) the reinstatement of the Relevant Works following damage or destruction to the Development or any part;
 - (b) a Force Majeure Event having occurred;
 - (c) the repair of the Development or any part; or
 - (d) the replacement of any part of the Relevant Works;
- and for these purposes the Tenant shall be deemed to have ceased to carry on Relevant Operations for a period of 182 consecutive days if such cessation for any of the reasons set out in sub-Clauses (a) to (d) above shall persist for more than five (5) years unless prior to such date the Tenant can demonstrate to the Commissioners' reasonable satisfaction that there is a reasonable prospect of the resumption of Relevant Operations within the following two (2) years.
- 5.2 If a charge or mortgage over the Premises is registered under Clause 3.9.7, then so long as such charge or mortgage subsists:
- 5.2.1 the Commissioners shall not determine this Lease until one month after service of written notice on the chargee (at the address given when the charge was registered, as updated in writing) of the Commissioners' intention specifying the breach complained of; and
 - 5.2.2 the Commissioners shall not determine this Lease if within the one month period the chargee or some other person acceptable to the Commissioners enters into and delivers to the Commissioners a deed in a form required by the Commissioners covenanting to pay the rents and observe and perform the Tenant's covenants in this Lease.
- 5.3 The Tenant shall indemnify and keep the Commissioners indemnified against all actions, proceedings, claims and demands brought or made and all proper costs and expenses and all losses, damages and liabilities incurred suffered or arising directly or indirectly in connection with any event set out in Clause 5.1, except to the extent that any such actions, proceedings, claims and demands are brought or made or losses, damages, costs, expenses and liabilities are incurred or suffered as a result of the default of the Commissioners.
- 5.4 The Tenant may determine this Lease at any time on not less than twelve (12) months' and not more than two (2) years' written notice to the Commissioners, provided that the Tenant has first demonstrated to the satisfaction of the Commissioners whose written approval shall be required (not to be unreasonably withheld or delayed) that:
- 5.4.1 Closure of the Carbon Storage Site has occurred;
 - 5.4.2 the Minister has issued a final written decision accepting the transfer of responsibility for the Carbon Storage Site and the Carbon Dioxide stored within it; and
 - 5.4.3 the Tenant has fully discharged all outstanding obligations under:
 - (a) this Lease; and

- (b) all Necessary Consents; and
- (c) the Post-Closure Plan.

including (without limitation) all decommissioning obligations in respect of the Carbon Storage Infrastructure.

- 5.5 The Commissioners may determine this Lease at any time on not less than 3 months' written notice to the Tenant given at any time after the Tenant has fully discharged its obligations under the Post-Closure Plan.
- 5.6 This Lease shall determine automatically and immediately if the Storage Licence is terminated, revoked or withdrawn for any reason.
- 5.7 If this Lease is determined in accordance with the terms set out herein:
 - 5.7.1 subject to Clauses 5.7.2 and 5.8, this Lease shall cease to have effect;
 - 5.7.2 such determination will not affect the rights or liabilities of any Party that have accrued in respect of this Lease prior to such determination; and
 - 5.7.3 the Tenant shall at its own expense promptly cancel any entry which it may have made at the Land Charges Registry or at HM Land Registry in respect of this Lease and produce evidence of such cancellation to the Commissioners.
- 5.8 The rights and obligations contained in Clauses 3.8, 3.10.5, 5.3, 5.7.3, 10, 13, 14 and 16 and those in Schedule 7 shall survive any determination of this Lease.
- 5.9 In the event that this Lease is determined the Commissioners will have no obligation to repay any Rent which has already been paid.

6. COMMISSIONERS' RIGHT OF DETERMINATION FOR OIL AND GAS WORKS

- 6.1 The Commissioners may at any time and from time to time during the Term determine this Lease in respect of the Lease Area or any part or parts of it by giving reasonable prior written notice to the Tenant specifying the Lease Area or the part or the parts of it in respect of which the notice is given.
- 6.2 The Commissioners shall not give notice under Clause 6.1 unless the Minister for the purposes of the Petroleum Act 1998 has given notice in writing to the Commissioners:
 - 6.2.1 to determine this Lease in respect of the Lease Area or the part or parts of it specified in the notice because the Lease Area or the part or parts of it specified in the notice are required for Oil and Gas Works or rights are required over the Lease Area or the part or parts of it specified in the notice in connection with Oil and Gas Works;
 - 6.2.2 that such notice is given in accordance with the requirements of any laws or regulations so enabling the Minister, or of any processes or procedures laid down by the policies promulgated from time to time by Her Majesty's Government in the United Kingdom; and
 - 6.2.3 where any compensation is payable to the Tenant in accordance with the requirements of any such laws or regulations or of such policies, that the amount of and liability for such compensation has been determined in accordance with such requirements or otherwise agreed or determined

between the Tenant and the proposed recipient of the notified licence or other consent in relation to the notified Oil and Gas Works.

- 6.3 If notice is given under Clause 6.1 in respect of the whole Lease Area then upon the expiry of that notice this Lease shall determine but without prejudice to the rights and remedies of the Commissioners in respect of any antecedent breach by the Tenant of its obligations under this Lease.
- 6.4 If notice is given under Clause 6.1 in respect of a part or parts of the Lease Area then upon expiry of that notice:
- 6.4.1 this Lease shall determine in respect of the part or parts of the Lease Area specified in the notice;
- 6.4.2 this Lease shall from that date take effect as if the part or parts of the Lease Area specified in the notice were no longer part of the Lease Area; and
- 6.4.3 such determination shall be without prejudice to:
- (a) the rights and remedies of the Commissioners in respect of any antecedent breach by the Tenant of its obligations under this Lease in respect of the part or parts of the Lease Area specified in the notice; and
- (b) the continuing operation of this Lease in respect of the remainder of the Lease Area.
- 6.5 The Tenant shall comply with the obligations under Clause 3.12 [other than post-Closure monitoring under the Post-Closure Plan] in respect of the Lease Area or such part or parts of it as are specified in a notice given under Clause 6.1 prior to the expiry of that notice.
- 6.6 Determination of this Lease in respect of part only of the Lease Area under this Clause 6 does not give rise to any abatement of the Rent and determination of this Lease in respect of the whole or part only of the Lease Area under this Clause 6 does not give rise to any liability of the Commissioners to pay compensation to the Tenant for such determination.
- 6.7 The Tenant shall enter into such deeds and documents as the Commissioners may reasonably require to give effect to any notice given under Clause 6.1.
- 6.8 In circumstances where the Commissioners are entitled to serve notice under Clause 6.1 the Commissioners may instead serve notice on the Tenant referring to Clause 6.2 but specifying a date for the termination of the Relevant Operations and in such circumstances such date shall be the CoI Date and the provisions of Clause 3.12.2 shall come into effect (but, for these purposes, not Clause 3.11.9).

7. TITLE

- 7.1 The Parties acknowledge that The Crown Estate has the Carbon Storage Rights in the Lease Area set out in the Energy Act and such rights form part of The Crown Estate.
- 7.2 No title to the rights set out in Clause 7.1 is or will be shown to the Tenant.
- 7.3 The Tenant accepts, without requisition or enquiry, The Crown Estate's title to the Lease Area and no title guarantee is given.

8. GUARANTEE

8.1 If:

8.1.1 the Tenant wishes to substitute the Guarantor; or

8.1.2 the Guarantor ceases to satisfy the Credit Condition;

then the Tenant shall give notice of this to the Commissioners and shall propose a substitute guarantor. Subject to the prior written approval of the Commissioners to the proposed substitute guarantor (which shall not be unreasonably withheld where the substitute Guarantor is an Acceptable Guarantor) then on receipt of an executed deed in such form as the Commissioners shall reasonably require (and which shall include the provisions of Schedule 7) the Commissioners shall accept the proposed substitute guarantor as the Guarantor under this Lease.

9. EXCLUSION OF SECURITY OF TENURE

9.1 The Commissioners and the Tenant confirm that:

9.1.1 [not less than 14 days] before the Tenant entered into the Agreement for Lease the Commissioners served on the Tenant a notice dated [●] substantially in the form set out in Schedule 1 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 and which relates to the tenancy to be created by the Lease (a copy of which is annexed); and

9.1.2 before the Tenant entered into this Lease the Tenant or someone acting on its behalf made a [statutory] declaration dated [●] substantially in the form set out in Schedule 2 to the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 (a copy of which is annexed).

9.2 The Tenant confirms that the declaration referred to in Clause 9.1.2 was made by a person duly authorised to make the declaration on the Tenant's behalf.

10. CONFIDENTIALITY

10.1 Tenant's duty of confidentiality

10.1.1 Subject to this Clause 10.1 the Tenant shall keep strictly confidential, not disclose to any third party (except to the extent necessary to permit it to satisfy its obligations and execute its rights hereunder) and use only for purposes of this Lease, the Commissioners' Confidential Information.

10.1.2 The Commissioners' Confidential Information will not include information which is:

- (a) generally known to the public or is otherwise in the public domain through no default of the Tenant;
- (b) obtained from a third person who, insofar as known to the Tenant is not prohibited from transmitting the information by a contractual, legal or fiduciary obligation to the Commissioners;
- (c) already in the possession of the Tenant prior to receipt of such information from the Commissioners; or
- (d) is required by any applicable law or regulation to be disclosed.

10.1.3 The Tenant may communicate Commissioners' Confidential Information to any regulatory or self-regulatory body having jurisdiction over the

Tenant to the extent required by such body, or to any government, agencies or other bodies of any government and their respective employees.

10.1.4 The Tenant may communicate any Commissioners' Confidential Information to:

- (a) its officers, directors, employees, financiers, lawyers and other advisors or consultants; or
- (b) any intended assignee of an interest in the Development or the Tenant; or
- (c) any co-licensee under a Storage Licence; or
- (d) any contractor employed by the Tenant;

provided in each case that such person or entity is informed of the confidential nature of such information and agrees to be bound by the restrictions contained in this Clause 10.1.

10.1.5 Where the Tenant discloses, or has disclosed, Commissioners' Confidential Information as permitted under Clauses 10.1.3 and 10.1.4, the Tenant shall notify the person to whom the information is disclosed of the confidentiality of the information and shall take all reasonable steps to ensure that such person observes the restrictions on disclosure in this Clause 10.1.

10.2 Commissioner's duty of confidentiality

10.2.1 Subject to this Clause 10.2 the Commissioners shall keep strictly confidential, not disclose to any third party (except to the extent necessary to permit it to satisfy its obligations and execute its rights hereunder) and use only for purposes of this Lease the Tenant's Confidential Information.

10.2.2 The Tenant's Confidential Information will not include information which is:

- (a) generally known to the public or is otherwise in the public domain through no default of the Commissioners;
- (b) obtained from a third person who, insofar as known to the Commissioners is not prohibited from transmitting the information by a contractual, legal or fiduciary obligation to the Tenant;
- (c) already in the possession of the Commissioners prior to receipt of such information from the Tenant; or
- (d) is required by any applicable law or regulation, or parliamentary questions in any competent parliament to be disclosed.

10.2.3 The Commissioners may communicate the Tenant's Confidential Information to any regulatory or self-regulatory body having jurisdiction over either Party to the extent required by such body, or to any government, agencies or other bodies of any government and their respective employees.

10.2.4 The Commissioners may communicate the Tenant's Confidential Information to its officers, directors, employees, financiers, lawyers and

other advisors or consultants or any intended assignee of The Crown Estate's interest in the Development, provided that such person or entity is informed of the confidential nature of such information and agrees to be bound by the restrictions contained in this Clause 10.2.

10.2.5 The Commissioners may communicate the Tenant's Confidential information:

- (a) to national repositories for data, provided that any such repository does not publish or distribute the disclosed part of the Tenant's Confidential Information in its entirety or only uses the Tenant's Confidential Information in aggregation with other data for the production of charts and other materials, or for the purposes of research, and keeps the source of the Tenant's Confidential Information confidential; and
- (b) where, in the absolute discretion of the Landlord, disclosure is required under the Freedom of Information Act 2000 ("FOIA"), or the Environmental Information Regulations 2004 ("EIRs") and the Tenant acknowledges and agrees that the Commissioners may, acting in accordance with the codes of practice issued and revised from time to time under Section 45 of the FOIA and regulation 16 of the EIRs, (the "Codes") disclose the Tenant's Confidential Information either in circumstances described in the Codes without consulting the Tenant, or following consultation with the Tenant and taking its views into account in accordance with the Codes. Notwithstanding the foregoing the Commissioners shall use all reasonable endeavours to consult with and take into account any representation made by the Tenant in relation to the proposed release of such Tenant's Confidential Information.

10.2.6 Where the Commissioners disclose, or have disclosed, Tenant's Confidential Information as permitted under Clauses 10.2.3 to 10.2.5 (inclusive), the Commissioners shall notify the person to whom the information is disclosed of the confidentiality of the information and shall take all reasonable steps to ensure that such person observes the restrictions on disclosure in this Clause 10.2.

10.3 All rights, title and interest in any Intellectual Property Rights, together with any changes, revisions, improvements or modifications to such Intellectual Property Rights, used in connection with this Lease is, and shall remain, the exclusive property of the Party which holds such rights, title and interest and shall be held in trust and confidence by a recipient Party to the extent that such Intellectual Property Rights are disclosed to and used by the recipient Party.

11. FORCE MAJEURE

11.1 Where this Lease provides that the Tenant may be relieved from its obligations by reason of a Force Majeure Event, then where the Tenant is prevented from or delayed in performing any of its obligations under this Lease by a Force Majeure Event, it shall notify the Commissioners of the events or circumstances constituting the Force Majeure Event, the likely duration of such events, circumstances and their consequences and of its obligations whose performance is thereby delayed or prevented.

- 11.2 After delivering a notice pursuant to Clause 11.1, the Tenant shall keep the Commissioners informed of material developments relating to such Force Majeure Event.
- 11.3 The Tenant shall nevertheless use all reasonable endeavours to continue to perform its obligations under this Lease and to minimise the adverse effects of such Force Majeure Event.
- 11.4 The Tenant shall notify the Commissioners of the steps it proposes to take to minimise the effects of such Force Majeure Event, including any reasonable alternative means for performance of its obligations under this Lease.

12. INDEPENDENT EXPERT

- 12.1 The provisions of this Clause 12 shall apply whenever a disagreement between the Parties is referred for determination to an Independent Expert.
- 12.2 The Parties shall provide such information and co-operation to the Independent Expert as he shall require.
- 12.3 The determination of the Independent Expert shall be final and binding save in the case of fraud or manifest error.
- 12.4 If the Independent Expert shall not have given his determination within 3 months of the date of his appointment or if for any reason it becomes apparent that he will be unable to do so within such period, the Commissioners and the Tenant may agree upon, or either of them may apply for, a new Independent Expert to be appointed in his place (which procedure may be repeated as many times as may be necessary).
- 12.5 The Independent Expert's fees or charges (including the costs of his appointment) shall be borne between the Commissioners and the Tenant in such proportions as the Independent Expert shall determine or, in the event that no notice of determination is given, equally between the Commissioners and the Tenant.

13. NOTICES

- 13.1 Any notice, approval, instruction or other written communication required or permitted under this Lease shall be sufficient if made or given to the other Party or Parties by personal delivery, by facsimile communication to the facsimile number set forth below or by sending the same by e-mail (receipt confirmed) or by first class post, postage prepaid, to the address set forth below:

13.1.1 if to the Commissioners, at:

Address: 16 New Burlington Place, London W1S 2HX

Attention: Legal Director

Fax No: 020 7851 5125

13.1.2 if to the Tenant, at:

Address:

Attention:

Fax No:

13.1.3 if to the Guarantor, at:

Address:

Attention:

Fax No:

or to such other addresses or facsimile numbers provided to the other Party or Parties in accordance with the terms of this Clause 13.

- 13.2 Notices or written communications made or given by personal delivery, e-mail or by facsimile shall be deemed to have been sufficiently made or given when sent (receipt acknowledged), or if posted, 5 Business Days after being deposited in the post, postage prepaid, or upon receipt, whichever is sooner.

14. MISCELLANEOUS

- 14.1 The Commissioners do not warrant that the Lease Area may lawfully be used or is otherwise suitable for any purpose authorised under this Lease, and the Tenant acknowledges that it accepts all risk associated with the Development and the exercise of the Rights and has carried out, or will carry out, all investigations, surveys and exploratory work necessary to satisfy itself as to the suitability of the Lease Area for the purposes of carrying out and conducting the Relevant Works and the Relevant Operations. The Commissioners shall bear no responsibility for the suitability or otherwise of the Lease Area for any purpose authorised by this Lease, including without limitation as a consequence of fluctuations in pressure or the available volume for Carbon Dioxide storage.
- 14.2 The operation of Section 62 of the Law of Property Act 1925 is excluded from this Lease and the only rights granted are those expressly granted in this Lease.
- 14.3 Except where and to the extent that any statutory provision prohibits the Tenant's right to compensation being reduced or excluded by agreement, the Tenant shall not be entitled on quitting the Lease Area to claim from the Commissioners any compensation under the Landlord and Tenant Act 1927 or the Landlord and Tenant Act 1954.
- 14.4 The Tenant shall, subject to receipt of a valid VAT invoice, pay to the Commissioners VAT at the appropriate rate on all payments due to the Commissioners under this Lease.
- 14.5 This Lease incorporates the entire contract between the Parties and the Tenant acknowledges that it has not entered into this Lease in reliance upon any statement or representations made to the Tenant by or on behalf of the Commissioners.
- 14.6 Except as otherwise provided herein, this Lease may not be amended except by a written agreement executed by each Party.
- 14.7 Any provision of, or the application of any provision of, this Lease which is void, illegal or unenforceable shall not affect the validity, legality or enforceability of the remaining provisions of this Lease and if such a provision is found to be void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions of this Lease.
- 14.8 It is not intended that any third party shall be entitled to enforce any term of this Lease pursuant to the Contracts (Rights of Third Parties) Act 1999.

14.9 On the date of this Lease the Tenant shall pay to the Commissioners the reasonable and proper legal fees incurred by the Commissioners after the date of the Agreement for Lease in the preparation and completion of this Lease.

14.10 If this Lease becomes registrable at H M Land Registry the Tenant will co-operate fully with the Commissioners in order to perfect any necessary registration.

15. MONITORING AND POST-CLOSURE REQUIREMENTS FOR ADDITIONAL RIGHTS

15.1 The Tenant may at any time after the date of this Lease require additional Rights to be granted to it pursuant to this Lease in the circumstances set out in this Clause.

15.2 The Tenant may require additional Rights to be granted to it:

15.2.1 where such additional Rights are necessary solely for the purposes of effecting any Monitoring Plan or Post-Closure Plan approved by the Minister;

15.2.2 within any area of the seabed the extent of which has first been approved by the Minister for such purposes;

15.2.3 to the extent that the Commissioners have the power to and may otherwise lawfully grant such additional Rights;

15.2.4 to the extent that such Rights do not conflict with any actual or intended use of any part of the seabed over which the Commissioners have the right to exercise control; and

15.2.5 as approved by the Commissioners in writing (such consent not to be unreasonably withheld or delayed).

15.3 Following determination of such additional Rights, the Tenant shall enter into a deed expressed to be supplemental to this Lease in such form as the Commissioners shall reasonably require to record such additional Rights.

16. GOVERNING LAW AND JURISDICTION

16.1 This Lease shall be governed by and construed in accordance with the laws of England and Wales and the Lease Area is, for the purpose of all English laws applicable to the Development and the purpose of this Lease, to be regarded as if it was incorporated in the body of a county of England and Wales.

16.2 The parties irrevocably agree, that the courts of England and Wales shall have jurisdiction over any claim or matter arising under or in connection with this Lease and that, accordingly, any proceedings in respect of any such claim or matter may be brought in such courts. Nothing in this Clause 16.2 shall limit the right of the Commissioners to take proceedings against the Tenant in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction or jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction or jurisdictions.

This Lease is executed and delivered as a deed on the date first above written.

SCHEDULE 1

RENT

SCHEDULE 2
FACILITIES SPECIFICATION

SCHEDULE 3
SPECIFICATION

SCHEDULE 4
EXISTING RIGHTS

SCHEDULE 5

INSURANCES

Nature of insurance	Commissioners as co-insured	Level of cover
Third party and public liability	Yes	TBC
Physical damage (full reinstatement or estimated maximum loss) to Carbon Storage Infrastructure	No	TBC

- 1 Subject to paragraph 2, all insurances shall be placed with a reputable insurance office or underwriters in London in each case approved in writing by the Commissioners (such approval not to be unreasonably withheld or delayed).
- 2 The Tenant may insure through a captive insurer for so long as such captive insurer satisfies the test set out in the definition of "Credit Condition" in this Lease.

SCHEDULE 6
KEY MILESTONES

1. The date of commencement of the Relevant Works.
2. The date on which the Relevant Works have been Commissioned.
3. The date of first injection of Carbon Dioxide.

SCHEDULE 7

GUARANTEE

1. GUARANTEE

- 1.1 The Guarantor hereby irrevocably and unconditionally guarantees to the Commissioners the due and proper performance by the Tenant of the Tenant's duties and obligations arising under or in connection with this Lease so that:
- 1.1.1 if the Tenant shall in any respect fail to perform any of its duties and/or obligations arising under or in connection with this Lease or shall commit any breach of any provision, or fail to fulfil any warranty or indemnity, set out in the Lease, then, within 10 Business Days of the Commissioners' demand, the Guarantor shall forthwith perform and fulfil in the place of the Tenant each and every duty, obligation, provision, warranty or indemnity in respect of which the Tenant has committed a breach or which the Tenant has otherwise failed to fulfil; and
- 1.1.2 the Guarantor shall be liable to the Commissioners for any and all losses, damages, expenses, liabilities, claims, costs or proceedings which the Commissioners may suffer or incur by reason of the said failure or breach.
- 1.2 Subject to the provisions of paragraph 5 and 6 the liability of the Guarantor under this paragraph 1 in respect of each failure or breach shall be limited to the extent that the Tenant would have been liable under or in connection with the Lease for such breach or failure.

2. LIABILITY UNCONDITIONAL

- 2.1 The Guarantor acknowledges and agrees that the liability of the Guarantor under this Guarantee shall not be impaired, reduced, discharged or otherwise affected by reason of any of the following:
- 2.1.1 any variation, amendment, alteration or supplement (whether formal or informal) to the Lease or to the extent, nature or method of performance of the duties and/or obligations referred to in the Lease;
- 2.1.2 any composition, discharge, release, waiver or other variation of liability entered into with, or granted to, the Tenant;
- 2.1.3 any allowance of time, waiver, forbearance, delay, forgiveness, indulgence, compromise or other dealing under or in connection with the Lease or in respect of any right or remedy arising under the Lease;
- 2.1.4 any settlement or arrangement made between the Commissioners and the Tenant in relation to the Lease;
- 2.1.5 the Lease being terminated by any means;

- 2.1.6 any disability, incapacity, legal limitation, change in ownership or change in status or constitution of the Tenant;
- 2.1.7 the occurrence of the Insolvency of the Tenant;
- 2.1.8 any forbearance or delay by or on the part of the Commissioners in asserting any of its rights against the Tenant;
- 2.1.9 the Commissioners taking, holding, varying or realising any other security for the liabilities of the Tenant under the Lease or by the Commissioners not enforcing any such security; or
- 2.1.10 any other act, omission or default which in the absence of this provision would or might have operated to discharge, reduce, exonerate or otherwise affect the liability of the Guarantor under the terms of this Schedule,

in each case whether such matters are done or omitted to be done with or without notice to, or the consent of, the Guarantor and the Guarantor hereby waives any requirement for notice of, or consent to, any such matters.

3. CONTINUITY AND DISCHARGE OF THE GUARANTEE

3.1 The Guarantor agrees that the guarantee constituted by this Schedule (the “**Guarantee**”):

- 3.1.1 shall not be revocable by the Guarantor;
- 3.1.2 shall be a continuing guarantee and accordingly shall apply in relation to all of the duties, obligations, provisions, warranties or indemnities of the Tenant under and arising out of the Lease and remain in full force and effect until all the said duties, obligations, provisions, warranties or indemnities shall have been carried out, completed and discharged in accordance with the Lease;
- 3.1.3 shall be additional to and not in substitution for any rights or remedies that the Commissioners may have against the Tenant under the Lease or at law;
- 3.1.4 shall be additional to any other guarantee or security from time to time held by the Commissioners; and
- 3.1.5 shall remain in full force and effect as long as the Tenant remains under any actual or contingent liability under the terms of the Lease.

3.2 The Guarantor agrees that the obligations of the Guarantor under this Guarantee are independent of and several to those of the Tenant under the Lease, and accordingly that the Commissioners shall not be obliged, before enforcing any of its rights or remedies under this Guarantee, to commence proceedings or take any other action against or in respect of the Tenant or enforce any other guarantee or security from time to time held by the Commissioners in respect of the duties and/or obligations of the Tenant under the Lease.

3.3 The Guarantor agrees that as long as this Guarantee remains in force and effect, it will not:

- 3.3.1 take any security from the Tenant in connection with this Guarantee (and, if taken, any such security shall be held by the Guarantor as security for its liability to the Commissioners under this Guarantee);
- 3.3.2 take any step to enforce any right or claim against the Tenant in respect of any payment made under or liability arising from or in connection with this Guarantee or claim or prove in competition with the Commissioners against the Tenant or demand or accept repayment of any monies from the Tenant or claim any right of contribution, set-off or indemnity against the Tenant; or
- 3.3.3 be subrogated to any right or security of the Commissioners,

and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this paragraph 3.3 shall be held by the Guarantor in trust for and shall be promptly paid to the Commissioners.

- 3.4 Any decision of any adjudicator, expert, arbitral tribunal and/or any court in respect of or in connection with the Lease or any agreement reached between the Tenant and the Commissioners shall be binding on the Guarantor.

4. REPRESENTATIONS AND WARRANTIES

- 4.1 The representations and warranties given in this paragraph 4 are given by the Guarantor to the Commissioners on the date of this Lease.
- 4.2 It is duly incorporated and in existence in good standing under the laws of England and Wales.
- 4.3 It possesses the capacity to sue and be sued in its own name and has the power to own its property and other assets and to carry on its business as it is now being conducted.
- 4.4 It has full power to and authority to enter into and perform all its obligations under this Lease in accordance with its terms.
- 4.5 This Guarantee constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms and are in full force and effect and rank at least *pari passu* with all other of its present and future unsecured and unsubordinated indebtedness (with the exception of any obligations which are mandatorily preferred by law and not by contract).
- 4.6 The entry into and performance by it of its obligations under this Lease have been duly authorised by all necessary corporate actions on the part of the Guarantor.
- 4.7 There is no litigation, dispute, arbitration or administrative proceedings current, pending or threatened against it that would have a material adverse effect on its ability to perform its obligations under this Guarantee.
- 4.8 The Guarantor is not Insolvent and no event has occurred which with the giving of notice or the passing of time may make it become Insolvent.

- 4.9 Neither the entry into this Lease nor the implementation of the obligations and transactions contemplated by it will result in:
- 4.9.1 a violation or breach of any provision of its statutes, by-laws or other constitutional documents;
 - 4.9.2 a violation or breach of any applicable laws or regulations or of any order, decree or judgment of any court, governmental agency or regulatory authority applicable to it or any of its assets; or
 - 4.9.3 a breach of, or a default under, any contract or other agreement to which it is a party or by which it or any of its assets are bound.
- 4.10 No consent, authorisation, licence or approval of any governmental, administrative, judicial or regulatory body, authority or organisation is required to authorise the execution, validity, enforceability or admissibility in evidence of this Guarantee, or the performance by it of its obligations under this Guarantee.
- 4.11 The choice by it of the laws of England to govern this Guarantee is valid and binding.

5. PAYMENT UNDER THE GUARANTEE

The Guarantor agrees that all sums payable by the Guarantor under this Guarantee shall be paid to the Commissioners in full without set-off or counterclaim and free of any present or future taxes, levies, duties, charges, fees, withholdings or deductions (together referred to as “**Deductions**”) which would not have been imposed if such payments had been made by the Tenant, and if the Guarantor is compelled by law to make any Deductions the Guarantor will gross up the payment so that the net sum received by the Commissioners is equal to the full amount which the Commissioners would have received had no such Deductions been made.

6. INTEREST

The Guarantor shall pay interest on any amount due under this Guarantee from the date of demand until the date of payment in full calculated on a daily basis at the rate of []% per annum, or, if greater, []% per annum above the base lending rate from time to time of Barclays Bank plc (or such other bank as the Commissioners nominates from time to time), but, for the avoidance of doubt, the Commissioners shall not be entitled to double recovery of default interest from both the Guarantor under the terms of this Schedule and from the Tenant under the Lease.

SCHEDULE 8

OPINION REQUIREMENTS

- 1 For the purposes of Clause 3.9.4(d) a qualifying legal opinion shall be required to fulfil the following criteria:
 - 1.1 The opinion shall be in writing and be given by a firm which is qualified to act as a legal adviser in the jurisdiction in which the proposed assignee and/or the Guarantor (as appropriate) (the "**Relevant Entity**") is incorporated (the "**Relevant Jurisdiction**") and which is approved by the Commissioners (not to be unreasonably withheld);
 - 1.2 The opinion shall confirm that, in the opinion of the relevant law firm:
 - 1.2.1 the Relevant Entity is duly incorporated and validly existing under the laws of the Relevant Jurisdiction and is not the subject of any insolvency process or procedure;
 - 1.2.2 the Relevant Entity has the corporate power and capacity to enter into and perform its obligations under the Lease and any relevant deed of covenant or relevant deed of guarantee and has taken the necessary corporate action to authorise the due execution and performance of its obligations under the same;
 - 1.2.3 no regulatory consents are required for the lawful execution of, or performance of the obligations under, the Lease and any relevant deed of covenant or relevant deed of guarantee by the Relevant Entity;
 - 1.2.4 the execution by the Relevant Entity of, and the performance of its obligations under, the Lease and any relevant deed of covenant or relevant deed of guarantee does not result in any breach of its constitution or any law or regulation of general application in the Relevant Jurisdiction;
 - 1.2.5 the obligations assumed by the Relevant Entity in the Lease and any relevant deed of covenant or relevant deed of guarantee constitute legal, valid, binding and enforceable obligations of the Relevant Entity;
 - 1.2.6 it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Lease, any relevant deed of covenant or relevant deed of guarantee that it be filed, recorded or registered at any governmental, administrative or other authority or court in the Relevant Jurisdiction (save where that law firm undertakes to carry out any necessary filing, recording or registration);
 - 1.2.7 either there is no registration fee, stamp duty or other documentary charge required to be paid in the Relevant Jurisdiction in relation to the Lease and any relevant deed of covenant or relevant deed of guarantee, or stating the amount and frequency of payment required for any such fee or charge;
 - 1.2.8 the choice of English law to govern the Lease and any relevant deed of covenant or relevant deed of guarantee is valid and English law will be applied by the courts in the Relevant Jurisdiction;

- 1.2.9** if any final and conclusive judgment under which a sum of money is payable were obtained in a superior court in England and Wales against the Relevant Entity, that judgment would be recognised and enforced by the courts in the Relevant Jurisdiction without reconsidering its merits; and
- 1.2.10** any address within any part of England and Wales agreed by the Relevant Entity as an address for service of process will be valid and binding on the Relevant Entity.
- 1.3** The opinion shall be subject only to such assumptions and limitations as are (in the Commissioners' reasonable opinion) appropriate and usual for such an opinion at the time the opinion is given.

THE OFFICIAL SEAL of THE CROWN)
ESTATE COMMISSIONERS hereto)
affixed was authenticated by:-)

SIGNED AS A DEED by)
[] acting by:-)

Director

in the presence of :

Witness name:

Address:

Occupation:

SIGNED AS A DEED by)
[] acting by:-)

Director

in the presence of :

Witness name:

Address:

Occupation: