

Shell will make the following amendments (2023 amendments) to SUKO 90, to be reflected in the SUKO 90 General Terms and Conditions in due course based on the final term sheet below.

These amendments plan for two possible scenarios:

- 1) The 700kb Scenario, where Sullom Voe, Hound Point, Sture, Teeside and Mongstad terminals publish 700kb cargoes in their program
- 2) The 600kb Scenario, where Sullom Voe, Hound Point, Sture, Teeside and Mongstad terminals publish 600kb cargoes in their program

Once the five North Sea terminals have indicated their preferred cargo size for June 2023 onward, Shell will publish its 2023 amendments to SUKO 90 in line with terminals' chosen cargo sizes.

In the 700kb Scenario, the 2023 amendments will be:

**1) For Brent, Forties, Ekofisk, Oseberg and Troll**

Volume will be amended to 700kb +/-1% Buyer's Option

**2) For WTI Midland**

**a) Delivery Terms**

- *Volume:* 700kb +/-1% Buyer's Option
- *Destination:* CIF Rotterdam consistent with loading dates at USGC load ports, with deviation to NWE and MED guaranteed available at cost as per deviation clause and freight provisions below
- *Risk & Title:* Risk and Title of the crude oil shall pass from the Seller to the Buyer immediately as the vessel carrying the crude leaves the Economic Exclusion Zone (EEZ) of the United States of America having left the last port in the United States
- *GT&Cs:* SUKO 90 with 2023 amendments

**b) Price**

- *Price:* Cash Contract Price + Quality Premium + Freight Escalator
- *Quality Premium:* As per Platts assessment
- *Freight Escalator:*  $\text{Freight}_{\text{BFOET} \rightarrow \text{Rdam}}$  (in \$ per bbl)  
where  $\text{Freight}_{\text{BFOET} \rightarrow \text{Rdam}} = \text{WS}_{\text{Platts UKC} > \text{UKC}} \times \text{FR}_{\text{BFOET} > \text{Rdam}} \times 86.7\text{kT} / 700$   
where  $\text{WS}_{\text{Platts UKC} > \text{UKC}}$  is the calendar average of Platts quote Dirty UKC > UKC 70kT WS during M and  $\text{FR}_{\text{BFOET} > \text{Rdam}}$  is the Flat rate published by Worldscale for an evenly weighted average of freight values for the four ports of Hound Point, Sture, Teesside, and Mongstad to Rotterdam
- *Freight Deviation:* Provided buyer and seller agree upfront on the different WS charterparty rates used for the performing ship, then the freight deviation should be calculated at cost. The fallback WS number to be used for freight deviation, in case of disagreement over the WS rate between buyer and seller, will be the average over 5 consecutive quote days, starting 15 calendar days before the first day of the loading dates, of  $\text{WS}_{\text{Platts USGC} > \text{UKC}}$  (if the declared destination is in NWE) or  $\text{WS}_{\text{Platts USGC} > \text{MED}}$  (if the declared destination is in the MED)

**c) Eligibility**

- *Loading Dates:* within the period starting 15 days before the first day of M ending 15 days before the last day of M
- *Loadport Terminals:* No STS Oil allowed. For every Midland cargo delivered in the Cash BFOETM contract, the terminal must publish an official document stating the official loading dates of the chained cargo. Any change to the official loading dates must be agreed to by the receiver or be the result of a unilateral decision by the terminal (forced deferrals / advancements). The loading dates should be 3 days. Cargo needs to be loaded in full and come from one of the approved terminals as per list at the bottom of this document

- *Declaration Date*: a cargo of Midland need to be declared one month and one day before the implied first day of its arrival window at Rotterdam

#### **d) Spec**

- Quality Provisions (Cargo Spec based on shore tanks at load port):

API between 40 and 44

BS&W <= 1%

RVP <= 9.5 pps at 100 def F 4:1 V/L ratio

Sulphur <= 0.2%

H2S <= 10ppm (in liquid phase)

Mercaptans <= 75 ppm

Iron <= 10ppm

Vanadium <= 2ppm

Nickel <= 2ppm

Organic Chloride <= 1ppm

Distillation Spec: High-Temperature Simulated Distillation (HTSD) as follows:

- Light Ends <220°F by HTSD: Not more than 19% by mass

- 50% Point by HTSD: 470°F- 570°F

- Vacuum Residuum >1020°F by HTSD: Not more than 16% by mass

- In the event that the inspection finds the cargo to be off-specification, the buyer and the seller should enter a negotiation to reflect commercial practice by proceeding from verifiable evidence of a quantifiable cost or loss that has accrued to either party as a result. Buyer holds the right to claim quantifiable cost or loss from the seller, but buyer may not reject the cargo

#### **e) Freight Provisions**

- *Size*: Vessel should be Aframax only unless buyer and seller agree on a different ship class; and the vessel should not be subject to US, UK or EU sanctions

- *Vetting*: Vessel must be acceptable to the buyer as per normal vetting procedure

- *Destination*: The ship charterparty must cover the following range in terms of destination options: NWE and MED as per Platts definition

- *Alternate Destination Option*: In the event where the buyer requests Latam/Canada/Baltic/Med East or any other options to the seller before the chartering window, seller must add these options to the charterparty at cost. However, the buyer must accept the WS for all destinations in the charterparty and cannot resort to the fallback formula for NWE and MED

- *Destination Declaration*: Buyer must provide a destination for orders to the Seller on the cargo B/L date. Any subsequent change of destination, provided they are covered by the Charterparty, must be accepted by the seller and any costs arising from this change must be borne by the buyer

- *STS Option*: An STS option in a European safe STS location chosen by the buyer must be made available to the buyer at reasonable market value at the time of chartering should the buyer need it

- *Demurrage Clause*: As per STASCO's 2010 GTCs

**In the 600kb Scenario, the 2023 amendments will be:**

##### **1) For Brent, Forties, Ekofisk, Oseberg and Troll**

Volume will stay 600kb +/-1% Buyer's Option provide that the Sullom Voe, Hound Point, Sture, Teesside and Mongstad terminals keep their cargo size to 600kb

##### **2) For WTI Midland**

###### **a) Delivery Terms**

- *Volume*: 700kb +/-6kb Buyer's Option

- *Destination*: CIF Rotterdam consistent with loading dates at USGC load ports, with deviation to NWE and MED guaranteed available at cost as per deviation clause and freight provisions below

- *Risk & Title*: Risk and Title of the crude oil shall pass from the Seller to the Buyer immediately as the vessel carrying the crude leaves the Economic Exclusion Zone (EEZ) of the United States of America having left the last port in the United States
- *GT&Cs*: SUKO 90 with 2023 amendments

#### **b) Price**

The price will be split into Price 1 for 600kb +/-1% Buyer's Option and Price 2 for 100kb balance.

*Price 1 (applicable to the first 594kb-606kb as declared by Buyer):*

- *Price*: Cash Contract Price + Quality Premium + Freight Escalator
- *Quality Premium*: As per Platts assessment
- *Freight Escalator*:  $\text{Freight}_{\text{BFOET} \rightarrow \text{Rdam}}$  (in \$ per bbl)

where  $\text{Freight}_{\text{BFOET} \rightarrow \text{Rdam}} = \text{WS}_{\text{Platts UKC} > \text{UKC}} \times \text{FR}_{\text{BFOET} > \text{Rdam}} \times 80\text{kt} / 600$

where  $\text{WS}_{\text{Platts UKC} > \text{UKC}}$  is the calendar average of Platts quote Dirty UKC > UKC 70kt WS during M and  $\text{FR}_{\text{BFOET} > \text{Rdam}}$  is the Flat rate published by Worldscale for an evenly weighted average of freight values for the four ports of Hound Point, Sture, Teesside, and Mongstad to Rotterdam

*Price 2 (applicable to the balance 100kb):*

- *Price*: Cal M Dated + Cal M-1 Platts Midland<sub>CIF Rdam</sub>

Where M is the month of the Cash contract and Platts Midland<sub>CIF Rdam</sub> is the average of the Platts Midland CIF Rotterdam Differential against Cal M Dated Quote (Quote to be established with Platts) over the period of Cal M-1

- *Freight Deviation*: Provided buyer and seller agree upfront on the different WS charterparty rates used for the performing ship, then the freight deviation should be calculated at cost. The fallback WS number to be used for freight deviation, in case of disagreement over the WS rate between buyer and seller, will be the average over 5 consecutive quote days, starting 15 calendar days before the first day of the loading dates, of  $\text{WS}_{\text{Platts USGC} > \text{UKC}}$  (if the declared destination is in NWE) or  $\text{WS}_{\text{Platts USGC} > \text{MED}}$  (if the declared destination is in the MED)

#### **c) Eligibility**

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#### **d) Spec**

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 Sulphur <= 0.2%  
 H2S <= 10ppm (in liquid phase)  
 Mercaptans <= 75 ppm  
 Iron <= 10ppm  
 Vanadium <= 2ppm  
 Nickel <= 2ppm  
 Organic Chloride <= 1ppm

Distillation Spec: High-Temperature Simulated Distillation (HTSD) as follows:

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- *Demurrage Clause*: As per STASCO's 2010 GTCs

## **Preliminary list of potential terminals to load Midland cargoes**

The list below should be considered for eligible terminals to produce Midland cargoes deliverable into Cash BFOETM:

### Port Arthur

1. Sunoco Terminal (Nederland)
2. P66 Beaumont
3. Enterprise Beaumont

### Houston/Texas City/Surrounding Areas

1. Enterprise Houston Ship Channel (EHSC)
2. Galena Park (Kinder Morgan)
3. LBC Bayport (Seabrook)
4. Enterprise Texas City
5. Enterprise Freeport

### Corpus Christi

1. Epic
2. MODA Ingleside (Enbridge now)
3. Oxy Ingleside
4. Flint Hills
5. South Texas Gateway (STG)
6. Nustar
7. Pin Oak
8. Buckeye

### Louisiana

1. LOOP

Any terminals that satisfy the following conditions should also be considered for addition to the above list:

- Has one safe berth in Texas or Louisiana or one buoy in federal waters pipeline connected to coasts of Texas or Louisiana.
- Has the ability to load 700kb Midland in full in 36+6 hours
- Has draft and physical restrictions allowing for standard Aframax to berth and load 700kb Midland
- Does not have terminal shift
- Does not allow for the loading to be done via STS
- Loads from static tanks and should not be receiving oil from inbound pipes
- Enables the seller to issue certificate of quality

Finally, all cargoes chained in Cash BFOETM should be eligible for the Platts and Argus assessment for Dated Brent. As a result, this above list of terminals must be consistent with Platts and Argus methodology on Dated Brent.