

N.T. GAS PTY. LIMITED
ACN 050 221 415

**ACCESS ARRANGEMENT
FOR AMADEUS BASIN TO DARWIN
PIPELINE**

February, 2003

N.T. Gas Pty. Limited

Access Arrangement for Amadeus Basin to Darwin Pipeline

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INTRODUCTION

This Access Arrangement is established pursuant to the Gas Pipelines Access Law and Section 2.2 of the National Third Party Access Code for Natural Gas Pipelines. It reflects the proposed Access Arrangement submitted to the Australian Competition and Consumer Commission on 25 June 1999, amended as required by the Commission's Final Decision dated 4 December, 2002.

This Access Arrangement contains NT Gas's services policy, reference tariff, reference tariff policy, terms and conditions of service, trading policy, queuing policy, extensions/expansions policy and capacity management policy for the Pipeline.

N.T. Gas Pty. Limited ACN 050 221 415 ("**NT Gas**") is the operator of the Pipeline and as such is the Service Provider under the Code.

OVERVIEW

This Access Arrangement is set out as follows:

Section 1: Services Policy describes the Services offered under this Access Arrangement and the procedure to obtain access to the Services.

Section 2: Terms and Conditions of Service describes together with Schedule 2 the terms and conditions applicable to the Services offered by NT Gas.

Section 3: Tariffs and Charges describes the Reference Tariff applicable to the Reference Service, the Tariff applicable to the Interruptible Service and general charging matters applying to all Services.

Section 4: Reference Tariff Policy describes the principles used to determine the Reference Tariff, and additional matters regarding New Facilities Investment, Redundant Capital, Incentive Mechanisms and Fixed Principles.

Section 5: Trading Policy which allows for Bare Transfer, assignment with consent and change of Delivery and Receipt Points.

Section 6: Queuing Policy describes the order in which capacity will be allocated to Prospective Users where there is insufficient capacity in the Pipeline to satisfy all Requests for Service.

Section 7: Extensions/Expansions Policy describes the manner in which extensions or expansions to the Pipeline and New Facilities Investment will be dealt with.

Section 8: Capacity Management Policy specifies whether the Pipeline is a contract carriage pipeline or a market carriage pipeline for the purposes of the Code.

Section 9: Term and Review of the Access Arrangement sets out the Commencement Date, the Revisions Submission Date and the Revisions Commencement Date.

SCHEDULES:

Schedule 1:	Definitions of Terms
Schedule 2:	General Terms and Conditions applying to all Services
Schedule 3:	Gas Quality Specification
Schedule 4:	Request for Access

SECTION 1: SERVICES POLICY

NT Gas's Service Policy consists of three Services – a Transportation Service, an Interruptible Service and a Negotiated Service as follows:

- **Transportation Service** — Reference Service for transport from the Receipt Points to any Delivery Points on the Pipeline with tariffs charged on the basis of throughput (\$ per GJ of throughput).
- **Interruptible Service** – Rebatable Service (non-Reference Service) for transport from the Receipt Points to any Delivery Points on the Pipeline with tariffs charged on the basis of throughput (\$ per GJ of throughput), where NT Gas is entitled to cease receiving gas from, or delivering gas to, the User when pipeline capacity is constrained/curtailed or to meet the capacity requirements of other Users.
- **Negotiated Services** — agreements negotiated to meet the needs of a User which differ from those in the Transportation Service or the Interruptible Service.

Note:

There is currently no firm capacity available in the Pipeline, with all capacity utilised under pre-existing Service Agreements for forward haul services in the nature of the Transportation Service.

In recognition that a firm forward haul service is the Service which is likely to be sought by the market, NT Gas has defined the Transportation Service to enable Users and Prospective Users to understand the conditions on which the Service would be offered if capacity becomes available.

The Interruptible Service is offered because, while NT Gas does not believe it will be sought by a significant part of the market, it enables Users and Prospective Users to understand the conditions on which capacity may be available at this time. The Service is offered as a Rebatable Service because there is substantial uncertainty as to expected future revenue from the sales of the Service due to the nature of the Service and the market for this Service, and because the nature of the Service and the market for the Service is different from the nature and market for the Reference Service¹.

¹ See Code, definition of Rebatable Service.

1.1 Transportation Service²

General

- NT Gas will receive Gas at the Receipt Points, transport it through the Pipeline and deliver it at the Delivery Points existing on the Pipeline as at 4 December 2002.

MHQ, MDQ and ACQ

- Users will be required to establish a level of MHQ which fairly reflects their maximum hourly requirement at each Delivery Point, and to establish for each Year a level of MDQ and ACQ which fairly reflects their needs under the Transportation Service.
- NT Gas's maximum obligation to deliver gas is MHQ in any hour, MDQ on any Day and ACQ over a Contract Year.

Overruns

- An Overrun will occur when withdrawals by the User at a Delivery Point exceed the MHQ in any Hour or the MDQ on any Day. Overruns may be authorised or unauthorised.

Term

- The term of the Service will be one Year or such longer period as the User elects at the time of entering into the Service Agreement.

Reference Tariff Applicable under a Transportation Service

- The Reference Tariff for the Transportation Service is described in Section 3 being the charges described as "Reference Tariff" in section 3.1 and the charges described in section 3.3 and 3.4.

Terms and Conditions

- General Terms and Conditions in Schedule 2 apply.

² This section 1.1 presents an overview of key elements of the Transportation Service. The terms and conditions applying to the Service are more fully described in Schedule 2.

1.2 Interruptible Service³

General

- NT Gas will receive Gas at the Receipt Points, transport it through the Pipeline and deliver it at the Delivery Points existing on the Pipeline as at 4 December 2002.
- NT Gas may interrupt the Service in the circumstances outlined below.

MHQ, MDQ and ACQ

- Users will be required to establish a level of MHQ which fairly reflects their maximum hourly requirement at each Delivery Point, and to establish for each Year a level of MDQ and ACQ which fairly reflects their needs under the Interruptible Service.
- Where NT Gas reasonably believes that the MDQ established by the User does not fairly reflect the User's needs, NT Gas may revise the MDQ to fairly reflect the User's needs.
- NT Gas's maximum obligation to deliver gas is MHQ in any hour, MDQ on any Day and ACQ over a Contract Year.

Overruns

- An Overrun will have occurred if withdrawals by the User at a Delivery Point exceed the MHQ in any Hour or the MDQ on any Day. Overruns may be authorised or unauthorised.

Interruption to Service

- Where NT Gas curtails or interrupts Pipeline Services where necessary for operational purposes or in response to emergencies or events of force majeure, Services to Users of the Interruptible Service will be curtailed or interrupted prior to Services to other Users.
- NT Gas may curtail, interrupt or cease the receipt, transportation or delivery of gas for or on behalf of the User where necessary to ensure that NT Gas is able to comply with any pre-existing Service Agreement.

Term

- The term of the Service will be one month or such longer period as the User elects at the time of entering into the Service Agreement, but in any event not extending beyond the Revisions Commencement Date.

³ This section 1.2 presents an overview of key elements of the Interruptible Service. The terms and conditions applying to the Service are more fully described in Schedule 2.

Charges for Interruptible Service

- The charges for an Interruptible Service are described in Section 3 being the charges described as “Interruptible Tariff” in section 3.2 and the charges described in section 3.3 and 3.4.
- Revenue shared from Users of the Interruptible Service will be distributed by NT Gas in accordance with the requirements of the Trust Deed of the Amadeus Gas Trust⁴.

Terms and Conditions

General Terms and Conditions in Schedule 2 apply.

⁴ Distribution in this manner recognises pre-existing contractual obligations – Code section 2.25

1.3 Negotiated Services

- Where a Prospective User has specific needs which differ from those which would be satisfied by the Reference Service or the Interruptible Service, the Prospective User may seek to negotiate different terms and conditions as a Negotiated Service.
- Should a dispute arise, it will be resolved in accordance with the dispute resolution procedures in the Gas Pipeline Access Law and the Code, unless the parties agree otherwise.

1.4 Access and Requests for Services

In order to obtain access to a Service, a Prospective User must observe the following procedures:

- A Prospective User must lodge a Request and meet NT Gas’s prudential requirements as follows:
 - (a) the user or prospective user must be resident in, or have a permanent establishment in, Australia;
 - (b) the user or prospective user must not be under external administration as defined in the Corporations Law or under any similar form of administration in any other jurisdiction; and
 - (c) the user or prospective user may be required to provide reasonable security in the form of a parent company guarantee or a bank guarantee or similar security. The nature and extent of the security will be determined having regard to the nature and extent of the obligations of the user or prospective user under the Service Agreement.
- A Request must include as a minimum the level of detail envisaged by Schedule 4.
- A Prospective User may have only one active Request for the same tranche of capacity to a particular Delivery Point.
- NT Gas will advise the Prospective User where a Request is incomplete. If the Prospective User corrects the deficiency within 7 Days, the priority of the Request will depend on the date on which NT Gas first received the Request. Otherwise, the priority will depend on the date on which NT Gas receives the complete Request.
- NT Gas will within the shortest reasonable time and in any event within 30 Days of receiving a complete Request advise whether capacity is available and at what price, and whether a queue exists for the capacity.
- A Request will lapse unless, within 30 Days of NT Gas advising that capacity is available, the Prospective User has either entered into a Service Agreement or commenced bona fide negotiations⁵.
- Where there is sufficient capacity to meet a Request, there will be no queue.
- Where there is insufficient capacity to satisfy a Request, then a queue will be formed and the Queuing Policy will apply⁶.

In this section 1.4, “Prospective User” does not include a User which is exercising its rights under a Service Agreement which existed as at 5 February 2003.

⁵ A Request will not lapse in the event of a dispute being notified under the Code until that dispute has been resolved in accordance with the dispute resolution procedures in the Gas Pipelines Access Law and the Code, unless the parties agree otherwise.

⁶ See section 6.

SECTION 2: TERMS AND CONDITIONS OF TRANSPORTATION SERVICE AND INTERRUPTIBLE SERVICE

NT Gas will provide the Transportation Service and the Interruptible Service on the terms and conditions set out in its Standard Service Agreement for the relevant Service from time to time.

The terms and conditions on which Services will be provided will include the matters set out in Schedule 2. The terms and conditions of the Standard Service Agreement will be consistent with this Access Arrangement including Schedule 2 and, in the event of any inconsistency between the terms and conditions of the Standard Service Agreement and those set out in Schedule 2, the terms and condition in Schedule 2 will prevail over those in the Standard Service Agreement.

NT Gas will not discriminate between Prospective Users in the provision of Services on the basis of:

- (a) past transactions or relationships with NT Gas;
- (b) the identity of the Prospective User;
- (c) the fact that the Prospective User is a related party of NT Gas; or
- (d) the source of the gas proposed to be transported, subject only to the gas meeting the Specifications.

SECTION 3: REFERENCE TARIFFS AND OTHER CHARGES

3.1 Transportation Service (Reference Service)

3.1.1 Reference Tariff

The Reference Tariff for the Transportation Service applicable at the Adjustment Date of 1 July, 2001 is:

	\$/GJ
Zone 1	1.26
Zone 2	0.89
Zone 3	0.74

The pricing zones are as follows:

Zone	Boundaries
Zone 1	Outlet of Palm Valley and Mereenie production facilities to the inlet of the Warrego compressor station.
Zone 2	Inlet of the Warrego compressor station to the inlet of the Mataranka scraper station (end of 350mm pipeline and commencement of the 300mm pipeline).
Zone 3	Inlet of the Mataranka scraper station to the outlet of the Channel Island meter station.

The Reference Tariff for the Transportation Service to apply from each Adjustment Date after 1 July, 2001, will be calculated according to the following formula:

$$\text{Reference Tariff}_n = \text{Reference Tariff}_{n-1} \times \left[\frac{\text{CPI}_n}{\text{CPI}_{n-1}} \right] \times (1 - X) \times Y \text{ where:}$$

CPI means the Consumer Price Index (weighted average, Eight Capital Cities) published quarterly by the Australian Statistician. If the Australian Statistician ceases to publish the quarterly value of that Index, then CPI means the quarterly values of another Index which NT Gas reasonably determines most closely approximates that Index.

CPI_n means the value of the CPI last published before the Adjustment Date "n" at which the Reference Tariff is being calculated.

CPI_{n-1} means the value of the CPI last published before the Adjustment Date immediately preceding the Adjustment Date at which the Reference Tariff is being calculated.

"X" is 0.0151

"Y" is 1.0 for all Adjustment Dates except 1 July, 2007, in which case it is 0.74.

"Adjustment Date" for a particular year means 1 July in that year.

NOTE: The value of Reference Tariff_n calculated by the above formula will be rounded to the nearest cent for billing purposes. For the purposes of calculation, the value of Reference Tariff_n in the formula will be calculated to and carried forward to the next annual calculation at a level of precision that is sufficient to avoid any truncation errors in the value of Reference Tariff_n when it is rounded to the nearest cent.

3.1.2 Reference Tariff after 30 June 2011

In the event that the Revisions Commencement Date⁷ is later than 30 June 2011, the formula set out in 3.1.1 above shall continue to be used to calculate interim Reference Tariffs to apply to the provision of the Transportation Service between that date and the Revisions Commencement Date.

3.1.3 Minimum Annual Bill

Where the quantity of gas transported for a User is less than 80% of ACQ in a Contract Year, the User will pay an amount equal to the charge for delivery of 80% of ACQ in that Contract Year with the applicable adjustment for Load Factor variation to be determined on the basis of quantities of gas actually delivered.

3.1.4 Reference Tariff Adjustment for Load Factor Variation

The Reference Tariff for the Transportation Service will be adjusted with effect from each Load Factor Adjustment Date during the term of a Service Agreement in accordance with the following formula:

$$AR_1 = AR \times \frac{\text{Load Factor}}{1.2}$$

where:

AR₁ means the rate to be applied from the Adjustment Date;

AR means the Reference Tariff applicable at the Adjustment Date;

“Load Factor” means for a User in any Year the amount determined by dividing:

- (a) the average of the three highest daily quantities of gas delivered to or for the account of the User under the Service Agreement during that Year; by
- (b) the Average Daily Quantity of Gas for that User under the Service Agreement during the Year preceding the Adjustment Date.

“Load Factor Adjustment Date” means 1 January, 1 April, 1 July and 1 October.

“Average Daily Quantity of Gas” means the total quantity of gas delivered to or for the account of the User in a Year divided by the number of Days in that Year.

⁷ See section 9.3 of this Access Arrangement

During the first Year, the Load Factor to be applied to determine the Reference Tariff at the commencement of gas deliveries and to adjust Reference Tariffs on the first and second Adjustment Dates of that Year will be agreed by NT Gas and the User taking into account the User’s anticipated Load Factor during the period up to the third Adjustment Date.

For the remainder of that first Year, the Load Factor to be applied to adjust Reference Tariff will be determined in accordance with the above definitions of Load Factor and Average Daily Quantity of Gas using the actual quantities of gas delivered to or for the account of the User and the number of Days in the period from the commencement of gas deliveries up to the relevant Adjustment Date.

3.1.5 Term of Service Agreement extending beyond Revisions Commencement Date

Where the Term of a Service Agreement extends beyond the Revisions Commencement Date, the tariffs payable under that Service Agreement will be the Reference Tariff then payable for a comparable Service, or as otherwise agreed.

3.2 Tariff for Interruptible Service

The Tariff for the Interruptible Service (in this section 3 called the “**Interruptible Tariff**”) will be negotiated but will be no greater than the Reference Tariff for the Transportation Service described in section 3.1.1, adjusted under section 3.1.2.

There is no Minimum Annual Bill payable by the User, or Load Factor adjustment to tariffs, for the Interruptible Service.

3.3 Charges in respect of Receipt Points or Delivery Points

NT Gas is entitled to recover from a User or group of Users:

- (a) the cost of constructing capital improvements for Receipt Stations and Delivery Stations for the Pipeline (which will remain the property of NT Gas) specifically required to deliver gas to or receive gas from that User or group of Users, including the construction of Receipt Stations and Delivery Stations; and
- (b) the cost of operating and maintaining those capital improvements.

3.4 General Charges

3.4.1 Overrun Charges

- Where NT Gas agrees to an Authorised Overrun in respect of the MDQ, the User may be required to pay an Authorised Overrun Charge, calculated as the Authorised Overrun Quantity multiplied by the Authorised Overrun Rate. No charges are payable in respect of an Overrun relating only to MHQ.

- Where there is an Unauthorised Overrun in respect of the MDQ, the User may be required to pay an Unauthorised Overrun Charge calculated by multiplying the Unauthorised Overrun quantity by the Unauthorised Overrun Rate.
- **“Authorised Overrun Rate”** means:
 - where the Contracted Capacity on the Pipeline is less than or equal to 85% of the Capacity of the Pipeline - nil; and
 - where the Contracted Capacity on the Pipeline is greater than 85% of the Capacity of the Pipeline - 20% of the Pipeline Tariff or the Interruptible Tariff as the case may be.
- **“Unauthorised Overrun Rate”** means:
 - where the Contracted Capacity on the Pipeline is less than or equal to 85% of the Capacity of the Pipeline, nil; and
 - where the Contracted Capacity on the Pipeline is greater than 85% of the Capacity of the Pipeline - 100% of the Pipeline Tariff or the Interruptible Tariff as the case may be.

3.4.2 Daily Variance Charges

- For any Day in excess of:
 - (a) 4 Days in the Month; or
 - (b) 24 Days in a Contract Yearin which a Daily Variance occurs, NT Gas may require the User to pay a Daily Variance Charge.
- A **Daily Variance** will occur when the quantity of gas:
 - (a) delivered to or for the account of the User at a Delivery Point during a Day is different from the Nomination for that Delivery Point; or
 - (b) received from or on behalf of the User at a Receipt Point during a Day is different from the Nomination for that Receipt Pointby more than 10% of the Delivery Point MDQ or the Receipt Point MDQ respectively (excluding any portion of that variation that has been caused by NT Gas).
- **“Daily Variance Charge”** means a charge calculated by multiplying the Daily Variance Quantity by the Daily Variance Rate.
- **“Daily Variance Quantity”** means, on any Day on which a Daily Variance occurs, the greater of:
 - (a) the sum, for all Delivery Points, of the absolute differences between the Nomination and the actual quantity of gas delivered to or for the account of the User at each Delivery Point for the Day; and
 - (b) the sum, for all Receipt Points, of the absolute differences between the Nomination and the actual quantity of gas received from or on behalf of the User at each Receipt Point for the Day,

(excluding any portion of that quantity which has been caused by NT Gas).

- **“Daily Variance Rate”** means 120% of the Pipeline Tariff or the Interruptible Tariff as the case may be on the Day on which the Daily Variance occurred.

3.4.3 General

Any charge payable by a User in respect of an Overrun, Imbalance⁸ or Daily Variance is payable in addition to, and not substitution for, any other charge payable by the User and does not affect the MDQ specified in the Service Agreement.

3.4.4 Imposts and Other Statutory Charges

Users will pay for all new or increased Imposts, and NT Gas will reflect reductions of Imposts in charges and fees.

The above charges are exclusive of the Goods and Services Tax (GST) payable under the New Taxation System Act (2000). NT Gas will pass on to Users the amount of the tax or liability incurred by it in respect of the GST (or any other similar tax or impost).

⁸ See Schedule 2, Part 2

SECTION 4: REFERENCE TARIFF POLICY

1. NT Gas's Reference Tariff Policy is to recover forecast Pipeline project costs and efficient operating costs, and to provide NT Gas a commercial rate of return. The rate of return used in setting the Reference Tariffs is commensurate with the business risks expected to be taken by the pipeline developers over the life of the Pipeline investment. The inclusion of the Interruptible Service is designed to encourage development of the pipeline and pipeline usage, while returning to the parties who underwrote the pipeline a share of the revenue from that development.
2. The Reference Tariff and the Interruptible Tariff are throughput tariffs rather than a combined capacity and throughput tariff. This reflects the following:
 - this tariff structure is regarded as easier to understand and apply for Users who are not experienced in gas transportation arrangements; and
 - such a tariff structure is consistent with the tariff structure applying to the pre-existing User of the Pipeline.
3. The zonal nature of the Reference Tariffs is designed to develop the market for pipeline Services⁹, and to replicate the outcomes of a competitive market¹⁰, while recognising the Code objective that Reference Tariffs should be cost reflective¹¹.
4. NT Gas may undertake New Facilities Investment that does not satisfy the requirements of section 8.16 of the Code and may include in the Capital Base that part of the New Facilities Investment which does satisfy section 8.16 .
5. An amount in respect of the balance after deducting the Recoverable Portion of the New Facilities Investment may subsequently be added to the Capital Base if at any time the type and volume of Services provided using the increase in Capacity attributable to the New Facility change such that any part of the Speculative Investment Fund would then satisfy the requirements of the Code for inclusion in the Capital Base.
6. For the purposes of calculating the Capital Base at the commencement of the subsequent Access Arrangement Period:
 - (a) where the actual cost of New Facilities differs from the forecast New Facilities Investment on which the Capital Base was determined, the calculated Capital Base will include that part of the New Facilities Investment that meets the requirements of section 8.16 of the Code at actual cost.
 - (b) the Capital Base will be adjusted if necessary and to the extent that assets are determined by the Regulator to be redundant as provided by the Code.

⁹ See Code section 8.1(f).

¹⁰ See Code section 8.1(b)

¹¹ For example, see introduction to section 8 of the Code.

7. The Incentive Mechanism adopted by NT Gas is as follows:
- The rebate mechanism under the Interruptible Service permits some of the revenue from the Service to be retained by NT Gas¹².
 - The Reference Tariff for the Reference Service will apply during each Year of the Access Arrangement Period regardless of whether the forecasts on which the Reference Tariff was determined are realised¹³.
8. The rebate mechanism under the Interruptible Service is determined to provide NT Gas with an incentive to promote the efficient use of pipeline capacity¹⁴.

¹² Section 8.45(c) of the Code recognises such a mechanism as a possible Incentive Mechanism.

¹³ A mechanism of this type is recognised by Section 8.45(a) of the Code.

¹⁴ See discussion of Incentive Mechanism in paragraph 6 above.

SECTION 5: TRADING POLICY

1. A User may make a Bare Transfer without the consent of NT Gas provided that prior to utilising it the transferee notifies NT Gas of the portion of Contracted Capacity subject to the Bare Transfer and of the nature of the Contracted Capacity subject to the Bare Transfer.
2. A User may only transfer or assign all or part of its Contracted Capacity other than by way of a Bare Transfer with the prior consent of NT Gas, which will only be withheld on reasonable commercial or technical grounds, and which may be given subject to reasonable commercial or technical conditions.
3. A User may only change the Receipt Point and/or Delivery Point specified in a Service Agreement with the prior consent of NT Gas, which will only be withheld on reasonable commercial or technical grounds, and which may be given subject to reasonable commercial or technical conditions.

SECTION 6: QUEUING POLICY

6.1 Forming the Queue

- Where there is insufficient capacity to satisfy a Request lodged under section 1.4, a queue will be formed.
- A queue will include all relevant Requests which cannot be satisfied. Where an offer has been made in response to a Request received prior to formation of the queue, that Request will take first position in the queue.
- At the time a Request is placed in a new or existing queue, NT Gas will advise the Prospective User of:
 - (a) its position on the queue;
 - (b) the aggregate capacity sought under Requests which are ahead on the queue;
 - (c) its estimate of when capacity may become available; and
 - (d) the size of any surcharge or other contribution that may apply to Developable Capacity.
- When the position of a Request changes relative to other Requests which are ahead in the queue (such as where a Request ceases to be on the queue) or where the timing of availability of a new tranche of Developable Capacity changes, NT Gas will provide revised information to the Prospective User.

6.2 Conditions Applicable on Queue

- A Prospective User may reduce but not increase the capacity sought in a Request which is in a queue.
- Once every three months, NT Gas may seek confirmation from a Prospective User that it wishes to continue with its Request. If a Prospective User fails to respond within 14 days the Request will lapse.
- A Prospective User will advise NT Gas if it does not wish to proceed with a Request, which will then lapse.
- Any lapsed Request will be removed from the queue and priority will be lost.
- A Prospective User may only assign a Request on a queue to a bona fide purchaser of the Prospective User's business and/or assets, subject to NT Gas's prudential requirements.
- A Request may lapse if, on assignment of a controlling interest in the shares of the Prospective User, the assignee fails to provide a guarantee as required by NT Gas or to meet NT Gas's prudential requirements.

6.3 Procedure When Capacity Can Be Made Available

- When capacity can be made available which meets the requirements of any Request in a queue:
 - that capacity will be progressively offered to each Prospective User in the queue in order of priority (notwithstanding that such capacity is not sufficient to meet the needs of that Prospective User);
 - NT Gas will advise each of those Prospective Users of its plans to make capacity available, and the terms and conditions on which the capacity will be available.
- A Prospective User will have 30 days after an offer is made to enter into a Service Agreement (conditional if necessary on NT Gas entering into Service Agreements with other Prospective Users), failing which the Request will lapse or lose priority to those entering into such a Service Agreement (upon that Agreement becoming unconditional).

6.4 Priority of Prospective Users in Obtaining Services

- The priority date of a Request is the date a complete Request is received by NT Gas (see section 1.4).
- Where NT Gas determines that two or more Requests relate to the same tranche of capacity for the same Delivery Point, all those Requests will have the priority date of the earliest Request.
- A Request for a Reference Service will have priority over a Request for a Negotiated Service or a Request for an Interruptible Service.
- If a User exercises a contractual right in force as at 5 February 2003 to increase the capacity reservation under its existing Service Agreement, that advice will be treated as a Request and will be accorded first priority, including priority as against any Request under which an offer has been made to enter into a Service Agreement but where the User has not yet entered into that Service Agreement.

6.5 General

- A Request will not lapse and will retain its priority in a queue in the event of a dispute being notified, until that dispute has been resolved in accordance with the Code.
- Where a queue exists a Prospective User must on request demonstrate to NT Gas that the Prospective User will have access to a supply of gas meeting the Specification at the time it is anticipated that the Prospective User will be offered access to the Service.

SECTION 7: EXTENSIONS / EXPANSIONS POLICY

1. In the event that NT Gas extends the Pipeline, then that extension will, at the election of NT Gas, be treated as part of the Pipeline for the purposes of this Access Arrangement. Reference Tariffs for existing Delivery Points will not be affected by any extension. In respect of Reference Tariffs for Delivery Points on an extension which is treated as part of the Pipeline, NT Gas will exercise its discretion to submit proposed revisions to the Access Arrangement under section 2 of the Code.
2. In the event that NT Gas expands the capacity of the Pipeline, NT Gas will elect:
 - (a) that the expanded capacity will be treated as part of the Pipeline for the purposes of this Access Arrangement and NT Gas will exercise its discretion to submit proposed revisions to this Access Arrangement under section 2 of the Code; or
 - (b) that the expanded capacity will not be treated as part of the Pipeline for the purposes of this Access Arrangement and NT Gas will lodge a separate Access Arrangement in respect of any of that expanded capacity; or
 - (c) that the expansion will not be covered, subject to the consent of the Regulator prior to the expansion coming into service.

SECTION 8: CAPACITY MANAGEMENT POLICY

For the purposes of section 3.7 of the Code, the Pipeline is a Contract Carriage Pipeline.

SECTION 9: TERM AND REVIEW

9.1 Commencement

This Access Arrangement will commence on the date on which the approval by the Regulator takes effect under the Code.

9.2 Revisions Submission Date

NT Gas will submit revisions to this Access Arrangement no later than 1 January, 2011 or within one month of receiving written notification by the Regulator that one of the following events has occurred:

- (a) the interconnection of another pipeline with the Pipeline; or
- (b) the introduction of a significant new source of gas supply to one or more of the markets to which gas is delivered from the Pipeline;

that substantially changes the types of Services that are likely to be sought by the market or has a substantial effect on the direction of flow of natural gas through all or part of the Pipeline.

9.3 Revisions Commencement Date

The revisions to this Access Arrangement will commence on the later of:

- the date being 6 months after the Revisions Submission Date; and
- the date on which the approval by the Regulator of the revisions to the Access Arrangement takes effect under the Code.

SCHEDULE 1: DEFINITIONS

Terms used in this Access Arrangement which are defined in the Code have the meaning given to those terms in the Code as at the date of commencement of this Access Arrangement, except where inconsistent with the following. The terms defined in the Code include “User”, “Prospective User”, “Bare Transfer”, “Contracted Capacity”.

“**Annual Contract Quantity**” or “**ACQ**” means the quantity agreed between NT Gas and the User as the maximum quantity of gas which NT Gas agrees to receive, transport and deliver for or on behalf of the User each Contract Year.

“**Authorised Overrun**” means an Overrun approved before the Overrun occurs, and “**Authorised Overrun Charge**” has the meaning given in section 3.4.1.

“**Business Day**” means any Day on which major banks are open for trading in Darwin.

“**Code**” means the National Third Party Access Code for Natural Gas Pipeline Systems established under the Gas Pipelines Access Law.

“**Contract Year**” means the period of a Year commencing on the first Day of the Term of a Service Agreement (which shall in turn be the first Day of a Month), or on the anniversary of the first Day.

“**Daily Variance**”, “**Daily Variance Charge**”, “**Daily Variance Quantity**” and “**Daily Variance Rate**” have the meanings given in section 3.4.2.

“**Day**” means a period of 24 consecutive hours beginning at 8.00am Central Standard Time and “**Daily**” has a corresponding meaning. When referring to a particular Day, the date of the Day shall be the date on which that Day begins.

“**Delivery Point**” means a point on the Pipeline at which gas is delivered from the Pipeline to or for the account of any User, and “**User’s Delivery Point**” means a Delivery Point to which NT Gas is obliged to transport and deliver gas to or on account of the User.

“**Delivery Station**” means those facilities installed at a Delivery Point to enable delivery of gas from the Pipeline including a tapping point, remote shutoff valve, SCADA and other communications facilities, and associated power supply.

“**Delivery Point MDQ**” means the MDQ for the User at the Delivery Point. Where gas is to be delivered to only one Delivery Point under a Service Agreement, the User’s MDQ will be taken to be the Delivery Point MDQ.

“**Force Majeure**” means any event or circumstance not within the control of a party to a Service Agreement and which by the exercise of due diligence that party is not reasonably able to prevent or overcome.

“**Gas Pipelines Access Law**” means the Gas Pipelines Access (NT) Law 1998.

“**Hour**” means any period of 60 consecutive minutes.

“**Imbalance Rate**” means 250% of the Pipeline Tariff or the Interruptible Tariff payable by the User on the final Day of M3 (as described in Schedule 2, Part 2).

“**Impost**” means any royalty (whether based on value, profit or otherwise), tax (other than a tax in the nature of an income tax or a goods and services tax or a capital gains tax), duty, excise, levy, fee, rate or charge imposed from time to time during the term of this Agreement by any government or any governmental, semi-governmental or other body

authorised by law to impose that Impost on or to:

- (a) the Pipeline (or any of its components); or
- (b) the operation of the Pipeline; or
- (c) the provision of services by NT Gas to Users.

“Interruptible Service Agreement” means a Service Agreement in respect of an Interruptible Service.

“Linepack” means the quantity of gas in the Pipeline from time to time.

“Maximum Daily Quantity” or **“MDQ”** means the maximum quantity of gas (in GJ) which NT Gas is obliged to transport and deliver to a particular Delivery Point for or on behalf of the User on any Day (excluding Overruns).

“Maximum Hourly Quantity” or **“MHQ”** means the maximum quantity of gas (in GJ) which NT Gas is obliged to transport and deliver to a particular Delivery Point for or on behalf of the User on any Hour (excluding Overruns).

“Metering Facilities” means facilities to measure quantities and monitor quality of gas being received or delivered which facilities may include filters, metering system and associated instrumentation, shutoff valves, links to SCADA and other communications facilities, and power supplies. The Delivery Station and User’s Facilities do not form part of Metering Facilities

“Month” means calendar month.

“Negotiated Service” means a service for the transportation of gas on terms and conditions different to those of a Reference Service.

“Nomination” means a schedule provided by the User showing, for each Day of a specified period:

- (a) the quantities of gas (in GJ) intended to be presented at each of the User’s Receipt Points by or on behalf of the User; and
- (b) the quantities of gas (in GJ) required to be delivered at each of the User’s Delivery Points to or for the account of the User.

“NT Gas” means the operator from time to time of the Pipeline which at 5 February 2003 is N.T. Gas Pty. Limited A.C.N. 050 221 415 as trustee of the Amadeus Gas Trust.

“Overrun” means the withdrawal of a quantity of gas in excess of the MHQ in any Hour or in excess of the MDQ on any Day.

“Overrun Charge” has the meaning given in section 3.4.1.

“Pipeline” means the pipeline from the Amadeus Basin to Darwin described in Pipeline Licence 4 under the Energy Pipelines Act 1983 (NT) and includes the Receipt Stations and the Delivery Stations which exist from time to time and any extension or expansion which forms part of the Pipeline as provided in the Extensions/Expansions Policy.

“Pipeline Tariff” on any Day means the sum of the Reference Tariffs for zones 1, 2 and 3.

“Receipt Point” means any point at which gas is delivered into the Pipeline.

“Receipt Station” means those facilities installed at a Receipt Point to enable receipt of gas from a User into the Pipeline, including a tapping point, a remote shutoff valve, SCADA and other communications facilities and associated power supply.

“Receipt Point MDQ” means the MDQ for that Receipt Point.

“Reference Service” means the Transportation Service described in Section 1.1.

“Reference Service Agreement” means a Service Agreement in respect of a Reference Service.

“Regulator” means the Australian Competition and Consumer Commission or the Relevant Regulator under the Gas Pipelines Access Law.

“Request” means a Request for Service as described in Section 1.4.

“Service” means a service provided by NT Gas in relation to the Pipeline including but not limited to the Reference Service.

“Service Agreement” means a Reference Service Agreement, an Interruptible Service Agreement or a Negotiated Service Agreement.

“Specifications” means the specifications for gas in Schedule 3.

“Standard Conditions” means at a temperature of 15 degrees Celsius and at an absolute pressure of 101.325 kPa.

“Standard Service Agreement” means the standard form of Reference Service Agreement or Interruptible Service Agreement as published and varied by NT Gas from time to time. A Standard Service Agreement will conform to relevant provisions of this Access Arrangement.

“System Use Gas” means the quantities of gas necessary for the efficient operation of the Pipeline, including gas used as fuel for compressors or other equipment, and quantities otherwise lost and unaccounted for in connection with the operation of the Pipeline including as a result of any limitations on the accuracy of Metering Equipment but excludes:

- (a) Linepack; and
- (b) gas lost from the Pipeline due to the negligence or wilful default of NT Gas.

“Term” means, unless otherwise agreed, the period specified in the Service Agreement for the provision of a Service to a Delivery Point.

“User’s Delivery Point” means a Delivery Point to which NT Gas is obliged to transport and deliver gas to or on account of the User.

“User’s Facilities” means the facilities apart from the Delivery Station and the Metering Facilities that are required to facilitate control of gas pressure, quality, temperature or other parameters which facilities may include a filter, pressure regulator, gas heater, odourisation equipment, associated instrumentation, shutoff valves, power supply and links at the Delivery Station to NT Gas’s SCADA facilities.

“Users’ Linepack” means the quantity of gas determined by NT Gas from time to time as the amount reasonably required for the good operation of the Pipeline.

“User’s MDQ” means the maximum quantity of gas which NT Gas is obliged to receive on behalf of the User (net of System Use Gas and the User’s share of Users’ Linepack) and to transport and deliver to all of the User’s Delivery Point(s) on behalf of the User on any Day (excluding overruns). Where gas is to be delivered to only one Delivery Point under a Service Agreement, the User’s MDQ will be taken to be the Delivery Point MDQ.

“Year” means a period of 365 consecutive Days but, for any Year which contains a date of 29 February, means 366 consecutive Days.

SCHEDULE 2: TERMS AND CONDITIONS APPLYING TO ALL SERVICES

NOTE: in the event of any inconsistency between the terms and conditions of NT Gas' Standard Service Agreement and those set out in this Schedule 2, the terms and condition in Schedule 2 will prevail over those in the Standard Service Agreement to the extent of the inconsistency.

PART I – GENERAL

Relationship of between NT Gas and User

1. NT Gas will be entitled to require a User to:
 - (a) provide security for the performance of its obligations under a Service Agreement. Such security may be of such type and such extent as NT Gas reasonably determines;
 - (b) pay all amounts owing under a Service Agreement to continue to receive Services under that Services Agreement; and
 - (c) demonstrate its ability to meet all financial obligations under a Service Agreement.
2. NT Gas and Users will perform their obligations under Service Agreements, and conduct their relations with each other, in good faith and in a commercially reasonable manner, and in accordance with reasonable operating and management practices.

Obligation to Transport

3. NT Gas's obligation to transport gas will consist of the receipt of gas at the User's Receipt Points and the delivery of a thermally equivalent quantity of gas at the User's Delivery Points, net of any System Use Gas and the User's share of Users' Linepack.
4. Custody of gas will transfer from NT Gas to the User at the downstream flange of the Delivery Station.

Gas Pressure

5. Users will deliver gas at the User's Receipt Points at pressures nominated by NT Gas from time to time, being not greater than the maximum allowable operating pressure of the Pipeline¹⁵.
6. Providing gas is received by NT Gas in accordance with these conditions, NT Gas will deliver Gas to the User's Delivery Points at the pressure agreed between NT Gas and the User, which will be not less than 2000 kPa(a).

Nominations

¹⁵ Note: the MAOP of the pipeline sections are set out in section 5 of the Access Arrangement Information.

7. The User must provide a Nomination for each Month at least 7 Days prior to the first Day of the Month and may vary the Nomination (up to MDQ) in respect of any particular Day by giving reasonable notice (but not later than 3 pm on the Business Day prior to that Day). Where NT Gas agrees to a request for an Authorised Overrun for a User, the User's Nomination for that Day will be deemed to be revised to reflect the Authorised Overrun Quantity.

MHQ, MDQ and ACQ

8. At the commencement of a Service Agreement, the User will establish for each Contract Year an MHQ, a User's MDQ and an ACQ that is to apply for the whole of that Contract Year. Unless agreed otherwise, the MHQ will be no greater than $1.2 \times (\text{MDQ}/24)$.
9. Where gas is to be delivered to more than one Delivery Point, the User must also establish an MHQ and a Delivery Point MDQ for each Delivery Point.
10. Where gas is to be delivered into the Pipeline at more than one Receipt Point, the User must also establish a Receipt Point MDQ for each Receipt Point.
11. Although the sum of the Receipt Point MDQs or Delivery Point MDQs may exceed the User's MDQ, NT Gas will not be obliged to receive or deliver on any Day a quantity of gas in excess of the User's MDQ.
12. Except as an Authorised Overrun and subject to the limitation on NT Gas's obligation to receive or deliver gas up to the User's MDQ, NT Gas will not be obliged on any Day:
 - (a) to deliver at any of the User's Delivery Points a quantity of gas greater than the Delivery Point MDQ for that Delivery Point;
 - (b) to receive at any of the User's Receipt Points a quantity of gas, excluding System Use Gas and the User's share of Users' Linepack, greater than the Receipt Point MDQ for that Receipt Point.
13. NT Gas will not be obliged in any Hour to delivery at any Delivery Point a quantity of gas greater than the MHQ for that Delivery Point.

System Use Gas and Linepack

14. Users will supply gas for use as System Use Gas at their own cost. Each Month the User will supply the quantity of gas advised by NT Gas which shall generally be in the proportion that the User's throughput bears to the total throughput for all Users.
15. The User will from time to time supply at its cost the proportion of Users' Linepack determined by NT Gas which will not exceed the quantity determined by multiplying:
 - (a) the ratio of the User's MDQ to the total MDQ of all Users at that time, by
 - (b) the amount determined by NT Gas as Users' Linepack at that time.

16. If the quantity of gas supplied by a User as Linepack at any time is less than 90% of its proportion of Users' Linepack and this is likely to jeopardise the ability of NT Gas to comply with any Service Agreement or to operate the Pipeline properly, NT Gas may require the User to correct the shortfall as soon as possible. If the User fails to correct, or to take reasonable action to correct, the shortfall within four hours of receipt of the notice, and NT Gas reasonably believes that its ability to comply with any Service Agreement or to operate the Pipeline properly will continue to be impaired, NT Gas may without liability or notice to the User reduce the quantities of gas received, transported and delivered for or on behalf of the User to the extent necessary to enable NT Gas to correct the User's share of Users' Linepack.

Metering

17. Withdrawals at Delivery Points will be metered. Where facilities exist, quantities passing through the meter each Day will be recorded and telemetered to NT Gas's premises daily and will be accessible by NT Gas, the User, and other persons as permitted by NT Gas or the User.
18. If Metering Facilities fail to operate, the quantity of gas withdrawn will be determined by agreement, or failing agreement by the method reasonably determined by NT Gas such as using a check meter, calculating the percentage error through calibration tests or mathematical calculation and varying the quantity by one half of the error, or by a deeming method.
19. The quantity of gas delivered at the Delivery Point will be the product of the volume and the heating value declared or measured for a point on the pipeline representative of the User's Delivery Point during that Day.

Allocation

20. Where gas is delivered to a Delivery Point for more than one User, those Users must establish allocation methodologies, and notification processes reasonably acceptable to NT Gas and must provide sufficient information to NT Gas to enable it to reconcile between Users the quantities of gas received and delivered. If no such methodologies or processes are established, NT Gas will be entitled to adopt a reasonable methodology such as a pro-rating based on Nominations.
21. Where a Receipt Point is used by more than one User, those Users must establish allocation methodologies reasonably acceptable to NT Gas, and must provide sufficient information to NT Gas to enable it to reconcile between Users the quantities of gas received and delivered. If no such methodologies are established, NT Gas will be entitled to adopt a reasonable methodology such as a pro-rating based on Nominations.

Accounts and Payments

22. NT Gas will render monthly accounts.
23. NT Gas may charge interest on amounts which are not paid within 14 days of the date of the account.

Force Majeure

24. Where an event of Force Majeure affects or prevents a party's performance under an Access Agreement, the non-performance will not be a breach of the Service Agreement but the party affected by the Force Majeure must use reasonable endeavours to put itself in a position to perform its obligations.
25. An event of Force Majeure will not relieve a party from its obligations under a Service Agreement after the expiry of a reasonable period of time within which the Force Majeure could have been remedied or overcome had reasonable endeavours been exercised by the party affected.
26. An event of Force Majeure will not relieve a party from any obligations under a Service Agreement unless promptly after becoming aware of the Force Majeure the party affected gives written notice to the other party.
27. If an event of Force Majeure continues to prevent a party from performing its obligations under the Service Agreement for a Year the parties shall consult in good faith to resolve the Force Majeure. If they are unable to agree, either party may terminate the Service Agreement. Both parties will be relieved of any future obligations but not relieved of obligations arising prior to termination.
28. Where there is a charge based on MDQ, and NT Gas is unable to perform its obligations under the Service Agreement due to an event of Force Majeure the charge will be based on the highest quantity of gas (up to the MDQ) available to be withdrawn during that period rather than MDQ. The ACQ specified in the Service Agreement will be adjusted to reflect the period during which NT Gas was not able to deliver the quantity of gas nominated by the User.

Liabilities and Indemnities

29. Each party will be responsible and liable for the maintenance and operation of its properties and facilities under a Service Agreement, and indemnifies the others for any claim or action in respect of or arising out of them.
30. Each party indemnifies the other in respect of any inaccuracy of representation, warranty or covenant made by it or failure to perform or satisfy any of the provisions of the Service Agreement.
31. Liability will be limited to actual damages except for:
 - (a) delivery of non-Specification Gas to a Receipt Point, or
 - (b) delivery of non-Specification gas to a Delivery Point due to the negligence or wilful default of NT Gas,
 - (c) failure by the User to cease delivery or taking of gas as required under the Service Agreement, or
 - (d) withdrawal at a Delivery Point of a quantity greater than MHQ in any Hour or a quantity greater than MDQ in any Day except as an Authorised Overrun.

Interruptions and Curtailments

32. If NT Gas proposes to carry out any planned work which may affect its ability to provide Services to Users, NT Gas will give Users reasonable notice of the planned work and after consultation with Users who may be affected use reasonable endeavours to carry out that work:
- (a) so as to avoid or minimise so far as is reasonably practicable any curtailment of Services to Users;
 - (b) during a period which NT Gas reasonably determines to have low aggregate demand for capacity; and
 - (c) with as little disruption to the provision of Services as is reasonably practicable
- and may, if necessary, curtail or interrupt receipts or deliveries of gas to the extent necessary to carry out that work.
33. When necessary to protect the operational integrity or safe operation of the Pipeline, or to comply with any applicable laws and regulations, or during an emergency situation or the like when immediate repairs or maintenance are required, and after giving as much notice to the Users as is reasonably practicable, NT Gas will be entitled, without liability, to curtail or interrupt receipts or deliveries of gas.
34. Where Services are to be curtailed or interrupted due to an event of Force Majeure or under the preceding paragraphs:
- (a) Services to Users of the Interruptible Service will be curtailed or interrupted prior to curtailment or interruption to other Users;
 - (b) those Services will be curtailed or interrupted downstream of the location of the affected part of the Pipeline; and
 - (c) as between Users whose Services have the same priority, those Users will be curtailed or interrupted proportionately according to the User's Nominations for the first Day and MDQ thereafter, or as otherwise agreed with all Users.

Option to Extend

35. If the User gives at least 6 months notice prior to the expiry of the Term for a Delivery Point, the User shall be entitled to continue to receive the Reference Service to the Delivery Point to a capacity not exceeding the ACQ, MDQ and MHQ applying under the Service Agreement at the expiry of the Term for a period no greater than the expiring Term and no less than one Year at the amounts payable under the Access Arrangement in force from time to time during such further term.

Title to and responsibility for Gas

36. The User will warrant that it has title to gas delivered at the Receipt Point.
37. NT Gas is entitled to commingle the gas in the Pipeline.

38. NT Gas will be responsible for any gas lost from the Pipeline due to its negligence or wilful default.
39. On the termination of a Service Agreement, the User will be entitled to:
- (a) recover a quantity of gas equivalent to any quantity delivered by or on behalf of the User into the Pipeline (net of System Use Gas) and not delivered to or for the account of the User; or
 - (b) sell the gas to another User and advise NT Gas of the quantity and identity of that User.

Should the User fail to do so within 3 months, title in the gas passes to NT Gas to be used for operational purposes on the Pipeline.

Metering and Records

40. NT Gas may at least once per Year, and at other times will at the reasonable request of the User, test metering equipment owned by NT Gas used in determining amounts payable by the User. Where the test is performed at the request of the User, the User must pay NT Gas' costs of testing the equipment except where the test discloses that the Metering Equipment has failed to operate within specification limits or otherwise to operation properly.
41. The User will be allowed to inspect and audit metering equipment owned by NT Gas used in determining amounts payable by the User at least once each Contract Year. Each party must bear its own costs of any such inspection or audit.
42. An independent auditor appointed by the User will be allowed to inspect and audit records used in determining amounts payable by the User:
- (a) at least once each Contract Year; and
 - (b) at least once within 12 Months after termination of a Service Agreement.

Each party must bear its own costs of any such inspection or audit.

43. If a person other than NT Gas owns or operates Metering Facilities:
- (a) the User must ensure that NT Gas is provided with, and has access to, such information as it reasonably requires;
 - (b) the User must ensure that the installation and operation of such Metering Facilities is carried out in accordance with Schedule 2 Part 3 of this Access Arrangement; and
 - (c) NT Gas is entitled to test, audit and inspect such Metering Facilities as contemplated by paragraphs 40 – 42 above.

Gas Quality

44. The User will deliver gas at the Receipt Points which meets the Specification, and subject to the User complying with this requirement, NT Gas will ensure that gas delivered at Delivery Points meets the Specification.
45. NT Gas may direct the User to cease the delivery of gas to a Receipt Point which does not meet the Specification, or may refuse to accept such gas and give notice to the User accordingly.

Part Periods

46. Where a charge or fee is specified or determined by reference to a particular period but the period in respect of which the charge is or may be actually applicable is less than the particular period, the charge or fee will be pro-rated to reflect the actual period.

Overruns

47. An Overrun will occur if withdrawals by the User at a Delivery Point exceed MHQ in any Hour or MDQ on any Day.
48. A User may request an Authorised Overrun on giving one Day's notice to NT Gas.
49. NT Gas will agree to a request for an Authorised Overrun unless in the reasonable opinion of NT Gas capacity is not available in the Pipeline, the provision of the Overrun may cause NT Gas to be unable to perform its obligations under another Service Agreement or to enter into another Service Agreement, or the provision of the Overrun would cause NT Gas to incur additional capital costs or to incur capital costs earlier than those costs would be incurred or greater than the costs which would be incurred if the Authorised Overrun were not provided.
50. NT Gas will advise the Authorised Overrun Quantity and the Day or Days for which the Overrun has been authorised.
51. Where the Contracted Capacity is greater than 85% of the Capacity of the Pipeline, the User is not entitled to request an Authorised Overrun if:
 - (a) the User has taken delivery of quantities of gas in excess of the User's MDQ on more than 4 Days in the current Month; or
 - (b) the User has already taken delivery of quantities of gas in excess of 105% of the User's MDQ on more than 12 Days in the Year up to and including the current Month.
52. If withdrawals by the User at a Delivery Point on a Day exceed the sum of the User's Delivery Point MDQ and any Authorised Overrun Quantity for the Delivery Point for the Day, then an Unauthorised Overrun will have occurred and the excess will be an Unauthorised Overrun Quantity.

Heating Value

53. In the event that on any Day, because of a reduction below 40MJ/m³ in the average heating value of the gas presented by a User at any of the Receipt Points, NT Gas is of the opinion that the aggregate quantities of gas to be delivered to all Users may exceed the capacity of the Pipeline, NT Gas shall be entitled to deliver to Users under Service Agreements existing at 5 February 2003 the amount required to be delivered under those Service Agreements and may use the following formula to allocate a proportion of the available pipeline capacity to each remaining User:

$$\text{Adjusted MDQ} = \text{MDQ} * [1 + 0.020 * (\text{AHV} - 40)]$$

Where AHV = the average heating value expressed in MJ/m³ of gas delivered on the Day that NT Gas applies this formula.

PART 2 – GAS BALANCING

Users will be responsible to control and, if necessary, adjust Nominations and vary receipts and deliveries of gas to ensure that each Day the quantity of gas:

- (a) received into the Pipeline by or on behalf of the User, and
- (b) delivered to the User's Delivery Points to or on account of the User

is the same.

Calculation of Imbalance

The User's Daily Imbalance = *Input* minus *Withdrawal* minus *Change in Quantity of the User's share of Users' Linepack*.

Input

The User's Input will be one of three amounts:

- (i) Where there is only one User at the Receipt Point, the metered quantity at the Receipt Point is the User's Input.
- (ii) Where there is more than one User at the Receipt Point, the metered quantity must be allocated to each User in accordance with the allocation methodology agreed by all Users, or if the Users fail to agree, then such methodology as NT Gas reasonably determines (such as pro-rata based on Nominations).
- (iii) Where a User trades a Daily Imbalance with another User, the Input will be adjusted in accordance with the traded amount.

Withdrawal

The User's Withdrawal will be one of two amounts:

- (i) The Withdrawals will be the total quantity of gas measured on the Day at all of the User's Delivery Points.
- (ii) Where there is more than one User at a Delivery Point, the metered quantity will be allocated to each User in accordance with the methodology agreed by all Users, or if the Users fail to agree on a methodology, such methodology as NT Gas reasonably determines (such as pro-rata based on nominations).

Change in Quantity of the User's Linepack

NT Gas will determine for each User a Target Linepack from time to time – that is the share of Users' Linepack to be provided and maintained by the User.

Change in quantity of the User's share of Users' Linepack = User's Target Linepack for the Day minus the User's actual Linepack at the end of the previous Day¹⁶.

Consequence of Imbalance

Where an Imbalance exists, there are two consequences:

(a) Operational

- if the Imbalance is likely to jeopardise the ability of NT Gas to comply with the requirements of any Service Agreement or to operate the Pipeline properly, NT Gas may require the User to correct the Imbalance as soon as possible; and
- if the User fails to correct or to take reasonable action to correct the Imbalance within four hours of receipt of the notice, NT Gas may without liability or notice to the User, reduce the quantities of gas received, transported and delivered to or on behalf of the User to and only to the extent necessary to enable NT Gas to comply with those requirements or to operate the Pipeline properly.

(b) Obligation to rectify

- If an Imbalance exists on the last Day of a Month (M1), the User must endeavour to reverse the Imbalance during the subsequent Month (M2) by making adjustments in receipts and/or deliveries. If on any Day during M2 the User reverses the Imbalance, then the Imbalance for M1 will be deemed to be corrected. (ie. a positive Imbalance at the end of M1 will be corrected by a negative Imbalance on any Day during M2 and vice versa).
- If a User fails to correct the Imbalance during M2, NT Gas may adjust the User's receipts and deliveries over the next Month (M3) to correct that Imbalance.
- Where on the last Day of M3 an Imbalance remains, NT Gas may:

(a) charge the User an Imbalance Charge calculated by multiplying the Imbalance existing on the last Day of M3 by the Imbalance Rate; and

(b) in the case of an Imbalance shortfall, correct the Imbalance by purchasing gas at the Receipt Point and charging the User the amount paid by NT Gas for that gas (which will be treated as gas supplied by the User at the Receipt Point). NT Gas will notify the User promptly after it corrects an Imbalance in this manner.

Procedures Relating to Trading of Imbalance Quantities

- The User may during M2¹⁷, trade gas with other Users so as to reduce or eliminate Daily Imbalances they would otherwise have, provided that:

(i) the gas traded relates to the same Month for both parties;

¹⁶ This means that on Day(t), the Imbalance is: $\text{Input}(t) - \text{Withdrawals}(t) - (\text{Target}(t) - \text{Actual}(t-1))$. The actual value of $(\text{Target}(t) - \text{Actual}(t-1))$ – ie. a positive value or negative value as the case may be - is applied to the formula.

¹⁷ The requirement that the trade occur in M2 relates only to the User having a continuing Imbalance from M1 which it wishes to reduce or eliminate by trading.

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- (ii) the parties to the trade must both advise NT Gas of the identities of the buyer and seller, the period to which the trade relates, and the quantity traded, by no later than the last Day of M2.

PART 3 – CONNECTION OF NEW DELIVERY POINTS

A Prospective User may, provided it has the relevant authorisations, and subject to the conditions set out below, construct and operate its own Metering Facilities and User's Facilities downstream from a Delivery Station at any agreed location along the Pipeline.

Delivery Station

The following requirements apply in order to ensure that the integrity, safety and operability of NT Gas's system is not compromised:

- (a) the location of the Delivery Station on the Pipeline and the Metering Facilities will be agreed to by the Prospective User and NT Gas. NT Gas will only withhold its agreement to a location sought by a Prospective User on the basis of technical, operational or safety considerations.
- (b) NT Gas will construct the Delivery Station at the User's expense. The construction of the Delivery Station will be performed to NT Gas's usual standards and requirements including AS2885-1997.

Metering Facilities and User's Facilities

In order to ensure that the integrity, safety and operability of NT Gas's system is not compromised, the Metering Facilities and User's Facilities will be installed adjacent to and downstream of the Delivery Station in accordance with specifications reasonably approved by NT Gas.

The Metering Facilities and User's Facilities must be such that NT Gas has constant electronic access to the information it requires from the Metering Facilities to enable it to accurately meter and monitor the quantity and quality of gas entering and exiting the Pipeline and for operation of the Pipeline, such information to be continuously available at the Delivery Station in a form compatible with NT Gas' SCADA system.

Cathodic Protection of Metering Facilities

The Prospective User will design, install, and operate, any cathodic protection system required to protect its facilities. Such cathodic protection system must be installed in such a manner as to avoid any interference which may be detrimental to NT Gas's facilities and must be electrically isolated from NT Gas's facilities.

Curtailement and Interruptions

The Prospective User will be subject to load reduction arrangements as set out in Part 1 of Schedule 2. The Prospective User must have facilities available to it to reduce or discontinue the withdrawal of gas if called upon to do so.

Installation and Operation

In the interests of safety, and ensuring the integrity of NT Gas's facilities, a person who plans to connect gas transportation facilities in the vicinity of those owned by NT Gas, will cooperate with NT Gas to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of that person's facilities, and for the management of emergency situations involving NT Gas' or that other person's facilities.

Approvals and Indemnity

Any person responsible for facilities connected to the Pipeline must provide NT Gas with evidence that it has fulfilled all applicable statutory requirements and that it holds all necessary permits and licences in relation to its facilities downstream of the Delivery Station. That evidence must be provided before the commencement of any Service to the Delivery Point.

That person will also indemnify NT Gas against any claim of liability in relation to or arising out of those facilities.

SCHEDULE 3 GAS QUALITY SPECIFICATION

Part A

Gas shall meet the following specifications, as varied from time to time in accordance with Part B of this schedule 3, and shall be reasonably free from toxic or hazardous substances, sand, dust, gums and gum forming constituents, free water, crude oil, other oils including compressor lubricants, impurities and any other substance which is injurious to pipelines, control equipment, gas turbines or reciprocating engines and associated auxiliaries and equipment, commercial and domestic appliances which are designed to use natural gas or causes an unacceptable risk to health.

	Unit	Min.	Max.	Test Method
COMPONENT				
Methane	mole %	65	–	ASTM D1945
Methane + Ethane	mole %	80.0	–	ASTM D1945
Propane	mole %	–	6.5	ASTM D1945
i-butane/n-butane	mole %	–	2.0 (Total C ₄ +))	ASTM D1945
Pentane +	mole %	–	0.75	ASTM D1945
Hydrogen	mole %	–	0.5	ASTM D1945
Carbon Monoxide	mole %	–	1.0	ASTM D1945
Oxygen	mole %	–	0.15	ASTM D1945
Carbon Dioxide	mole %	–	3.0	ASTM D1945
Total Inerts	% by volume	–	6.0	ASTM D1945
PROPERTIES				
Gross Heating Value ¹	MJ/m ³	38	47	GPA 2172
Net Heating Value	MJ/m ³	35	–	GPA 2172
Wobbe Index	–	47	52	GHV/sq.rt. S.G
Hydrocarbon Dewpoint	⁰ C	–	Cricondentherm Max. 10 ⁰ C 1500 to 10,150 kPa(g)	Hydrocarbon Analysis Program using analysis data from ASTM D1945
Inlet Temperature	⁰ C	5	60	
Inlet Pressure ²	KPa(g)	9400	10,000	
Flammability	Ratio	>2.2:1 (HI/LO)	–	ASTM 1945
CONTAMINANT				
Total Sulphur (Inlet)	mg/m ³	–	30	ASTM D1072
Total Sulphur (Outlet)	mg/m ³	–	40	ASTM D1072
Mercaptans (Inlet)	mg/m ³	–	5	ASTM D 2385
Mercaptans (Outlet)	mg/m ³	–	15	ASTM D 2385
Hydrogen Sulphide	mg/m ³	–	5	ASTM D 2385
Water	mg/m ³	–	50	ASTM D 1142
Trace Metals ³	mg/m ³	–	2.0 mg/m ³ maximum Trace Metals	ASTM D3605

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	Unit	Min.	Max.	Test Method
			0.6 mg/m ³ maximum Sodium and Potassium combined. 1.0 mg/m ³ maximum Mercury	
Fluorine/Chlorine	mg/m ³	–	1.0 mg/m ³ of Total Halogens	ASTM D3605
Solids	Microns and mg/m ³	–	<u>Inlet</u> 10 microns max. size and max. 3.0 mg/m ³ concentration <u>Outlet</u> 10 microns max. size and max. 30.0 mg/m ³ concentration	ASTM D4055
Glycols	mg/m ³	–	<1.0 mg/m ³	ASTM D4055
Methanol			Nil detectable	ASTM D4055

- 1 If the gas contains more than 4.0% of Total Inerts, then the Gas shall have a Gross Heating Value of not less than 39.0 mg/m³ and not more than 46.0 mg/m³ on a dry basis. If the Gas contains less than or equal to 4.0% of Total Inerts, then the Gas will have a Gross Heating Value of not less than 38.0 mg/m³ and not more than 47.0 mg/m³ on a dry basis.
- 2 Pipeline Inlet Pressure Limitations are guideline only and are dependent on the location of the Inlet Point. Inlet Pressure Limitations may be varied due to operational requirement at the discretion of NT Gas.
- 3 Trace Metals are defined as the following;

Antimony	Cadmium	Lead	Phosphorus
Arsenic	Calcium	Lithium	Potassium
Bismuth	Gallium	Magnesium	Sodium
Boron	Indium	Mercury	Vanadium

Part B

This Gas Specification may be varied subject to:

- (a) the requirements of any legislation enacted to facilitate the change in specification;
- (b) recognition and preservation of existing contractual rights and obligations;

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- (c) the specification not precluding continued transportation of gas from sources from which NT Gas was contracted to transport gas as at 5 February, 2003;
 - (d) gas of the varied specification not being injurious to any pipeline or its equipment, in the opinion of NT Gas
- if, in the opinion of NT Gas, any variation shall not interfere with any provisions of existing service agreements, or is not injurious to any pipeline or pipeline equipment.

SCHEDULE 4 FORM OF REQUEST FOR SERVICE

1. PROSPECTIVE USER DETAIL:

Name of Prospective User :
ACN:
Contact Officer:
Title:
Address:
.....
Telephone:
Fax:
Email:
Service Requested:

If requested service is not a Reference Service, then what conditions, different from those available under a Reference Service, are sought, and what are the special circumstances or conditions which give rise to that need?

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Date for Commencement of Service:
Duration of Service Agreement sought:

2. RECEIPT POINT INFORMATION:

Receipt Point Location:
Entity Responsible for Delivery of Gas to
Receipt Point:
(if other than the Prospective User)
ACN:
Contact Officer:
Title:
Address:
.....
Telephone:
Fax:
Email:

3. DELIVERY POINT INFORMATION:

Delivery Point Location:
Entity Controlling Withdrawal of
Gas at Delivery Point:
(if other than the prospective User)
ACN:
Contact Officer:
Title:
Address:
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Telephone:
Fax:

4. TRANSPORTATION INFORMATION:

Annual Quantity to be Transported (GJ):
Maximum Daily Quantity - MDQ (GJ):
Maximum Hourly Quantity - MHQ (GJ):

Transportation Patterns:
(graphically if possible, to assist with the assessment of the request)
 Typical Daily Profile
 Typical Weekly Profile
 Typical Annual Profile
 Examples of Atypical Profiles

Is the transportation service being sought to serve a new load or an existing load on the Pipeline?