

**RULES**  
of  
**THE OFFSHORE POLLUTION LIABILITY**  
**ASSOCIATION LIMITED**  
(as at 1st October, 2010)

Pursuant to the authority contained in Clause VIII A of the “OFFSHORE POLLUTION LIABILITY AGREEMENT” dated 4th September 1974, as amended from time to time, (“OPOL”) these Rules have been adopted for the interpretation and implementation of OPOL.

**INDEX**

**Part I Definitions**

**Part II Parties to OPOL**

- 2.1 Application to become a Party
- 2.2 Evidence of Financial Responsibility
- 2.3 Consideration of an Application to become a Party
- 2.4 Appeal against the Association’s Decision
- 2.5 Maintenance of Evidence of Financial Responsibility

**Part III Notification by the Association**

- 3.1 Notification by the Association to States

**Part IV Notification of Incident and Claims Procedure**

- 4.1 Notification of Incident by Members
- 4.2 Filing of Claims

4.3 Claims under Clause III.2 of OPOL

**Part V Arbitration**

5.1 Arbitration

**Part VI Law**

6.1 Law

**Part VII Third Parties**

7.1 Third Parties

**Appendix to Rules - Offshore Facilities to which OPOL is applicable**

**Instructions for Completion of Forms**

Form A Form of Application to become a Party to OPOL and a Member of the Offshore Pollution Liability Association Limited

Form B Rules for Establishment of Financial Responsibility

**PART I - DEFINITIONS**

The definitions contained in the Offshore Pollution Liability Agreement shall be applicable to these Rules and in addition the following words shall have the following meanings:

- (a) **'The Directors'** means the Board of Directors for the time being of the Association.
- (b) **'Member'** means a member of the Association.
- (c) **'Memorandum and Articles of Association'** means the Memorandum and Articles of Association of the Association.
- (d) **'OPOL'** means the Offshore Pollution Liability Agreement dated 4th September 1974, as amended from time to time.

## **PART II - PARTIES TO OPOL**

### **2.1 Application to become a Party**

Any Operator or Person who intends to become the Operator of an Offshore Facility within the jurisdiction of a Designated State may apply to become a Party in the form set out in Form A of these Rules.

### **2.2 Evidence of Financial Responsibility**

Each Party and applicant to become a Party shall provide to the Association evidence of its financial responsibility to fulfil its obligations under Clause IV of OPOL in accordance with the criteria and in the form set out in Form B of these Rules.

### **2.3 Consideration of an Application to become a Party**

The Association shall consider any application to become a Party and its decision shall be notified in writing to the applicant within 30 days after receipt of its application.

### **2.4 Appeal against the Association's Decision**

Any Operator or Person aggrieved by a decision of the Association in relation to an application to become a Party may make representations in writing to the Association, but the decision by the Association following such representations shall be final.

### **2.5 Maintenance of Evidence of Financial Responsibility**

The Association may, from time to time, require Members, to provide further evidence of their financial responsibility in order to ensure that compliance with Clause II.C.2 of OPOL is being maintained.

## **PART III – NOTIFICATION BY THE ASSOCIATION**

### **3.1 Notification by the Association to States**

The Association shall at the request of a Designated State provide that State with a list of its Members who are Operators within the jurisdiction of that State.

The Association shall confirm to that State that such Members have complied with the Rules of the Association relating to the provision of evidence of financial responsibility.

#### **PART IV - NOTIFICATION OF INCIDENT AND CLAIMS PROCEDURE**

##### **4.1 Notification of Incident by Members**

A Member shall, as soon as is possible, advise the Association by the most expeditious means with confirmation in writing of any Incident which will or is likely to give rise to Claims against such Member for reimbursement of the cost of Remedial Measures and/or for compensation for Pollution Damage. Any such initial advice shall include a brief description of the circumstances and other relevant information.

Thereafter Members shall keep the Association advised as to further significant developments which come to their attention in relation both to the Incident and to any Claims which may be made against them and shall, at the request of the Association, disclose and produce, as promptly as is possible, any and all documents and information in their actual or constructive possession which may be relevant or related to any Claims that have been or may be made, sums in respect of which the Association may be called upon to administer under Clause III.2 of OPOL.

##### **4.2 Filing of Claims**

A Claimant should, as promptly as possible after the alleged Incident, advise in writing the Member who may be liable under Clause IV of OPOL.

The advice need not be in any particular form but should, to the extent that it is then known, set forth:

- (i) the name and address of the Claimant or his representative;

- (ii) the location of the Offshore Facility or Facilities from which the Discharge of Oil took place;
- (iii) the date of the Incident and the date(s) and place(s) where the Pollution Damage was sustained, together with details of its nature and extent;
- (iv) the Remedial Measures taken; and
- (v) the approximate amount of the Claim.

Any such advice may be amended or added to by the Claimant at any time prior to the final settlement of the Claim.

#### **4.3 Claims under Clause III.2 of OPOL**

If a Member fails to make payment to a Claimant of any sums due in accordance with Clause IV of OPOL, the Association shall thereupon make an investigation in order to establish whether the other Members may have an obligation to make payment to Claimants by virtue of Article 7 of the Articles of Association of the Association and Clause III.2 of OPOL.

In order to assist such investigation the Claimant shall provide the Association, at its request, with any further information that it may deem necessary. Upon completion of the investigation the Directors shall determine whether, and to what extent, Members may be required to contribute any payment with respect to the Claim. Thereafter, the Association shall advise the Claimant in writing as to any payment that may be made by Members with respect to the Claim and the release or releases which might be required as a condition precedent to making any such payment.

The Directors' determination as to entitlement to payment under Clause III.2 of OPOL shall be final.

## **PART V – ARBITRATION**

## **5.1 Arbitration**

All disputes arising out of or in connection with these Rules shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The place of the arbitration shall be London. When a number of such disputes arise out of the same Incident, they may at the request of the Party involved be consolidated into one such arbitration.

Arbitration, as above-provided, shall be the exclusive means of disposing of such disputes.

In making any award pursuant to these Rules, the arbitrator or arbitrators shall be bound by all the provisions hereof and shall not have any power or authority to vary or increase the provisions of these Rules or any rights or obligations thereunder.

## **PART VI - LAW**

### **6.1 Law**

These Rules and any dispute or claim (whether contractual or otherwise) arising out of or in connection with them or their subject matter shall be governed by and construed in accordance with the Laws of England.

## **PART VII – THIRD PARTIES**

### **7.1 Third Parties**

No person has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Rules but this Part VII shall not affect any third party rights which might exist apart from that Act.

**APPENDIX TO OPOL RULES -  
OFFSHORE FACILITIES TO WHICH OPOL IS APPLICABLE**  
(as referred to in the definition of 'Offshore Facility' in Clause I.8 of OPOL)

- A.** Well:
- (i)** 'Oil Well' means any well drilled for the purpose of exploring for and the production of Oil. It excludes any abandoned well, including temporarily abandoned wells.
  - (ii)** 'Gas Well' means any well being drilled for the purpose of exploring for or the appraisal of gas. It excludes any abandoned well, including temporarily abandoned wells.
- B.** 'Drilling Unit' means a mobile unit of any type being used for offshore drilling purposes, together with supporting facilities.
- C.** 'Production Platform' means a complex comprising:
- (i)** A fixed or floating offshore structure erected or positioned for the purpose of producing Oil from the seabed or its subsoil other than a structure designed solely to accommodate personnel or, when serving the purpose of such a single structure, a series of such structures; and
  - (ii)** the completed underwater Oil Well or Wells within the same oilfield served by such a structure or series of such structures; and
  - (iii)** the flarelines and flowlines from such completed underwater Oil Well or Wells; and
  - (iv)** the intra-field pipelines (flowlines) from one such structure to another such structure.
- D.** 'Oil Storage/Loading System' means an offshore fixed or floating Oil storage facility together with any associated offshore Oil loading facilities.
- E.** 'Pipeline System' means either:

- (i) a trunk line from an oil field to shore; or
- (ii) a feeder line from an oil field to a trunk line; or
- (iii) a feeder line from an oil field to another feeder line;

including any intra-field feeder lines (flowlines), pumping booster stations and connecting stations associated with (i), (ii) or (iii) above.

- F.** ‘Oil Loading System’ means a system comprising all offshore Oil loading facilities associated with a Production Platform which are not part of an Oil Storage/Loading System or of a Pipeline System.

**Note:** With reference to Section C (i) above and for the purpose of clarification the term ‘A fixed or floating offshore structure erected or positioned for the purpose of producing Oil from the seabed or its subsoil’ should be interpreted to include a fixed drilling platform.

# THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED

## INSTRUCTIONS FOR COMPLETION OF FORMS

### **Form A. Application to become a Party**

This form should be completed and returned to The Offshore Pollution Liability Association Limited (The Association) by an Operator or an intending Operator of an Offshore Facility located within an area to which the Offshore Pollution Liability Agreement (OPOL) dated 4th September 1974 applies.

A copy of the form will be returned to the Applicant by the Association, countersigned to indicate acceptance.

### **Form B. Establishment of Financial Responsibility**

It is a requirement of OPOL that each Party shall provide the Association with satisfactory evidence of financial responsibility to meet its obligations under OPOL. Rules indicating the means whereby such evidence may be provided are attached, together with appropriate forms for completion. Such forms should be sent to the Association before any Offshore Facility, as defined in OPOL, becomes operative.

**APPLICATION TO BECOME A PARTY TO  
THE OFFSHORE POLLUTION LIABILITY AGREEMENT ('OPOL') AND  
A MEMBER OF THE OFFSHORE POLLUTION LIABILITY  
ASSOCIATION LIMITED**

To The Offshore Pollution Liability Association Limited

The undersigned, being or intending to be an Operator of any Offshore Facility, as such terms are defined in the Offshore Pollution Liability Agreement dated 4th September 1974 (hereinafter referred to as 'OPOL'), hereby applies to become a Party to OPOL, and, if this application is accepted:

- (i) agrees to fulfil all the obligations of a Party to OPOL and to be bound by its terms and conditions; and
- (ii) applies to become a Member of the Offshore Pollution Liability Association Limited (hereinafter referred to as 'the Association'), agrees to abide by its Memorandum and Articles of Association and its Rules, and authorises its name to be entered in its Register of Members.

Signed .....

Name (typed).....

Title.....

Company.....

Address .....

Application accepted on.....

Signed.....

Title .....

**The Offshore Pollution Liability Association Limited**

**THE OFFSHORE POLLUTION LIABILITY ASSOCIATION LIMITED  
RULES FOR ESTABLISHMENT OF FINANCIAL RESPONSIBILITY**

Each Operator shall submit to The Offshore Pollution Liability Association Limited (hereinafter referred to as 'the Association') acceptable evidence of financial responsibility to meet obligations to Claimants assumed under Clause IV of the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time.

Evidence of financial responsibility may be provided by any one or a combination of the means set out below, and shall be for an amount of not less than U.S. \$250,000,000 any one incident and U.S. \$500,000,000 in the annual aggregate.

Submission by the Operator to the Association of the relevant Form specified below will constitute a confirmation and undertaking on the part of the Operator that it has verified evidence of financial responsibility in respect of all other interests, if any, in a venture.

Evidence of financial responsibility shall be submitted by the Operator to the Association before the Offshore Pollution Liability Agreement (as referred to above) applies to any Offshore Facility in respect of which that Party is the Operator, and where the financial responsibility is limited in time or is terminated, further evidence shall be submitted at least 30 days prior to the expiry or termination.

**(1) Insurance**

Verification of Insurance from an Insurance Company or an Insurance Broker or Agent acceptable to the Association. A maximum deductible of U.S. \$1,000,000 in respect of any one occurrence will be permitted by the Association.

Forms FR-1 or FR-2

**(2) Surety**

Surety Bond issued by a Surety Company acceptable to the Association.

Form FR-3

**(3) Guaranty**

Guaranty issued by a Guarantor acceptable to the Association.

Form FR-4

**(4) Qualification as a Self-Insurer**

To qualify as a Self-Insurer an Operator must demonstrate financial responsibility by meeting the following requirements:

- (i)** Furnishing its latest audited annual financial statements which meet the following criteria:
  - (a)** Ratio of sum of net income and depreciation, depletion and amortization to the sum of interest expense and retirement of long term debt must be at least 1.5 to 1.
  - (b)** Ratio of either (i) current assets to current liabilities or (ii) current assets plus unused committed lines of credit to current liabilities plus self-insured limit must be at least 1.25 to 1.
  - (c)** Interest expense must not exceed 33 1/3% of the sum of the net income before extraordinary items and depreciation, depletion and amortization.
  - (d)** The ratio of total capitalization (i.e. shareholders' funds and long term debt) to long term debt must be at least 2.5 to 1.
  - (e)** The amount self-insured in the annual aggregate must not exceed 10% of the net income before extraordinary items, plus depreciation, depletion and amortization.

If the Company is a subsidiary of another Corporation it may utilise the consolidated financial statements of its parent company to demonstrate financial responsibility,

provided the parent company executes an Acknowledgement of Commitment of Subsidiary.

Form FR-5

- (ii) Submitting a computation indicating how its audited annual financial statements meet the criteria set out in paragraph (a) above.
- (iii) Indicating when its next audited annual financial statements will be available, and undertaking to submit these statements for consideration at that time. Additional financial information shall be submitted more frequently if requested by the Association.

The Association shall have complete discretion to reject a company as self-insured if it considers that the financial statements or other financial information do not provide adequate evidence of financial responsibility.

It is recognised that the form in which financial statements are presented and the accounting principles on which they are based may differ significantly and that the criteria listed in paragraph (a) above are most readily applicable to financial statements expressed in U.S. Dollars and prepared under accounting principles generally accepted in the United States. In any particular case the Association shall have discretion to decide whether the computation submitted shows that the financial statements reasonably meet the requirements of paragraph (i) above without any relaxation of the security required.

Notwithstanding the foregoing, the Association may accept a company as self-insured for a sum not in excess of U.S. \$500,000 any one occurrence where its financial statements meet all but one of the criteria set out in paragraph (i) above, provided the amount to be self-insured is less than 0.5% of the total capitalization (as defined in paragraph (i) (d) above) shown by its latest annual financial statements.

VERIFICATION OF INSURANCE

ISSUED TO The Offshore Pollution Liability Association Limited (hereinafter referred to as the 'Association'), whose address is .....

Policy Number ..... issued by .....
Effective ..... Expiring .....
Limit: Per Incident US\$ ..... Aggregate Per Policy Year US\$ .....
Deductible: Per Incident US\$ ..... Policy applies to all Offshore Facilities (as defined in OPOL) of which the Insured is the Operator (as defined in OPOL).

THE UNDERSIGNED HEREBY CERTIFIES AND AGREES:

- (1) that the policy of insurance listed above has been issued to.....(hereinafter referred to as the 'Insured'), whose address is.....
(2) that the policy covers the Insured's liability for claims for Remedial Measures and/or Pollution Damage arising out of or resulting from an Incident, as those terms are defined in the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time (herein referred to as 'OPOL'), occurring during the period the policy is in effect;
(3) that the coverage afforded by said policy will not be cancelled or materially changed until notice in writing has been given to the Insured and to the Association at

.....
Address

furthermore, that such cancellation and/or change shall not become effective until after the expiration of 30 days from the date the notice is received by the Association,

or until substitute evidence of financial responsibility as required by OPOL has been filed with and accepted by the Association, whichever occurs first; and

- (4) that any amendment, change or extension of such contract will only be effected by specific endorsement attached to the policy.

The issuance of this document does not make the Association an additional insured, nor does it modify in any manner the contract of insurance between the Insured and the Insurers.

Date .....	Name of Insurer .....
Address .....	By .....
.....	<b>Authorised signature</b>
.....	Name .....
.....	<b>Typed or Printed</b>
.....	Title .....
	<b>Typed or Printed</b>

VERIFICATION OF INSURANCE

ISSUED TO The Offshore Pollution Liability Association Limited (hereinafter referred to as the 'Association'), whose address is.....

We the undersigned Insurance Brokers hereby certify and agree:

(1) That Policy Number ..... effective from .....
Time and Date
and expiring ..... has been issued to.....
Time and Date

.....(hereinafter referred to as the 'Insured'),
whose address is .....

Limit: Per Incident US\$..... Aggregate Per Policy Year US\$.....

Deductible: Per Incident US\$..... Policy applies to all Offshore Facilities (as defined in OPOL) of which the Insured is the Operator (as defined in OPOL);

(2) that the policy covers the Insured's liability for claims for Remedial Measures and/or Pollution Damage arising out of or resulting from an Incident, as those terms are defined in the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time (herein referred to as 'OPOL'), occurring during the period the policy is in effect;

(3) that the coverage afforded by the said policy will not be cancelled or materially changed until notice in writing has been given to the Insured and to the Association at .
address

furthermore, that such cancellation and/or change shall not become effective until after the expiration of 30 days from the date the notice is received by the Association,

or until substitute evidence of financial responsibility as required by OPOL has been filed with and accepted by the Association, whichever occurs first; and

- (4) that any amendment, change or extension of such contract will only be effected by specific endorsement attached to the policy.

The issuance of this document does not make the Association an additional insured, nor does it modify in any manner the contract of insurance between the Insured and the Insurers.

Date .....	.....
	<b>Name of Agent or broker</b>
Address .....	By .....
	<b>Authorised signature</b>
.....	Name .....
	<b>Typed or Printed</b>
.....	Title .....
	<b>Typed or Printed</b>

**OPERATOR’S SURETY BOND OFFSHORE POLLUTION LIABILITY AGREEMENT**

**KNOW ALL MEN BY THESE PRESENTS:**

That .....  
(hereinafter called ‘Principal’), whose address is.....  
..... and ..... A  
corporation organized and existing under the laws of .....  
(hereinafter called “Surety”), where address is .....

are held and firmly bound unto The Offshore Pollution Liability Association Limited (hereinafter called ‘Obligee’) and to the Claimants (as defined in the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time) in the sum of US\$..... for the payment of which sum well and truly to be made we, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

**WHEREAS**, the Principal has become a member of The Offshore Pollution Liability Association Limited and has elected to file this bond to insure financial responsibility to meet any obligations it may incur under the provisions of the Offshore Pollution Liability Agreement.

**NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH**, that if the said Principal shall truly, faithfully and promptly perform all the obligations assumed by Principal in the Offshore Pollution Liability Agreement dated 4th September 1974 as amended from time to time in accordance with the provisions of said Agreement, which is by reference made a part hereof, then this obligation to be null and void; otherwise to remain in full force and effect.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder unless and until such payment or payments shall amount in the aggregate to the

original amount of the bond, but in no event shall the Surety's obligation hereunder exceed the original amount of the bond.

This bond is effective the ..... day of..... 20....., 0001 hours G.M.T. and shall continue in force until terminated by the Principal or Surety giving written notice to the Oblige at .....

address

such termination to become effective thirty (30) days after actual receipt of said notice by the Oblige. Such termination shall not affect the liability of the Surety in respect to events giving rise to claims under this bond occurring prior to the effective date of termination.

**IN WITNESS WHEREOF**, the said Principal and Surety have executed this bond on this .....day of .....20....

Corporate Seal                      PRINCIPAL    By                      .....

Authorised signature

Name                      .....

Typed or Printed

..... Title                      .....

Typed or Printed

Corporate Seal                      SURETY                      .....

By                      .....

Authorised signature

**OPERATOR'S GUARANTY**

**WHEREAS** .....  
(hereinafter referred to as 'Operator') has entered into an agreement known as the Offshore Pollution Liability Agreement dated 4th September 1974, as amended from time to time (hereinafter referred to as 'OPOL'), and whereas.....  
(hereinafter referred to as 'Guarantor') is agreeable to assisting Operator to establish its financial responsibility with respect to the performance of its obligations under OPOL as required by The Offshore Pollution Liability Association Limited (hereinafter referred to as 'Association').

**NOW, THEREFORE**, subject to the provisions of the clauses below, the undersigned Guarantor hereby guarantees to the Association to discharge Operator's liability under OPOL in the event and to the extent such liability has not been discharged by Operator.

Guarantor's liability under this Guaranty shall attach only in respect of Incidents occurring during the period the Guaranty is in force. In no event shall Guarantor's liability hereunder exceed the amount of Operator's liability under OPOL.

This Guaranty shall terminate at 2400 hours G.M.T. on the earliest of the following dates:

- (1) the date on which Operator ceases to be a Party to OPOL;
- (2) the date 60 days after receipt by the Association of written notice that the Guarantor has elected to terminate this Guaranty; or
- (3) the date substitute evidence of financial responsibility has been accepted by the Association;

provided, however, that if obligations exist or subsequently arise as a result of Incidents occurring during the period this Guaranty is in force, then this Guaranty shall not terminate as respects such obligations until they are satisfactorily discharged.

This Guaranty to be effective 0001 hours G.M.T .....day of .....20.....

Date ..... Name of Guarantor .....

Mailing Address .....

By .....

**Authorised Signature**

Name .....

**Typed or Printed**

Title .....

**Typed or Printed**

**ACKNOWLEDGEMENT OF COMMITMENT OF SUBSIDIARY (WHEN  
SUBSIDIARY IS OPERATOR)**

To The Offshore Pollution Liability Association Limited .....

Address

.....  
Name of Parent Company

whose address is .....  
represents to The Offshore Pollution Liability Association Limited (hereinafter referred to as  
'Association') that it owns directly or through one or more of its subsidiary companies the  
majority of the share capital of .....

Name of Subsidiary

a corporation, organized under the laws of .....

Name of Parent

hereby acknowledges it has full knowledge that said .....

Name of Subsidiary

has entered into an agreement known as the Offshore Pollution Liability Agreement dated  
4th September 1974, as amended from time to time (hereinafter referred to as 'OPOL'), and  
that said .....

Name of Subsidiary

has elected to establish financial responsibility to fulfil Name of the obligations assumed by it  
under Clause IV of OPOL by qualifying as a self-insurer.

In consideration of the Association's approving said .....

Name of Subsidiary

qualification as a self-insurer and other valuable consideration.....

Name of Parent

does hereby agree that it will directly or through one or more of its subsidiary companies,  
retain its present share capital interest in .....

Name of Subsidiary

..... until all obligations and liabilities of said

.....

**Name of Subsidiary**

under OPOL have been fully satisfied and undertakes to cause

.....

**Name of Subsidiary**

to fulfil its obligations under OPOL. This commitment shall be governed by the laws of

.....

Signed this .....day of .....20.....

Name of Party .....

Mailing Address .....

By .....

**Authorised Signature**

Name .....

**Typed or Printed**

Title .....

**Typed or Printed**