



Statfjord & Gullfaks awards

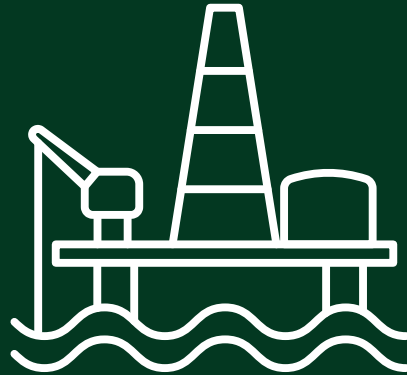
Re-allocation – legal basis and time limits

Thomas Naalsund og Torkjel Kleppo Grøndalen – Hydrocarbon Management Workshop 9 June 2026

Niersholm

Processing

Measurement



Owner



Production

User



Production

Owner



Production

Owner

Measurement + Value adjustment

Allocation to the groups

Fuel & flare

Deferral etc.

Lifting



Transport

Gas export

Example lifting account

Field/Shipper	Opening balance	Allocated/value adjusted oil	Oil lift	Other transactions	Closing balance
Field A/Shipper A 25%	100	200	-350	0	-50
Field A/Shipper B 25%	300	200	-450	0	50
Field A/Shipper C 50%	200	400	-500	0	100
Field B/Shipper A 50%	-50	700	-600	100	150
Field B/Shipper D 50%	150	700	-700	100	250
Field C/Shipper A 70%	-100	350	-0	-140	110
Field C/Shipper C 30%	50	150	-150	-60	-10
SUM	650	2700	-2750	0	600

Issue: (how far back) should errors in the lifting account be corrected?



*The main issue in the case is whether there is a basis for compensation or other monetary claim due to the reallocation of oil volumes in the lifting accounts ... which was carried out in 2006 ... **In any case, the crucial point is whether the correction settlement made was justified** (Statfjord award)*

*The question is whether [the operator], on behalf of [the owner field], was entitled to correct the allocated oil volume in the lifting accounts in favour of [the user field] in 2020. **That is, whether there was a legal basis for the correction** (Gullfaks award)*

Conflicting results?

Seemingly similar cases:

- ✓ Tie-in agreement
- ✓ Errors led to incorrect entries in the lifting account
- ✓ Question of whether the right to correct the lifting account was time-barred

... but different outcomes:

(Statfjord award LG-2010-186968)

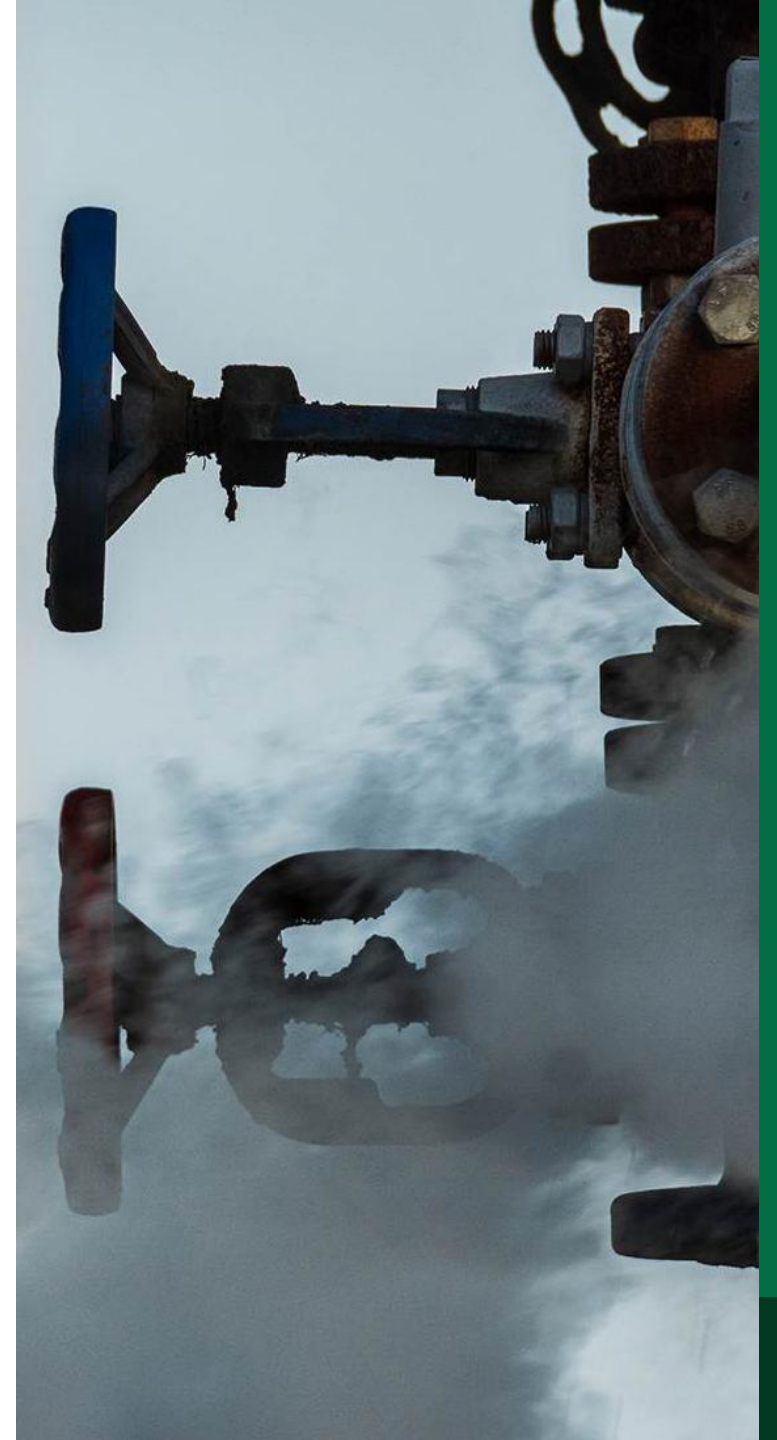
District Court and Court of Appeal:
The right to correction **is not time-barred**

Appeal to the Supreme Court denied

(Gullfaks award LG-2022-130795)

District Court and Court of Appeal:
The right to correction **is time-barred**

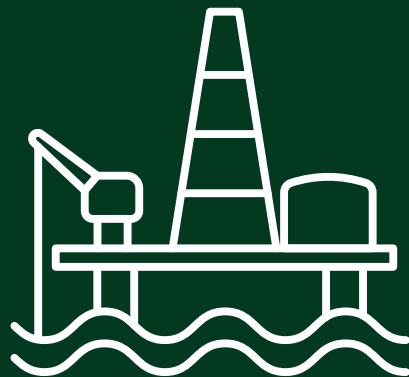
Appeal to the Supreme Court denied





Processing

Measurement 



Owner



Pruduction

User



Production

Owner



Production

User

Measurement  Value adjustment 

 Allocation to the groups

 Fuel & flare 

 "Deferral" 

 Lifting

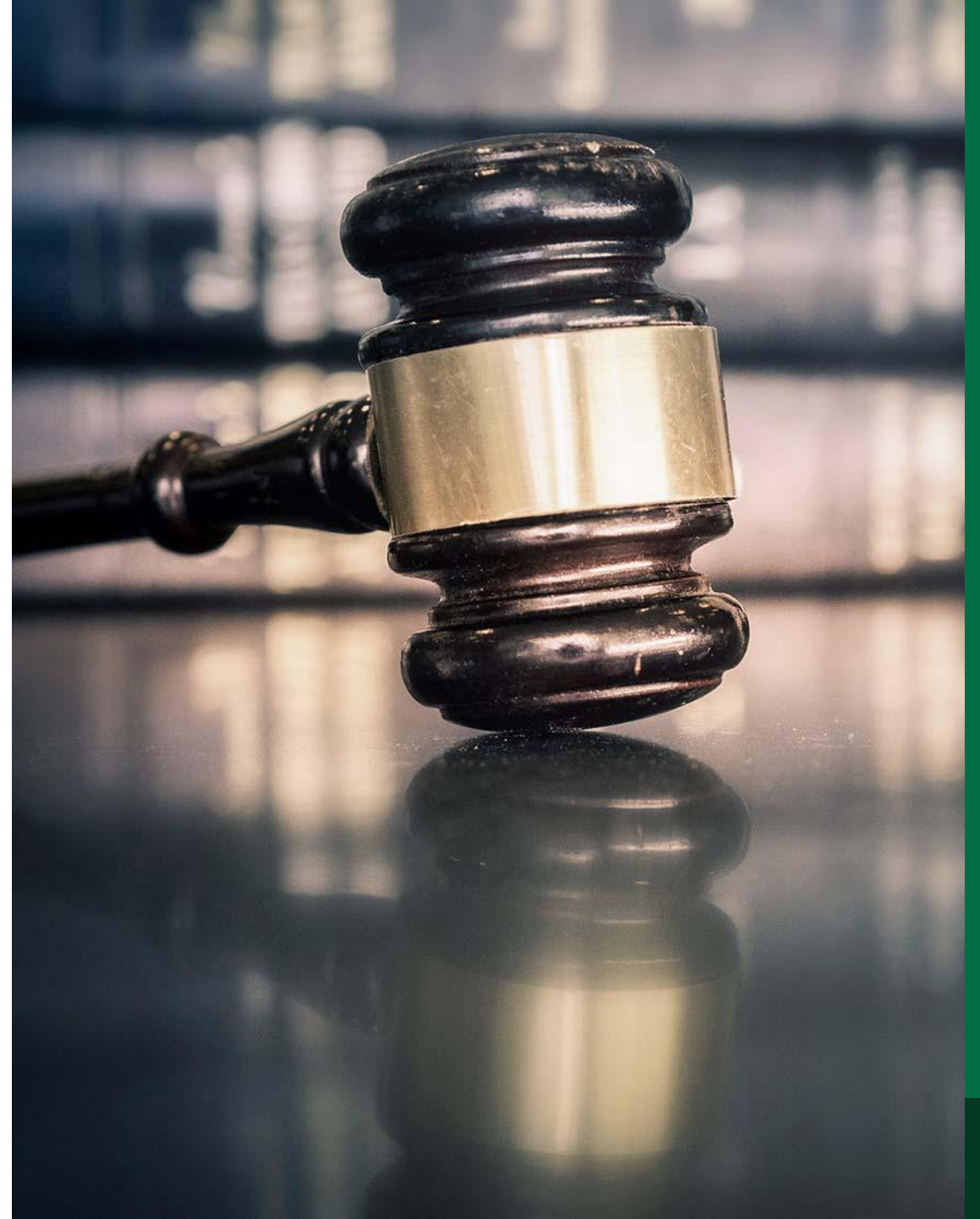


Transport

Gas export

Shall errors be corrected?

- **Starting point:** Right to correction in kind in the event of incorrect implementation of agreed procedures (actual errors)
 - Discussed in the Statfjord award
 - Not disputed in the Gullfaks award
- **But:** Unlikely to be entitled to corresponding correction where agreed procedures give the "wrong" result
 - Basis for re-negotiation?
 - Contracts Act section 36 / inadequate prerequisites?



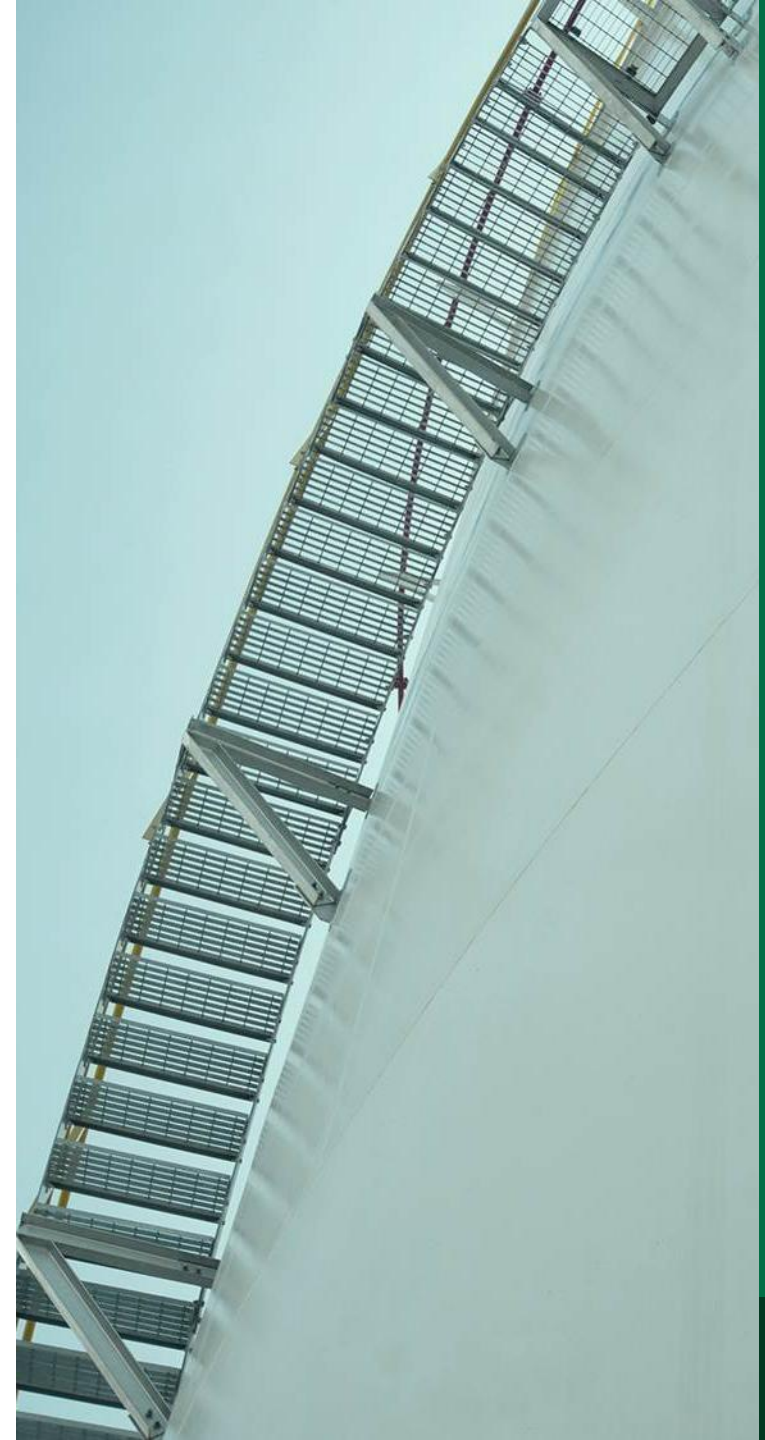
How far back in time?

- Regulated in the tie-in agreement or transportation agreement?
- Does the Limitation Act (preseptoric) apply?

§1: *"Claims for money or other performances are subject to the limitation periods in accordance with the provisions of this Act, unless otherwise prescribed by statute."*

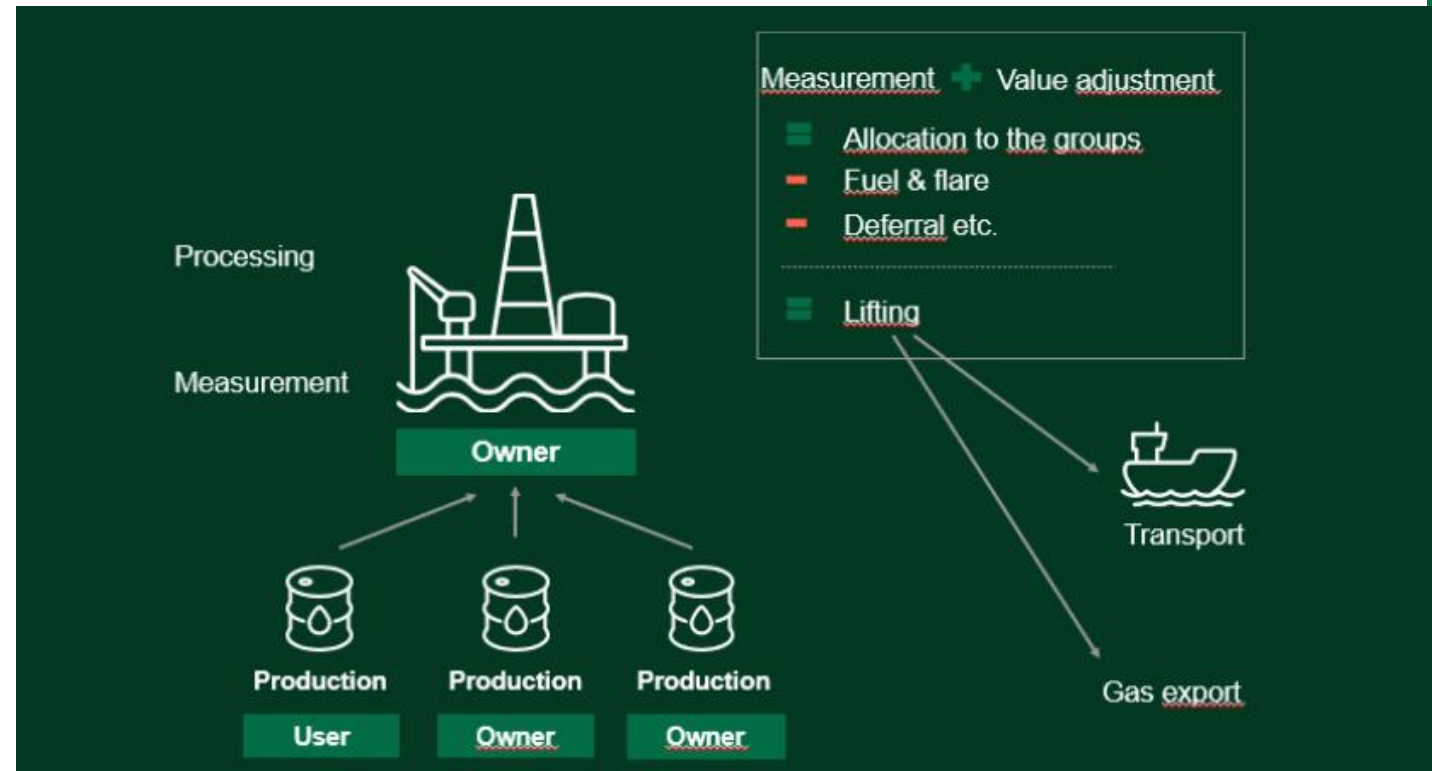
§2: *"The general limitation period shall be 3 years."* – possible with supplementary limitation periods

- The key is the distinction between obligatory and proprietary claims
 - Obligatory claims: Claims for performance against a specific debtor, typically by contract - covered by the Limitation Act
 - Proprietary claims: Rights in or to an asset (ownership etc.), enforceable more generally against third parties – not covered by the Limitation Act
- Decisive: "The nature of the claim" – is the basis for the correction claim infringement of property rights or breach of contract?



Statfjord award

- Measurement error over 5 yrs (2000-2005)
- The operator re-allocated in 2006

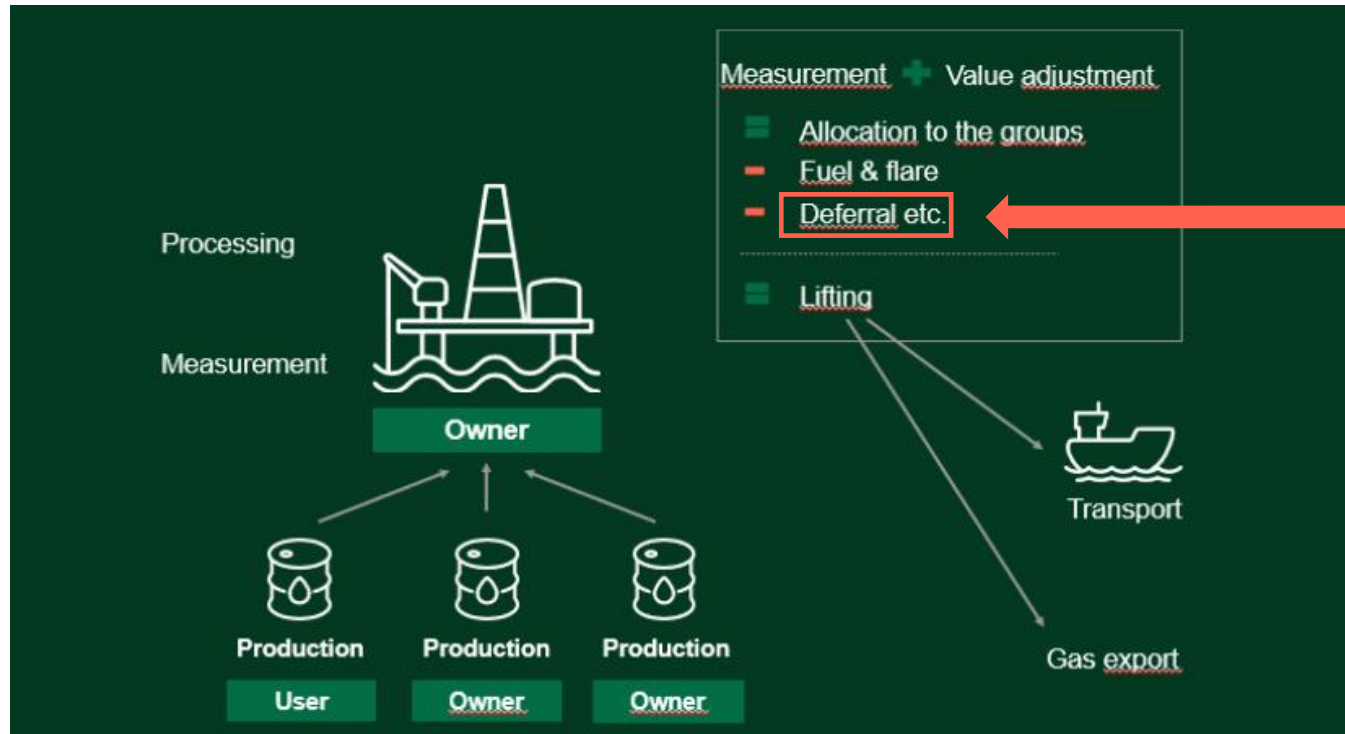


Statfjord award

- Correction/reallocation was justified
- Basis for correction was proprietary right
 - Claim to have correct ownership restored
 - Measurement errors do not affect the ownership of the correct quantity of oil as such
- The Limitation Act does not apply – the right to make a correction in kind was not time-barred



Gulfaks award



- Deferral compensation was pre-recognised in the lifting account (2006)
- Insufficient oil for in-kind settlement (2010)
- In line with the agreement, deferral compensation was paid in cash, but the pre-recognition was not corrected (2012)
- Lifting account corrected in 2020

Gulfaks award

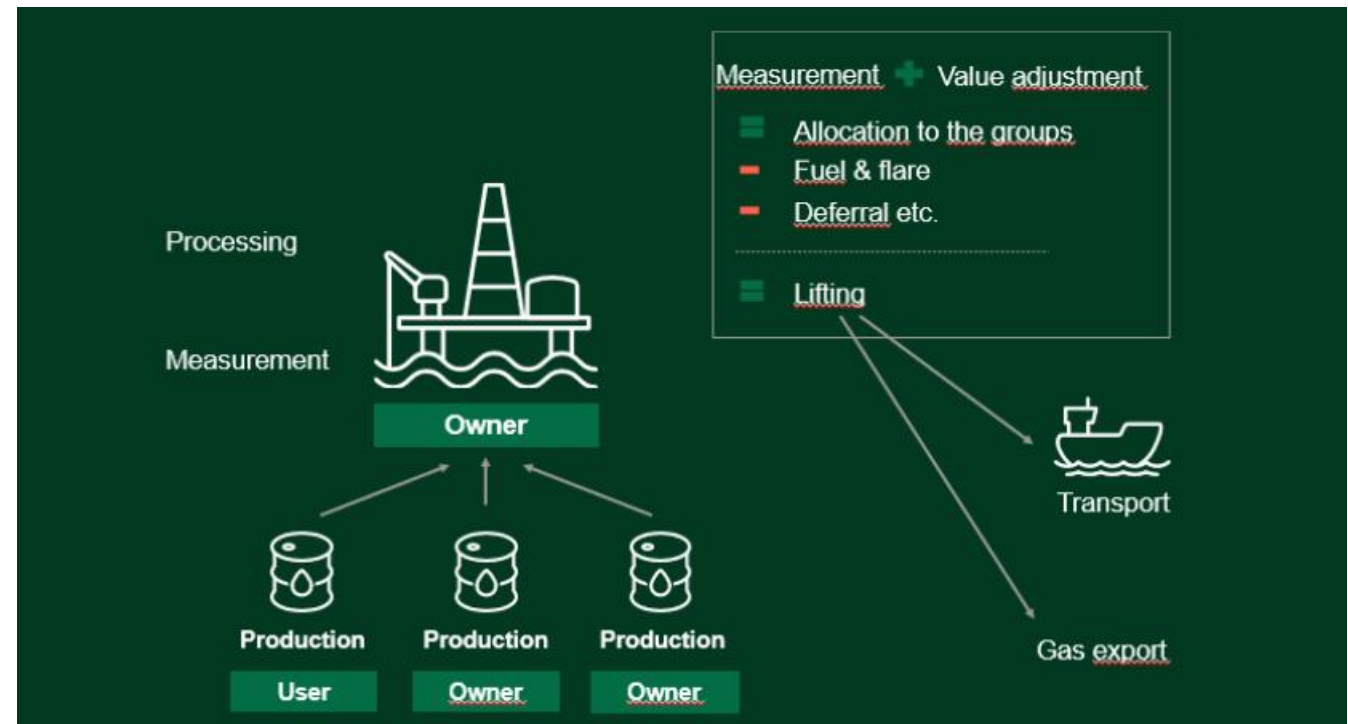
- Confirms the Statfjord award
- Still an obligatory claim in this case
 - The nature of the claim was not directly or exclusively related to the underlying property right – commercially negotiated transaction
 - Compensation for deferred production was paid twice (over-fulfilment)
 - Provided the user with a repayment claim that was obligatory in nature
- The claim for correction was time-barred



The state of the law after Statfjord/Gullfaks

Fundamental distinction between:

- Errors which affect elements in agreements which aim to determine the extent of property rights
 - Proprietary claims – Limitation Act does not apply
- Errors which affect elements aimed at transferring property rights (commercial transactions)
 - Obligatory claims – Limitation Act applies



Not everything is clear after Statfjord/Gullfaks

- The distinction between proprietary rights / obligatory rights is not clear cut in all cases
 - Value adjustment?
 - Fuel & flare?
- What if natural correction is no longer an option?
 - In-kind re-allocation not possible

"If a mismeasurement is discovered at a time when it is no longer possible to make a correction in kind, because there is no more oil to be extracted or in storage, the situation will be different. But this was not the situation in our case" (Statfjord award)



New Standard tie-in agreement

Art. 17.1

Measurement, testing, sampling, allocation, re-allocation and value adjustment shall be performed in accordance with relevant laws and regulations and in accordance with fair and prudent principles and standards. The allocation of petroleum to the User shall reflect the petroleum produced from the User Field.

Art. 17.4

If at any time a Group finds that measurement, allocation and/or value adjustment has not been carried out in accordance with Appendix C, such Group shall notify the other Group of such error immediately. In the event that such error has caused an incorrect allocation of petroleum, this shall be corrected through an in-kind reallocation. If a Group is partly or wholly unable to provide its share of petroleum to be reallocated in-kind, such Group shall settle in cash the part of its share that is not provided in-kind. Such cash settlement shall seek to put the Groups in the same position as if the reallocation had been carried out in-kind. The Groups shall not be entitled to any compensation due to the incorrect allocation and the corresponding re-allocation, whether due to changes in petroleum prices or otherwise.

Art. 17.5

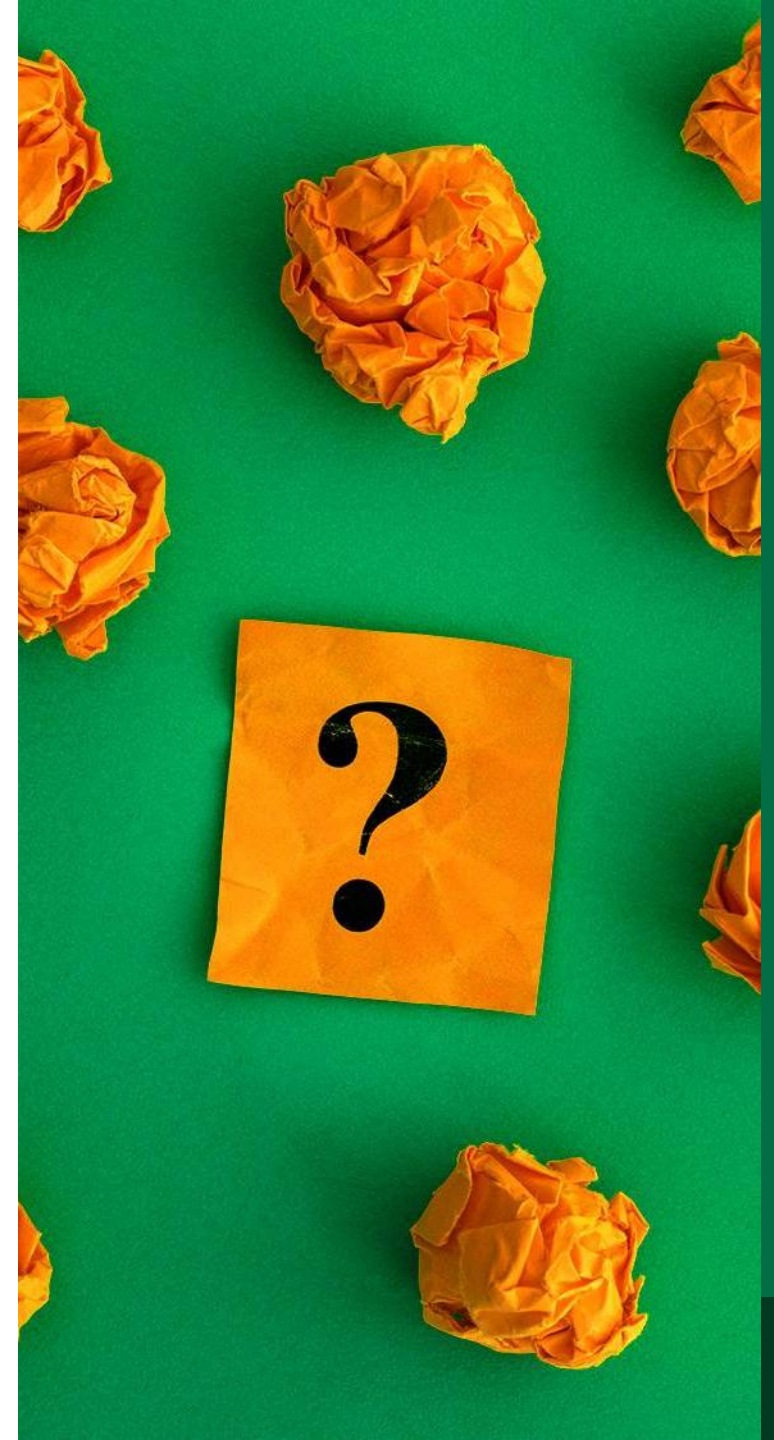
Re-allocation according to Article 17.4, whether in cash or in-kind, shall only apply to petroleum which has been allocated within 6 years prior to the date the error was identified. Any incorrect allocation carried out more than 6 years prior to the identification of the error shall hence not form basis for re-allocation.

... but still some uncertainties

- The Limitation Act is preceptoric in favour of the debtor, cf. section 28 of the Limitation Act

"The debtor may not with binding effect agree that limitation shall not set in in accordance with the provisions of this Act."

- Obligatory claims time-barred after 3 years (possibly additional period of up to 10 years)
- Can claims for cash under Art. 17.4 be considered a proprietary claim?
 - Can the 6-year time-limit be set aside, in whole or in part?
- What if the 6-year period is only agreed with one or some of the users?



Gas transportation – additional complexity

- Gas delivered into a commingled stream
 - The Shipper is redelivered a volume corresponding to volume delivered (but not the same molecules)
 - Ownership rights not transferred
- Based on Statfjord/Gullfaks
 - Errors in determining the ownership – not time-barred(?)
- Explicitly regulated in Gassled Terms and Conditions, Appendix A – Operations Manual



Gassled T&C – main elements

5.7.2 Measurement errors etc.

If any measurement equipment is out of service and the quantity of Gas delivered is not correctly indicated by the reading thereof, the quantity delivered, during such period, shall be estimated by the operator of the measurement equipment in question on the basis of the best data available

- *by using the registration of any check/backup measurement equipment, or*
- *by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculations, or Operations Manual Page 19 of 48 1 January 2026*
- *by estimating the quantity of delivery by deliveries during preceding and/or subsequent periods under similar conditions when the measurement equipment was in service.*

If a measurement error is detected, the relevant measurement equipment shall be replaced, repaired or adjusted to record accurately, as determined appropriate by the Operator.

In case of Significant Systematic Errors, previous recordings shall be corrected for the relevant period. If it is not possible to document how long such error has persisted, the corrections shall be performed for half the time elapsed since the date of the last test.

6.1.3 Reallocation

In case of Significant Systematic Errors or in case of other errors in the Operator's system that affect the Shipper, reallocation shall normally be performed by adjustments to the actual Month.

In case of any of the abovementioned errors having occurred more than 24 Months before the start of the current calendar year, the Operator shall decide how reallocation shall be performed, preferably by adjustments to the last 24 Months.

The Operator may, in its sole opinion, decide not to perform reallocation for errors, if the cost for such reallocation exceeds the value of the error or otherwise is unreasonable.

Operator's decisions according to this article 6.1.3 are final.

6.1.4 Yearly reallocation

The Operator will report adjustments to the final metered quantities during the first half of the succeeding year taking into account any reporting from the Shippers after the final reporting as described in article 6.1.2. In case of significant errors the Operator may perform a reallocation during the year.

"Significant Systematic Error" shall mean a Systematic Error [a detected error in a measurement result that is not corrected by the measurement model] that exceeds 0,02 per cent of total mass flow provided that the economic value of the error is greater than the cost of correcting such error.

Gassled T&C

– main principles

- Errors shall be corrected through re-allocation
 - Performed yearly
- Exceptions
 - Small errors (less than 0,02% of the total mass flow)
 - Old errors (more than 24 months ago – but up to Gassco's discretion)
 - Cost-benefit analysis of the re-allocation
- Gassco to decide



Topics of discussion

- What if Gassco decides to not re-allocate, may a Shipper still have a claim towards another Shipper for re-allocation?
- May decisions by Gassco be disputed?
- What if some of the affected Shippers are no longer Shippers?



Thank you!



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The logo for Wiersholm, featuring the name in a white, elegant, cursive script.