

Appendix H: Example of Guaranty¹

¹ Reproduced from the best available copy.

GUARANTY

1. FOR VALUE RECEIVED and in order to induce the UNITED STATES OF AMERICA, hereinafter the "United States", to consent to a transfer of right, title and interest in and to the AGREEMENT AND GRANT OF RIGHT-OF-WAY FOR THE TRANS-ALASKA PIPELINE dated January 23, 1974, hereinafter the "Agreement", from SOHIO PIPE LINE COMPANY to BP PIPELINES INC., a Delaware corporation, hereinafter the "Guaranteed Party", the undersigned, THE BRITISH PETROLEUM COMPANY LIMITED, an English corporation, hereinafter the "Guarantor", agrees and does hereby unconditionally guarantee the full and timely payment of the liabilities and obligations of the Guaranteed Party to the United States under said Agreement. For the purposes of determining the liability of the Guarantor, the undivided interest of the Guaranteed Party shall be such undivided interest as the Guaranteed Party may have under the Agreement or from time to time based upon transfers approved in accordance with Section 22 of the Agreement. This Guaranty is provided in accordance with the demand of the Secretary of the Interior of the United States (hereinafter "The Secretary") that Guaranteed Party cause this Guaranty instrument to be delivered to the Secretary pursuant to the terms of Section 15 of the Agreement.

2. This Guaranty shall extend to the Guaranteed Party's performance of all terms and conditions of the Agreement and Guarantor shall be liable for any and every breach of the terms and conditons of the Agreement for which monetary damages to the United States are ascertainable, whether by the terms of the Agreement or otherwise. If there is any breach of a term or condition of the Agreement compensable in accordance with the preceding sentence or under the terms of the Agreement and the Guaranteed Party has failed or refused to pay the United States any sum due on that account, the Guarantor, immediately upon the written demand of the United States, shall pay to the United States the amount due and unpaid, without right of setoff, counterclaim or deduction, in like manner as if such amount constituted the direct and primary obligation of the Guarantor. No other notice of any breach shall be required of the United States insofar as this Guarantor is concerned. Except as provided in the Agreement, the United States shall not be required, prior to any such demand on or payment by the Guarantor, to pursue any rights or remedies which it may have against the Guaranteed Party or against any other Permittee (as that term is defined in said Agreement), person, party, guarantor or security. Unless precluded by circumstances or operation of law, the Guaranteed Party will be joined in any suit against the Guarantor under this Guaranty. The Guarantor shall have no right of subrogation whatsoever with respect to any, or arising out of any, particular claim or demand

by the United States against the Guarantor or the Guaranteed Party or against any security the United States may have obtained from the Guaranteed Party or others until the United States shall have received full satisfaction by the Guarantor of such claim or demand.

3. The obligations of the Guarantor herein shall not be released, discharged or in any way affected by (a) any extension of time or forbearance granted the Guaranteed Party, the other Permittees, or any of them, or to any other person, (b) any waiver, failure to enforce, or any compromise on the part of the United States as to any term, covenant, condition, agreement or obligation under or in connection with the Agreement or any term or provision of any pleading, stipulation, motion, paper, or other document, order, judgment, or decree prepared or filed in connection with any administrative or judicial proceeding to which this Guarantor or its Guaranteed Party is not a party, whether or not the foregoing shall relate in any way to the rights and obligations of the Guaranteed Party, the other Permittees, or any of them under the Agreement, or in connection with the Trans-Alaska Pipeline System, or the Federal Lands on which or in the vicinity of which the Pipeline System is located, (c) the release or substitution of other guarantors or the release of any security or the taking of additional security of any kind covering the obligations of the Guaranteed Party, the other Permittees, or any of them, except as provided in Section 22 of the Agreement, (d) the dissolution, termination of business activity, insolvency or bankruptcy of the Guaranteed Party, any other Permittee, guarantor or other party whatsoever, or (e) any assignment, transfer by operation of law, hypothecation, or other disposition or incumbrance, whether in whole or in part, of the Agreement or any right or interest therein, or granted thereby, except as provided in Section 22 of the Agreement.

4. Any reference herein to the "Agreement" shall be deemed to include any and all additions, amendments, supplements, extensions or renewals thereof entered into after the effective date hereof and, whenever it is not unreasonable or inappropriate to do so, the word "Agreement", or any reference thereto, shall be construed to include any right or privilege that may be granted pursuant to or by virtue of the Agreement. In accordance with Section 15 of the Agreement, the term the "Agreement" shall also include any other agreement, permit or authorization to be issued or granted to the Guaranteed Party by the Secretary and that relates in whole or in part to all or any part of the Pipeline System, unless a substitute guarantor acceptable to the Secretary is provided by the Guaranteed Party. This Guaranty shall be binding upon the Guarantor and its successors and assigns, immediate and remote, and shall inure to the benefit of the United

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States. The expression "successors and assigns" shall include but shall not be limited to any person or entity to whom all or substantially all of the assets of the Guarantor have been transferred by operation of law or otherwise. This Guaranty cannot be waived, discharged, cancelled, revoked, or amended except as provided in this paragraph and Section 22 of the Agreement.

5. Any payment to be made by the Guarantor pursuant hereto shall be effected by a good and valid check of the Guarantor made payable to the order of the United States of America. Said check shall not be a third-party check and shall not contain any endorsements or notations. Such payments will be accepted by the United States, subject to collection, at the address listed in Paragraph 6 of this Guaranty or at such other address as may be specified in accordance with that Paragraph.

6. Any notice or demand that may be given or made under or pursuant to this Guaranty shall be in writing and, until further notice, shall be addressed, in the case of the United States, as follows:

The Secretary of the Interior
Room No. 6151
Department of the Interior Building
18th and C Streets, N.W.
Washington, D.C. 20240

Until further notice such notices and demands pursuant to this Guaranty shall be addressed to the Guarantor as follows:

Secretary
The British Petroleum Company Limited
Britannic House
Moor Lane
London E.C.2., England.

The Guarantor hereby appoints the following agent who may accept service of legal process in accordance with the requirements of Section 15E of the Agreement and who may be served at the following address:

CT Corporation System
200 Bank of Alaska Building
Juneau, Alaska 99801

Either the United States or the Guarantor, by written notice addressed in accordance with this Paragraph, may notify the other of the change of its address for the receipt of notices and demands. Subject to the requirements of Paragraph 15 of the Agreement, the Guarantor may substitute a different agent for acceptance of service of legal process by written notice addressed in accordance with this Paragraph.

7. This Guaranty shall be effective contemporaneously with the execution of the Agreement.

IN WITNESS WHEREOF, the undersigned has set its hand hereto by its Attorney-in-fact duly authorized as of the 1st day of August, 1974.

THE BRITISH PETROLEUM COMPANY LIMITED

By: Peter G. Cazalet
Attorney-in-Fact

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

BEFORE ME the undersigned, a Notary Public in and for the State of New York, County of New York, on this day personally appeared Peter G. Cazalet known to me to be the person whose name is subscribed to the foregoing instrument, who being duly sworn, acknowledged to me that he executed said instrument as his free act and deed in his capacity as the duly appointed Attorney-in-Fact of The British Petroleum Company Limited.

GIVEN under my hand and seal of office this 1st day of August, A.D. 1974.

DANIEL M. VINNIK
Notary Public, State of New York
No. 60-9469012
Qualified in Westchester County
Certificate filed in New York County
Commission Expires March 30, 1976

ACCEPTED FOR THE UNITED STATES OF AMERICA, this _____ day of 1974.

Secretary of the Interior

ASSIGNMENT

This Agreement made as of this 9th day of August, 1974, by and between Sohio Pipe Line Company, a Delaware corporation ("Assignor") and BP Pipelines Inc., a Delaware corporation ("Assignee"),

WITNESSETH:

Whereas, by agreement dated August 27, 1970, Assignor, Amerada Hess Corporation, a Delaware corporation, ARCO Pipe Line Company, a Delaware corporation, Exxon Pipeline Company, a Delaware corporation, Mobil Alaska Pipeline Company, a Delaware corporation, Phillips Petroleum Company, a Delaware corporation, and Union Alaska Pipeline Company, a California corporation or their predecessors in interest entered into the Trans Alaska Pipeline System Agreement, as amended and supplemented (herein called the "TAPS Agreement"); and

Whereas, the parties to the TAPS Agreement incorporated and subscribed to certain shares of stock of Alyeska Pipeline Service Company, a Delaware corporation, and of Alyeska Investment Company, a Delaware corporation, the former having been designated as Contractor in a certain Design and Construction Agreement

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for the Trans Alaska Pipeline System, such project being herein called the "System"; and

Whereas, the parties to the TAPS Agreement or their predecessors in interest as shareholders of Alyeska Pipeline Service Company and Alyeska Investment Company entered into Agreements ("Shareholders' Agreements") with respect to their ownership of shares of capital stock of such corporations; and

Whereas, The British Petroleum Company Limited and The Standard Oil Company (Ohio), parent corporations respectively, of Assignee and Assignor, have entered into an Agreement effective as of July 8, 1974, with respect to the acquisition by Assignee of that part of the right title and interest of Assignor in and to the System after Assignor shall have acquired a certain share of the System's First Expansion as that term is defined on such July 8, 1974 Agreement so as to vest in Assignee a 15.84% interest in the System and in the agreements and assets relating thereto;

Now Therefore, in consideration of the premises and of the payment to Assignor by Assignee of \$108,269,209.00 and of the mutual undertakings of the parties herein contained, Assignor and Assignee agree that:

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1. Assignor hereby assigns and transfers to Assignee (a) effective as of July 17, 1974, that part of Assignor's right title and interest in and to the System, the TAPS Agreement, the above-mentioned Design and Construction Agreement, and any and all other agreements relating to the System including but not limited to the Agreement and Grant of Right-of-Way for Trans Alaska Pipeline dated January 23, 1974, and other governmental authorizations to which Assignor is a party together with the other parties to the TAPS Agreement, and any real or personal property in which Assignor has acquired an interest pursuant to such Agreements and other agreements and (b) effective as of July 17, 1974, that part of Assignor's right, title and interest, as a shareholder, in and to said Alyeska Pipeline Service Company and Alyeska Investment Company so as to vest in Assignee an interest, in all of items (a) and (b) in this paragraph, equivalent to 15.84% of the entirety of such items as they exist after the First Expansion of the System.

2. Assignee hereby assumes and agrees to be responsible in the place and stead of the Assignor, for the obligations and liabilities chargeable or

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charged against Assignor's interest hereby assigned. Assignee agrees to execute such amendments to the Agreement and Grant of Right-of-Way for Trans Alaska Pipeline as may be necessary fully to effect the assignment of such 15.84% interest, and to assume the liabilities and obligations (accrued, contingent or otherwise) to the United States under such Agreement. Such obligations and liabilities shall include, whether one or more, those:

(a) heretofore or hereafter incurred under the TAPS Agreement, the Construction Agreement and all other agreements heretofore entered into relating to the design and construction of the System to which Assignor and the other signatories to the TAPS Agreement are parties and all commitments made pursuant to such Agreements and other agreements and all obligations, liabilities, costs and expenses heretofore or hereafter attributable to the System, other than those costs and expenses for which reimbursement has been made in the form of consideration for this Assignment including real and personal property acquired for the System;

(b) heretofore or hereafter incurred under the Shareholders' Agreements or in connection with the

organization, staffing and operation of Alyeska Pipeline Service Company and Alyeska Investment Company.

3. This Agreement may be executed and any consent or approval hereto may be given in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. The parties shall from time to time and at all times do all such further acts and execute and deliver all such further assignments, including assumption agreements, deeds and documents as shall be reasonably required in order fully to perform and carry out the terms of this Agreement.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

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IN TESTIMONY WHEREOF, this Agreement is executed in several counterparts, each of which shall be considered an original as of the day and year first above written.

Assignor: SOHIO PIPE LINE COMPANY

By [Signature]
President

Assignee: BP PIPELINES INC.

By [Signature]
Chairman of the Board

The foregoing Agreement is hereby consented to and approved as of this 9th day of August, 1974.

ALYESKA PIPELINE SERVICE COMPANY

By [Signature]
JL
ADK