

NOTICE TO SHIPPERS

RE: AVAILABILITY OF STORAGE SERVICE AT MARATHON'S SOUTHWEST KINSALE FACILITY

On the 18th of March 2004, the Commission for Energy Regulation ("the Commission") published for comment two papers concerning the availability of storage facilities at the Southwest Kinsale Gas Field from April 2005. The first of these papers, prepared by the Commission, set out its view with respect to the appropriateness and type of third party access ("TPA") regime to be put in place at Southwest Kinsale. The second paper, prepared by Marathon Oil Ireland Limited ("Marathon"), owners and operators of the Southwest Kinsale Facility, set out Marathon's view on how such a service might be made available to the market.

The Commission received six responses to that consultation, and these responses were published in April 2004. Since then the Commission has been engaged in discussions with Marathon, and with Bord Gáis Transmission, concerning the implementation of a storage service from April 2005. While considerable progress has been made in establishing both regulatory and operational principles under which this service might be accessed, the necessary arrangements cannot be put in place in time for April 2005. As a consequence, Marathon has decided that it is not in a position to offer a storage service in the forthcoming gas year. They propose instead to continue with their current production operations and to extend the existing reprofiling agreement with Bord Gáis Éireann for a further year.

The Commission will continue to work with Marathon to develop terms and conditions for access to the proposed storage facility at Southwest Kinsale. Such terms and conditions will be published for consultation early in 2005, with a view to their finalisation in advance of the 2005/06 gas year. The Commission will also develop a licensing regime for storage in this time frame.