

COPY

LICENCE NO. P. 219

Petroleum (Production) Act 1934

Continental Shelf Act 1964

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY

and

OCEANIC AND ATLANTIC RESOURCES (NORTH SEA) LIMITED

RANK EXPLORATION LIMITED

EASON NORTH SEA LIMITED

EL PASO NORTH SEA LIMITED

L.O.F. (NORTH SEA) LIMITED

MONTROSE INDUSTRIES LIMITED

WILLIAM JESSOP & SONS LIMITED

LICENCE

to

Search and Bore for and get petroleum

in Block No. 16/13

THIS LICENCE made *on 24th day of August* 1972 between

The SECRETARY OF STATE FOR TRADE AND INDUSTRY (hereinafter referred to as "the Secretary of State") for and on behalf of Her Majesty of the one part and OCEANIC AND ATLANTIC RESOURCES (NORTH SEA) LIMITED whose registered office is at 11 Golden Square, London, W1 ;

RANK EXPLORATION LIMITED whose registered office is at Millbank Tower, Millbank, London, S.W.1; EASON NORTH SEA LIMITED whose registered office is at 50/51 Russell Square, London, WCLB 4JX;

EL PASO NORTH SEA LIMITED whose registered office is at 12 Whitehall, London, S.W.1; L.O.F. (NORTH SEA) LIMITED whose registered office is at 8 Balfour Place, London, W.1; MONTROSE INDUSTRIES LIMITED whose registered office is at Ettingshall, Wolverhampton and WILLIAM JESSOP & SONS LIMITED whose registered office is at Atlas Works, Sheffield, S4 7US (hereinafter referred to as "the Licensee") of the other part

WITNESSETH as follows:-

Incorporation
of clauses.

A. Clause 1 and clauses 4 to 34 of the model clauses for production Licences in seaward areas set out in Schedule 4 to the Petroleum (Production) Regulation 1966 (S.I. 1966 No.898) as amended by the Petroleum (Production) (Amendment) Regulations 1971 (S.I. 1971 No. 814) shall be incorporated herein and shall have effect as if herein set out at length.

Term of
Licence.

B. Clause 3 of the said model clauses (the marginal note whereof is "Term of Licence") shall be incorporated herein and shall have effect as if herein set out at length, the date 15 March 1972 being inserted therein as the date next after which the term of this Licence shall commence.

Right to search
and bore for
and get
petroleum.

C. In consideration of the payments and royalties hereinafter provided and the performance and observance by the Licensee of all the terms and conditions hereof, the Secretary of State in exercise of the powers

conferred upon him by the Act of 1934 and the Act of 1964, hereby grants to the Licensee EXCLUSIVE LICENCE AND LIBERTY during the continuance of this Licence and subject to the provisions hereof to search and bore for, and get, petroleum in the sea bed and subsoil under the seaward area comprising an area of 134.0 square kilometres more particularly described in Schedule 1 hereto being the area comprising block No. 16/13 on the reference map deposited at the office of the Department of Trade and Industry, Thames House South, Millbank, London, S.W.1.

Provided that nothing in the Licence shall affect the right of the Secretary of State to grant a methane drainage licence in respect of the whole or any part of the licensed area or affect the exercise of any rights so granted.

Schedules

D. The Schedules referred to in the said model clauses namely clause 8 (the marginal note whereof is "Payment of consideration for Licence") and clause 12 (the marginal note whereof is "Working Obligations") are for the purposes of this Licence schedules 2 and 3 respectively hereunder written.

IN WITNESS whereof the Corporate Seal of the Secretary of State and the Common Seal(s) of the Licensee have been hereunto affixed the day and the year first above written.

SCHEDULE I

Description of Licensed Area

The sea area bounded by lines joining the following co-ordinates on

European Datum:-

(1) $58^{\circ} 40' 00''\text{N}$: $1^{\circ} 24' 00''\text{E}$ (2) $58^{\circ} 40' 00''\text{N}$: $1^{\circ} 32' 46.2''\text{E}$

(3) $58^{\circ} 30' 00''\text{N}$: $1^{\circ} 30' 06.9''\text{E}$ (4) $58^{\circ} 30' 00''\text{N}$: $1^{\circ} 24' 00''\text{E}$

SCHEDULE 2

Considerations for licence

Initial
payment

1. The Licensee shall pay to the Secretary of State upon the grant of the Licence the sum of £6,030.00

Periodic
minimum
payments

2. - (1) Upon the date specified in the notice referred to in clause 5 (the marginal note whereof is "Option to continue Licence as to part of the licensed area"), and on the anniversaries thereof during the term of the Licence as continuing pursuant to that clause the Licensee shall pay to the Secretary of State sums (in this Schedule referred to as "periodic payments") calculated as follows:-

- (a) upon the said date £50 multiplied by the area factor
- (b) upon the first anniversary of the said date £80 multiplied by the area factor
- (c) " " second " " " " £110 "
- (d) " " third " " " " £140 "
- (e) " " fourth " " " " £170 "
- (f) " " fifth " " " " £200 "
- (g) " " sixth " " " " £230 "
- (h) " " seventh " " " " £260 "
- (i) " " eighth " " " " £290 "
- (j) " " ninth " " " " £320 "
- (k) " " tenth and every subsequent anniversary of the said date £350 multiplied by the area factor.

(2) In this paragraph "the area factor" means the number of square kilometres comprised in the licensed area at the date upon which the periodic payment in question becomes due.

Royalties

3. - (1) Within two months after the end of the half year in which the Licence is granted, and within two months after the end of every succeeding half year the Licensee shall pay to the Secretary of State a royalty in respect of those periods respectively of twelve and a half pence for every pound of the value of the petroleum won and

saved by the Licensee in the period from the grant of the Licence to the end of the half year in which it was granted and in each succeeding half year respectively without any deduction except as provided by the next sub-paragraph.

(2) The Licensee may deduct from the amount of royalty due in respect of the period from the grant of the Licence to the end of the half year in which it was granted and from the amount of royalty due in respect of each succeeding half year respectively -

- (a) If the period in respect of which that royalty is due is one in which a periodic payment was due and paid, one half of that periodic payment; or
- (b) if the period in respect of which that royalty is due is a half year next following a half year in which a periodic payment was due and paid, an amount equal to that periodic payment less any part thereof deducted from the amount of royalty due in respect of the period in which that periodic payment was due,

but if any periodic payment is greater than the amounts of royalty which would apart from this paragraph be payable in respect of the period in which the periodic payment is due and paid and in respect of the next following half year, no repayment to the licensee of the whole or any part thereof shall be made nor shall the same be taken into account in respect of the royalty due in respect of any other half year.

(3) The royalty shall be paid on the value of petroleum shown by the statement of value referred to in clause 11 (the marginal note whereof is "Value of petroleum") in respect of each half year, and in the event of a direction that paragraph (2) of that clause shall not apply being such that the Licensee is required to give a revised statement of value pursuant to paragraph (7) thereof or in the event

of a dispute as to the value of petroleum, the Licensee shall pay to the Secretary of State any additional sums due or the Secretary of State shall pay to the Licensee any amount overpaid as the case may require, within two months after the service of the notice containing that direction or after the award of the arbitrator or any prior settlement as to the value of the petroleum won and saved in the period in question, as the case may require, save that in the event of a provisional statement of value being prescribed the royalty shall be paid on the value of the petroleum shown by the provisional statement of value in respect of each half year and the Licensee shall pay to the Secretary of State any additional sums due or the Secretary of State shall pay to the Licensee any amount overpaid as the case may require within two months after the award of the arbitrator or any prior settlement as to the value of the petroleum won and saved in the period in question.

SCHEDULE 3

Working obligations

The Licensee shall during the term of this Licence carry out seismic survey work in the licensed area and drill therein one exploration well provided that, if within four years of the grant of the Licence, a well has been drilled in Norwegian waters on the structure straddling the median line with negative results the Licensee shall, on satisfying the Secretary of State to this effect, be at liberty to surrender the Licence without undertaking the drilling obligation.

The Corporate Seal of the Secretary of State
for Trade and Industry hereunto affixed is
authenticated by

Assistant Secretary
Authorised by the Secretary of State

The Common Seal of Oceanic and Atlantic
Resources (North Sea) Limited was hereunto
affixed in the presence of

Director

Secretary

The Common Seal of Rank Exploration Limited
was hereunto affixed in the presence of

Director

Secretary

The Common Seal of Eason North Sea Limited
was hereunto affixed in the presence of

Director

Secretary

The Common Seal of El Paso North Sea Limited)
was hereunto affixed in the presence of)

Director

Secretary

The Common Seal of L.C.F. (North Sea) Limited)
was hereunto affixed in the presence of)

Director

Secretary

The Common Seal of Montrose Industries Limited)
was hereunto affixed in the presence of)

Director

Secretary

The Common Seal of William Jessop & Sons Limited)
was hereunto affixed in the presence of)

Director

Secretary