

DUPLICATE

LICENCE NO. P.246

Petroleum (Production) Act 1934

Continental Shelf Act 1964

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY

and

BP OIL DEVELOPMENT LIMITED

LICENCE

to

Search and bore for and get petroleum

in Block No. 21/10





THIS LICENCE made *the twelfth day of September* 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 BP OIL DEVELOPMENT LIMITED whose registered office
 is at Britannic House Moor Lane London EC2Y 9BU (hereinafter referred
 to as "the Licensee") of the other part WITNESSETH as follows:-

Incorporation
 of clauses

A. Clause 1 and Clauses 6 to 11 and 13 to 34 of the model clauses for
 production licences in seaward areas set out in Schedule 4 to the
 Petroleum (Production) Regulations 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 subject to the following minor amendments,
 namely:- (1) in Clause 7, for the words "any of the last three foregoing
 clauses" in paragraph (1) and for the words "the last three foregoing
 clauses" in paragraph (2) there shall be substituted "clause 6 hereof"

(2) in Clause 8, for paragraph (1) there shall be substituted the
 following paragraph:-

"(1) The Licensee shall pay to the Secretary of State during the said
 term of forty years unless such term shall sooner be terminated the
 consideration by way of royalty or otherwise for the grant of this
 Licence specified in Schedule 2 hereto, at the times and in the manner
 so specified."

Term of
 licence

B. This Licence unless sooner determined under any of the provisions hereof
 shall be and continue in force for a term of 40 years next after the
 24th day of November 1971.

Right to search
 and bore for and
 extract 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 221.1 square kilometres more particularly described in Schedule 1 hereto being the area comprising block No. 21/10 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.

dule

D. The Schedule referred to in Model Clause 8 (the marginal note whereof is "Payment of consideration for Licence") is for the purposes of this Licence schedule 2 hereunder written.

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visions

E. (1) In this Clause the following expressions have the following meanings, namely:-

"BP" means The British Petroleum Company Limited;

"BP Development Debenture" means a debenture so entitled substantially in the form of the draft initialled on behalf of the Secretary of State and the Licensee;

"Field Extension" has the meaning ascribed to it by the Forward Oil and Gas Purchase Agreement;

"Forward Oil and Gas Purchase Agreement" means an agreement so entitled substantially in the form of the draft initialled on behalf of the Secretary of State and the Licensee;

"Independent Field" has the meaning ascribed to it by the Forward Oil and Gas Purchase Agreement;

"Norex" means Norex Trading Limited;

"Special Share" has the meaning ascribed to it by the BP Development Debenture.

(2) Without prejudice to the provisions of Clause 6 of the said model clauses (the marginal note whereof is "Right of Licensee to determine extended term or surrender part of the licensed area"), if at any time the Licensee shall give notice in writing to the Secretary of State of its desire to dispose of the rights granted by this Licence in so far as it relates to:-

(i) any Independent Field; or

(ii) any Field Extension

to BP or to any company which is for the time being a subsidiary of BP (within the meaning of Section 154 of the Companies Act 1948) the Secretary of State will accept a surrender of this Licence in so far as it relates to such Independent Field or Field Extension and will grant a new licence in relation to such Independent Field or Field Extension to BP or the relevant subsidiary of BP on the same terms (*mutatis mutandis*) as this Licence, but with the omission of this Clause provided that the Secretary of State shall not be obliged to grant any such new licence unless:-

(a) the proposed new licensee is a company incorporated in the United Kingdom and has its central management and control in the United Kingdom; and

(b) BP and (if the proposed new licensee is not BP itself) also the proposed new licensee is solvent at the time of the grant of the new licence; and

(c) the proposed new licensee accepts responsibility for compliance with all the terms of the new licence;

and provided further that the licensee shall use its best efforts to ensure that the area to be comprised in any new licence comprises one or more whole sections (as defined in the said model clauses).

(3) (i) The Secretary of State shall prior to exercising the power to revoke this Licence conferred by Clause 33 of the said model clauses (the marginal note whereof is "Power of revocation") give notice in writing to Norex specifying:-

(a) the event by reason of the occurrence of which he proposes to exercise such power; and

(b) the sub-paragraph of Clause 33(2) under which such event falls; and

(c) if such event falls under Clause 33(2) (a) the amount of the consideration in arrear or unpaid; and

(d) if such event falls under Clause 33 (2) (b) or (f) the particular Clause of the said model clauses which the Secretary of State regards as having been breached or not observed.

(ii) Where a notice given by the Secretary of State to Norex pursuant to paragraph (i) above refers to an event falling under Clause 33(2) (a) he shall not revoke this Licence by reason of the occurrence of such event until the expiration of a period of 28 days commencing with the day following that on which Norex received the notice; and if within that period Norex shall pay or procure to be paid to him the amount of the consideration specified in the notice as in arrear or unpaid his right to revoke this Licence by reason of the event specified in the notice shall forthwith cease and determine as if such event had never occurred.

(iii) Where a notice given by the Secretary of State pursuant to paragraph (i) above refers to an event falling under Clause 33 (2) (b) or (f) and the breach or non-observance specified in the notice is a breach or non-observance of a continuing nature and

it is practicable for Norex to discontinue it or to procure its discontinuance within a reasonable period of time the Secretary of State shall not revoke this Licence by reason of the breach or non-observance in question until there shall have elapsed from the time of receipt by Norex of the notice such a period as is reasonable having regard to the nature of the breach or non-observance specified in the notice and all the other relevant circumstances for Norex to have discontinued or procured the discontinuance of the breach or non-observance; and if within such period Norex shall have discontinued or procured the discontinuance of the breach or non-observance the right of the Secretary of State to revoke this Licence by reason of the event specified in that notice shall forthwith cease and determine as if that event had never occurred.

(iv) Where a notice given by the Secretary of State pursuant to paragraph (i) above:-

- (a) refers to an event falling under Clause 33 (2)(b) or (f) and the provisions of paragraph (iii) above are not applicable, or
- (b) refers to an event falling under Clause 33 (2) (c), (d) or (e),

the Secretary of State shall not revoke this Licence by reason of the occurrence of that event until the expiration of a period of 28 days commencing with the day following that on which Norex received that notice; and if prior to the expiry of that period (whether before or after the commencement thereof):-

- (A) Norex shall have appointed a director or directors of BP Oil Development Limited pursuant to the rights conferred by the Special Share; or

(B) Norex shall have appointed a receiver pursuant to the power conferred by the BP Development Debenture or the Court shall have appointed a receiver of BP Cil

Development Limited on the application of Norex; and Norex shall have informed the Secretary of State in writing of the action taken by it, the right of the Secretary of State to revoke this Licence by reason of the event specified in the notice shall be suspended until either:-

(C) the Special Share shall have ceased to be vested in Norex; or

(D) the BP Development Debenture shall have been discharged (of which events the Licensee shall give to the Secretary of State immediate notice in writing).

(v) Where a notice given by the Secretary of State to Norex pursuant to paragraph (i) above refers to an event falling under Clause 33 (2) (g) (being that the Licensee has ceased to have its central management and control in the United Kingdom) he shall not revoke this Licence by reason of the occurrence of such event until there shall have elapsed from the time of receipt by Norex of the notice such a period as is a reasonable period, having regard to the circumstances, for the Licensee to have re-established its central management and control in the United Kingdom, and if within such period Norex shall procure the Licensee to re-establish its central management and control in the United Kingdom and informs the Secretary of State in writing of such re-establishment of such central management and control in the United Kingdom as aforesaid, the right of the Secretary of State to revoke this Licence by reason of the relevant event shall forthwith on his being so informed cease

and determine as if that event had never occurred.

(vi) A notice given by the Secretary of State under sub-clause (3) shall be of no effect:-

- (a) if it specifies more than one event by reason of which the Secretary of State proposes to exercise his power of revocation; or
- (b) where the notice refers to an event falling under Clause 33(2) (a), if the consideration stated therein to be in arrear or unpaid has in fact been paid prior to the receipt by Norex of the notice; or
- (c) where the notice refers to an event falling under Clause 33(2) (b) or (f) and the provisions of paragraph (iii) above are applicable, if the action required to determine the Secretary of State's power to revoke this Licence by reason of that event has been taken prior to the receipt by Norex of the notice.

(4) The provisions of the preceding sub-clause (3) shall not apply in relation to the revocation of this Licence by reason of the occurrence of an event of a continuing nature which first occurs or any other event which occurs:-

- (i) when the rights granted by this Licence are vested absolutely in a person other than BP Oil Development Limited; or
- (ii) when there is for the time being holding office a director of BP Oil Development Limited appointed pursuant to the rights conferred by the Special Share; or
- (iii) when there is for the time being holding office a receiver of BP Oil Development Limited appointed pursuant to the power conferred by the BP Development Debenture or by the Court on application of Norex; or

(iv) when the BP Development Debenture has been discharged unless the event is one which occurs or first occurs before the BP Development Debenture has been discharged and the occurrence of the event is the direct result of some previous act or omission of BP Oil Development Limited and is one which could not reasonably have been prevented by Norex.

(5) Nothing in the preceding sub-clause (3) shall apply to limit the right of the Secretary of State to revoke this Licence if the rights granted by this Licence become vested absolutely in Norex and if the circumstances described in Clauses 33(2) (c), (d), (e) or (g) prevail as respects Norex at the time the said rights become so vested.

(6) For the purposes of sub-clause (3) of this Clause a notice given by the Secretary of State shall not be treated as received by Norex unless it is addressed to Norex and delivered to 11 Old Broad Street, London EC2P 2HT or such other address in the United Kingdom as Norex may notify to the Secretary of State as that of the place for the receipt of such notice.

(7) If the right of the Secretary of State to revoke this Licence by reason of the occurrence of such an event as is described in paragraph (iv) of sub-clause (3) of this Clause shall be suspended by reason of the appointment by Norex of a director or directors of BP Oil Development Limited pursuant to the rights conferred by the Special Share, then:-

(i) no such director shall be removed by Norex except for the purpose of the appointment by Norex of another director in his place; and

(ii) if any such director shall die, resign or otherwise cease to hold office another director shall within a reasonable time

be appointed in his place

unless in either case the Secretary of State shall consent to the contrary which consent shall not be unreasonably withheld.

(8) If the right of the Secretary of State to revoke this Licence by reason of the occurrence of such an event as is described in paragraph (iv) of sub-clause (3) of this Clause shall be suspended by reason of the appointment of a receiver and the event of default occasioning the appointment was the receipt by Norex of a notice given pursuant to sub-clause (3) by the Secretary of State, the receiver shall not be removed by Norex unless:-

(i) another receiver is appointed in his place; or

(ii) the Secretary of State gives consent (which consent shall not be unreasonably withheld).

IN WITNESS whereof the Corporate Seal of the Secretary of State and the Common Seal 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) $57^{\circ} 50' 00''\text{N} : 0^{\circ} 48' 00''\text{E}$ | (2) $57^{\circ} 50' 00''\text{N} : 1^{\circ} 00' 00''\text{E}$ |
| (3) $57^{\circ} 40' 00''\text{N} : 1^{\circ} 00' 00''\text{E}$ | (4) $57^{\circ} 40' 00''\text{N} : 0^{\circ} 48' 00''\text{E}$ |

SCHEDULE 2

Considerations for licence

Periodic 1. (1) Upon 24 November 1972 and on the anniversaries thereof during the term of the Licence the Licensee shall pay to the Secretary of State sums (in this Schedule referred to as "periodic payments") calculated as follows:-

- (a) upon the 24 November 1972 £80 multiplied by the area factor
- (b) upon the first anniversary of the said date £110 multiplied by the area factor
- (c) " " second " " " " £140 " " " " "
- (d) " " third " " " " £170 " " " " "
- (e) " " fourth " " " " £200 " " " " "
- (f) " " fifth " " " " £230 " " " " "
- (g) " " sixth " " " " £260 " " " " "
- (h) " " seventh " " " " £290 " " " " "
- (i) " " eighth " " " " £320 " " " " "
- (j) " " ninth 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 2. (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 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.

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 BP Oil Development Limited }
was hereunto affixed in the presence of }


Director


Secretary