

DUPLICATE

LICENCE NO. P. 416

Petroleum (Production) Act 1934

Continental Shelf Act 1964

THE SECRETARY OF STATE FOR ENERGY

and

TEXACO NORTH SEA UK LIMITED

LICENCE

to

Search and bore for and get
petroleum in part of Block No. 3/4a

THIS LICENCE made the 26th day of October 1982
between THE SECRETARY OF STATE FOR ENERGY (hereinafter referred to as "the
Minister") for and on behalf of Her Majesty of the one part and TEXACO NORTH
SEA UK LIMITED whose registered office is situate at 1 Knightsbridge Green,
London SW1X 7QJ (hereinafter referred to as "the Licensee") of the other part

WITNESSETH as follows:-

incorporation of
clauses

- A. Clause 1, Clauses 6 to 8, and 12 to 41 of the Model Clauses for
production licences in seaward areas set out in Schedule 5 to the
Petroleum (Production) Regulations 1976 (S.I. 1976 No.1129) as amended
by The Petroleum (Production)(Amendment) Regulations 1978 (S.I. 1978
No.929) and The Petroleum (Production)(Amendment) Regulations 1980
(S.I. 1980 No.721) shall be incorporated herein and shall have effect
as if herein set out at length subject to the following modifications:-
- (a) in paragraph (1) of Clause 1, the definitions of "appropriate
percentage", "chargeable period" and "initial term" shall be
omitted;
 - (b) in paragraph (1) of Clause 6
 - (i) for the words "initial term" there shall be substituted the
words "the term stipulated in Clause C of this licence"; and
 - (ii) the words "or surrender any part of the licensed area being
a part which complies with clause 7 hereof" shall be omitted;

(c) in Clause 7 -

- (i) paragraph (1) shall be omitted; and
- (ii) in paragraph (2) the words "or any surrender of part of the licensed area in the manner provided by either clause 4 or clause 6 of this licence" and the words "or of the part so surrendered as the case may be" shall be omitted;

(d) Clause 8 -

- (i) in sub-paragraph (a) of paragraph (1) for the numbers and word "9 and 10" there shall be substituted the letters and word "D and E";
- (ii) in sub-paragraph (b) of paragraph (1) for the number "11" there shall be substituted the letter "F"; and
- (iii) in paragraph (2) the words "or surrender of any part of the licensed area" shall be omitted.

(e) in Clause 14 -

- (i) paragraph (1) shall be omitted; and
- (ii) in paragraph (2), for the words "at any time" there shall be substituted the words "during the term hereby granted".

(f) in paragraph 6 of Model Clause 17 after the word "licence" insert "and any well drilled within an area comprised within the licensed area at the time of the granting of this licence by the Licensee pursuant to the Petroleum Production Licence No.P.119 granted under the Act of 1934 as applied by the Act of 1964".

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B. 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 Minister, 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 9 square kilometres more particularly described in Schedule 1 to this licence being an area comprising part of Block No.3/4a on the reference map deposited at the principal office of the Department of Energy:

Provided that nothing in this licence shall affect the right of the Minister 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.

Term of
Licence

- C. This licence unless sooner determined under any of the provisions hereof shall be and continue in force for the term commencing on the date hereof and ending on the 7th day of June, 2016.

Royalty
Payments

- D. (1) Subject to paragraphs (2) to (4) of this clause the Licensee shall pay to the Minister, in respect of each half year in which this licence is in force (hereafter in this clause and in clause E of this licence referred to as a "chargeable period"), a royalty of an amount equal to the percentage specified in Schedule 3 to this licence (hereinafter referred to as "the appropriate percentage") of the value of the petroleum relating to that period.
- (2) The Licensee shall not be required to make a payment in pursuance of paragraph (1) of this clause in respect of a chargeable period if he is required by virtue of clause F of this licence to deliver to the Minister all the royalty petroleum for that period.
- (3) The Licensee shall not be required to make a payment in pursuance of paragraph (1) of this clause in respect of a chargeable period

if he is required by virtue of clause F of this licence to deliver to the Minister some but not all of the royalty petroleum for that period; but in respect of that period the Licensee shall, subject to paragraph (4) of this clause, pay to the Minister a royalty of an amount determined in accordance with the formula -

$$\frac{A (B-C)}{100-C}$$

where A is the value of the petroleum relating to that period B is the appropriate percentage and C is the number of per cent in the percentage which the royalty petroleum required to be delivered to the Minister in that period is of the petroleum won and saved in the licensed area in that period.

- (4) Where in a chargeable period in respect of which, apart from this paragraph, royalty is payable in pursuance of paragraph (3) of this clause, the petroleum won and saved in the licensed area includes both petroleum in the form of gas and petroleum in other forms, that paragraph shall have effect -

(a) in relation to the petroleum in the form of gas, as if references to petroleum in the provisions of that paragraph relating to the meaning of A and C excluded petroleum in other forms; and

(b) in relation to the petroleum in other forms, as if those references excluded petroleum in the form of gas;

and in such a case the value of the petroleum relating to that period shall be apportioned between the petroleum in the form of gas and the petroleum in other forms in such manner as the Minister and the Licensee may agree.

Provisions
supplemen-
tary to
clause D

- E. - (1) The Licensee shall, within two months after the end of each chargeable period, deliver to the Minister, in such form as the Minister may specify, a statement of -
- (a) the quantity of petroleum won and saved in the licensed area in that period;
 - (b) the quantity of that petroleum delivered to the Minister in that period in pursuance of clause F of this licence; and
 - (c) the amounts of the prices and market values which are required by paragraph 2 of Schedule 2 to the Oil Taxation Act 1975 to be stated in the returns made for that period in pursuance of that paragraph in consequence of this licence.
- (2) The Licensee shall, when he delivers a statement to the Minister in pursuance of paragraph (1) of this clause for a chargeable period in respect of which royalty is payable in pursuance of clause D(1) of this licence, make to the Minister a payment on account of royalty for that period equal to the appropriate percentage of the sum produced by aggregating the amounts which in pursuance of sub-paragraph (c) of paragraph (1) of this clause are specified in the statement and reducing the aggregate by the amount which, by virtue of paragraph 2(2)(d)(ii) of Schedule 2 to the said Act of 1975, was specified in the statement delivered to the Minister in pursuance of the said paragraph (1) in respect of the preceding chargeable period.

- (3) The Licensee shall, when he delivers a statement to the Minister in pursuance of paragraph (1) of this clause for a chargeable period in respect of which royalty is payable in pursuance of clause D(3) or (4) of this licence, make to the Minister a payment on account of royalty for that period equal to the amount which would be so payable for that period if the royalty so payable for that period fell to be determined by reference to the amounts specified in the statement and the amount which, by virtue of paragraph 2(2)(d)(ii) of Schedule 2 to the Oil Taxation Act 1975, was specified in the statement delivered to the Minister in pursuance of paragraph (1) of this clause in respect of the preceding chargeable period.
- (4) The Minister may from time to time, after a statement in respect of any chargeable period has been delivered to him in pursuance of paragraph (1) of this clause and before he has given to the Licensee a notice in pursuance of paragraph (5) of this clause in respect of that period, give a notice in writing to the Licensee specifying the amount which the Minister estimates is payable by the Licensee in pursuance of clause D of this licence in respect of that period; and where the amount specified in the notice is larger or smaller than the total amount already paid by the Licensee in pursuance of this clause in respect of that period, then -
- (a) if it is larger the difference shall be paid forthwith by the Licensee to the Minister; and
- (b) if it is smaller the difference shall be paid forthwith by the Minister to the Licensee.

- (5) When it appears to the Minister that the value of the petroleum relating to any chargeable period has been finally determined for tax purposes, he may give to the Licensee a notice in writing specifying the amount which the Minister considers is payable by the Licensee in pursuance of clause D of this licence in respect of that period; and where the amount specified in the notice is larger or smaller than the total amount already paid by the Licensee in pursuance of this clause in respect of that period, then, subject to paragraph (7) of this clause -
- (a) if it is larger the difference shall be paid forthwith by the Licensee to the Minister; and
 - (b) if it is smaller the difference shall be paid forthwith by the Minister to the Licensee.
- (6) If after the date when the Minister gave notice to the Licensee in pursuance of paragraph (5) of this clause or this paragraph in respect of a chargeable period it appears to the Minister, in consequence of a relevant assessment or determination made after that date which relates directly or indirectly to the value of petroleum by reference to which the amount specified in the notice was determined, that another amount ought to have been so specified, he may give notice in writing to the Licensee specifying the other amount; and where he does so, then subject to paragraph (7) of this clause -

- (a) if the other amount is larger than the total amount already paid by the Licensee in pursuance of this clause in respect of that period the difference shall be paid forthwith by the Licensee to the Minister; and
- (b) if it is smaller the difference shall be paid forthwith by the Minister to the Licensee.
- (7) A decision made by the Minister for the purposes of paragraph (4), (5) or (6) of this clause shall not be called in question by the Licensee except that any dispute between the Minister and the Licensee as to whether an amount specified in a notice given in pursuance of the said paragraph (5) or (6) is payable by virtue of clause D of this licence may be referred to arbitration in the manner provided by clause 41 of this licence; and on a reference to arbitration in pursuance of this paragraph any relevant assessment or determination for the time being in force shall be binding on the Minister and the Licensee so far as the assessment or determination relates directly or indirectly to the value of petroleum relating to the chargeable period in question.
- (8) When any payment is made by the Licensee or the Minister in pursuance of paragraph (4), (5) or (6) of this clause, an amount in respect of interest on the payment shall also be payable by him to the recipient of the payment and that amount shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee; but -

(a) a notice in pursuance of this paragraph shall provide for amounts by way of interest to be calculated by applying a rate of interest which is for the time being a commercial rate of interest; and

(b) any such amount in respect of interest shall be disregarded in calculating for the purposes of the said paragraph (4) or (5) any amount already paid by the Licensee in pursuance of this clause.

(9) In this clause "relevant assessment or determination" means an assessment or determination made by the Commissioners of Inland Revenue for the purposes of petroleum revenue tax, income tax or the charge of corporation tax on income or a determination made in proceedings arising out of such an assessment or determination made by the said Commissioners.

(10) For the purposes of this clause any amount paid by the Licensee or the Minister on account of a prospective liability under paragraph (4), (5) or (6) of this clause shall be treated as paid in pursuance of that paragraph.

Deliveries of F.
petroleum in
place of
royalties.

(1) If during the term of this licence the Minister serves on the Licensee a notice in writing in accordance with the following provisions of this clause requiring the Licensee to deliver to the Minister part of the petroleum won and saved by the Licensee in the licensed area, the Licensee shall comply with the notice.

(2) Where the Minister proposes to serve a notice on the Licensee in pursuance of paragraph (1) of this clause, he shall before doing so -

(a) give the Licensee a copy of the proposed notice and an opportunity of making representations to the Minister about it; and

(b) consider any representations then made to him by the Licensee about the proposed notice;

and the Minister shall, in deciding upon the terms of the actual notice, have regard to the desirability of not disturbing unduly any arrangements made by the Licensee for transporting and delivering petroleum won and saved from the licensed area.

(3) Subject to paragraph (4) of this clause, a notice served in pursuance of paragraph (1) of this clause -

(a) shall specify the date on which the notice is to come into force and may contain provisions with respect to the time when it shall cease to be in force;

(b) shall specify the quantity of petroleum won and saved in the licensed area during each half year in which the notice is in force which, up to any maximum quantities specified in the notice in pursuance of paragraph (4)(b) of this clause, is to be delivered to the Minister in consequence of the notice.

- (c) may relate to all petroleum so won and saved or may be limited to and specify different quantities of such petroleum which is of one or more of the following kinds, namely, crude oil, condensate, natural gas and natural gas liquids, in each case of a quality or composition or of each quality or composition determined in the manner specified in the notice;
 - (d) shall contain provisions with respect to the place or places at which any petroleum or kind of petroleum is to be delivered in pursuance of the notice and may contain provisions with respect to the times at which any quantities of it are to be so delivered.
- (4) Such a notice -
- (a) shall not specify as the date on which it is to come into force a date before the expiration of the period of six months beginning with the date on which the notice is served on the Licensee but shall, if the Minister serves on the Licensee a further notice in writing stating that it is to cease to be in force at a time specified in the further notice which is not earlier than six months after the date of service of the further notice, cease to be in force at that time;
 - (b) shall not specify, as the quantity of petroleum won and saved in any half year which is to be delivered in pursuance of the notice or as the quantity of any kind of such petroleum, a quantity greater than the

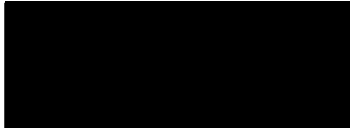
appropriate percentage of all the petroleum, or as the case may be of all the petroleum of that kind, which is won and saved by the Licensee in the licensed area in that half year, but may provide that the quantities of the petroleum or of a kind of petroleum so won and saved which are to be so delivered shall not in the aggregate exceed a quantity specified in the notice;

- (c) shall not specify, or enable to be specified, as a place at which delivery is to be made in pursuance of the notice a place which is neither a point at sea at which the Licensee normally loads, nor a point on land at which the Licensee normally lands, petroleum of any kind from that area.

- G. The schedules referred to in Clause 8 of the Model Clauses incorporated in this licence and clause D of this licence are schedules 2 and 3 respectively to this licence.

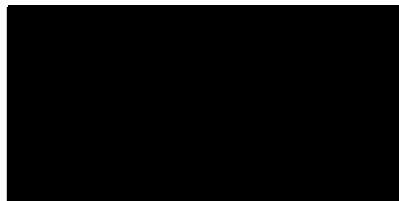
IN WITNESS whereof the Corporate Seal of the Minister and the Common Seals of the Licensee have been hereunto affixed the day and year first above written.

THE CORPORATE SEAL OF THE
SECRETARY OF STATE FOR ENERGY
hereunto affixed is authenticated by:-



Authorised by the Secretary of State

THE COMMON SEAL OF
TEXACO NORTH SEA UK LIMITED
was hereunto affixed in the presence of:- }



Director

Secretary

SCHEDULE 1

DESCRIPTION OF LICENSED AREA

3/4a P416

The sea area bounded by lines joining the following coordinates on European

Datum:-

- | | |
|-----------------------------------|------------------------------------|
| 1. 60° 50' 00" N
01° 40' 20" E | 7. 60° 50' 23" N
01° 43' 25" E |
| 2. 60° 52' 27" N
01° 40' 20" E | 8. 60° 50' 30" N
01° 43' 25" E |
| 3. 60° 52' 27" N
01° 41' 15" E | 9. 60° 50' 30" N
01° 44' 24" E |
| 4. 60° 50' 37" N
01° 41' 15" E | 10. 60° 50' 41" N
01° 44' 24" E |
| 5. 60° 50' 37" N
01° 41' 23" E | 11. 60° 50' 41" N
01° 47' 00" E |
| 6. 60° 50' 23" N
01° 41' 23" E | 12. 60° 50' 00" N
01° 47' 00" E |

SCHEDULE 2

Consideration for Licence

Upon the 26th day of October 1982 (in this Schedule referred to as "the date") and on the anniversaries thereof during the term of the Licence the Licensee shall pay to the Minister sums calculated as follows:

- | | | | | | | | | |
|-----|---|---|---|---|--|--|--|--|
| (a) | upon the | date £300 multiplied by the area factor | | | | | | |
| (b) | upon the 1st anniversary of the | date £600 multiplied by the | | | | | | |
| | | area factor | | | | | | |
| (c) | " " 2nd | " " " £900 | " | " | | | | |
| (d) | " " 3rd | " " " £1200 | " | " | | | | |
| (e) | " " 4th | " " " £1500 | " | " | | | | |
| (f) | " " 5th | " " " £1800 | " | " | | | | |
| (g) | " " 6th | " " " £2100 | " | " | | | | |
| (h) | " " 7th | " " " £2400 | " | " | | | | |
| (i) | " " 8th | " " " £2700 | " | " | | | | |
| (j) | " " 9th | " " " £3000 | " | " | | | | |
| (k) | " " 10th | " " " £3300 | " | " | | | | |
| (l) | " " 11th | " " " £3600 | " | " | | | | |
| (m) | " " 12th | " " " £3900 | " | " | | | | |
| (n) | " " 13th | " " " £4200 | " | " | | | | |
| (o) | upon the 14th and every subsequent anniversary of the | date £4500 | | | | | | |
| | 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.

SCHEDULE 3

The appropriate percentage

For the purposes of this Licence the appropriate percentage (as defined in clause D(1)) means $12\frac{1}{2}$ per centum.