

LICENCE NO. P.556

Petroleum (Production) Act 1934

Continental Shelf Act 1964

THE SECRETARY OF STATE FOR ENERGY

and

BRITOil PLC

SHELL U.K. LIMITED

LICENCE

to

Search and Bore for and get petroleum

in Blocks No. 204/19 & 204/20

THIS LICENCE made the 31st day of October 1985
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
BRITOil PLC whose registered office is situate at 150 St Vincent
Street, Glasgow G2 5LJ and SHELL U.K. LIMITED whose registered office
is situate at Shell-Mex House, Strand, London WC2E 9RD (hereinafter
referred to as "the Licensee") of the other part
WITNESSETH as follows:-

Incorporation of clauses	A. Clause 1, clause 4 (with the substitution of "forty" for "thirty") and clauses 5 to 40 of the model clauses for production licences in seaward areas set out in Schedule 5 to The Petroleum (Production) Regulations 1982 (S.I. 1982 No. 1000) shall be incorporated herein and (subject to paragraph E hereof) shall have effect as if herein set out at length.
Term of Licence	B. Clause 3 of the said model clauses shall be incorporated herein with the substitution of "eight" for "six" and "forty" for "thirty" and shall have effect as if herein set out at length, as so amended the date 13 June 1985 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 Minister, in exercise of the 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 409.2 square kilometres more particularly described in Schedule 1 to this Licence being the area comprising blocks No. 204/19 & 204/20 on the reference map deposited at the principal office of the Department of Energy, Thames House South, Millbank, London SW1P 4QJ. 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.

Schedules

D. The Schedules referred to in the said clauses namely clause 7, clause 8 and clause 13 are for the purposes of this Licence Schedules 2, 3 and 4 respectively hereunder written.

E. The licensed area being situate in a designated area or part of a designated area in respect of which an Order in Council has been made pursuant to Section 3(2) of the Act of 1964 making provision for the determination of questions in accordance with the law in force in Scotland, it is hereby declared that the second alternative version of clause 35 and paragraphs (1) and (2A) and (3A) of clause 40 of the said model clauses are incorporated herein to the exclusion of the respective alternative versions of those provisions set out in the said model clauses.

IN WITNESS whereof the Corporate Seal of the Minister and the Seals of the Licensee have been affixed to this Licence (consisting of this and the preceding two pages) the day and year first above written.

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

.....

Assistant Secretary

Authorised by the Secretary of State

The Common Seal of BRITOil PLC)
was hereunto affixed in the)
presence of:-)

..... Director

..... Secretary

The Common Seal of SHELL U.K.)
LIMITED was hereunto affixed in the)
presence of:-)

..... Director

..... Secretary

SCHEDULE 1

Description of Licensed Area

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

1. $60^{\circ} 30' 00''\text{N}$: $04^{\circ} 24' 00''\text{W}$
2. $60^{\circ} 30' 00''\text{N}$: $04^{\circ} 00' 00''\text{W}$
3. $60^{\circ} 20' 00''\text{N}$: $04^{\circ} 00' 00''\text{W}$
4. $60^{\circ} 20' 00''\text{N}$: $04^{\circ} 24' 00''\text{W}$

SCHEDULE 2

Consideration for Licence

Initial payment 1. The Licensee shall pay to the Minister upon the grant of the Licence the sum of £135,036.00

Periodic minimum payments 2. - (1) Upon the Licensee exercising the option conferred by clause 4 to continue the Licence then upon the date specified in the notice referred to in clause 4, and on the anniversaries thereof during the term of the Licence as continuing pursuant to that clause the Licensee shall pay the Minister sums (in this Schedule referred to as "periodic payments") calculated as follows:-

- (a) upon the said date £400 multiplied by the area factor
- (b) upon the 1st anniversary of the said date £800 multiplied by the

area factor

(c)	"	"	2nd	"	"	"	£1200	"	"
(d)	"	"	3rd	"	"	"	£1600	"	"
(e)	"	"	4th	"	"	"	£2000	"	"
(f)	"	"	5th	"	"	"	£2400	"	"
(g)	"	"	6th	"	"	"	£2800	"	"
(h)	"	"	7th	"	"	"	£3200	"	"
(i)	"	"	8th	"	"	"	£3600	"	"
(j)	"	"	9th	"	"	"	£4000	"	"
(k)	"	"	10th	"	"	"	£4400	"	"
(l)	"	"	11th	"	"	"	£4800	"	"
(m)	"	"	12th	"	"	"	£5200	"	"
(n)	"	"	13th	"	"	"	£5600	"	"

- (o) upon the 14th and every subsequent anniversary of the said date £6000 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 8(1)) means $12\frac{1}{2}$ per centum.

SCHEDULE 4

INITIAL TERM WORKING OBLIGATIONS

The Licensee shall, before the expiry of the initial term of the Licence, carry out not less than 500 kilometres of seismic survey work in the licensed area and drill therein two exploration wells.

One such exploration well shall be drilled to a depth of not less than 15,000 feet or economic basement whichever is the lesser depth.