

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

R

To the Registrar of Companies
(Address overleaf - Note 5)

For official use
[] [] [] [] [] [] [] [] [] []

Company number
1421481

Name of company

* KELT UK LIMITED ("the Chargor")

Date of creation of the charge

15th March 1995

Description of the instrument (if any) creating or evidencing the charge (note 2)

Debenture ("the Charge")

Amount secured by the mortgage or charge

all present and future obligations and liabilities of the Chargor to the Chargee under the Charge and under the Facility Agreement and any Security Document and/or any deed or document supplemental thereto, whether actual, contingent, sole, joint and/or several or otherwise including without limitation all obligations to indemnify the Chargee ("the Secured Liabilities")

Names and addresses of the mortgagees or persons entitled to the charge

The Governor and Company of The Bank of Scotland, The Mound, Edinburgh

EH1 1YZ including its successors, assignees and transferees

("the Chargee")

Postcode

Presentor's name address and reference (if any):

Dundas & Wilson CS
Saltire Court
20 Castle Terrace
EDINBURGH EH1 2EN
KGM/ASM/MPS/B0056.147

For official Use
Mortgage Section

29 MAR 1995

Post room



PMO *P10MDA32* 101
CORPORATE UNIT 29/03/95

Time critical reference

do not
in
margin

complete
ly, preferably
back type, or
block lettering

insert full name
of company

Short particulars of all the property mortgaged or charged

See Paper Apart 1.

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

Particulars as to commission allowance or discount (note 3)

Nil

Signed

[Handwritten signature]

Date

28.3.95

on behalf of ~~[company]~~ (mortgagee/chargee)†

Notes

† delete as appropriate

The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.

A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.

In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;

- (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,
- any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.

Any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

Paper Apart 1

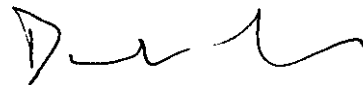
Short particulars of property charged

- (1) The Chargor, as beneficial owner, assigns absolutely all its respective right and title to and interest in the Assigned Assets to the Chargee. The Chargor agrees that any deposit slip or other documents in relation to the deposit of cash after the date hereof in any account assigned or agreed to be assigned hereby shall be deemed to constitute an assignment of such cash on the terms hereof.
- (2) The Chargor, as beneficial owner, as security for the payment of all Secured Liabilities, charges and assigns in favour of the Chargee:-
 - (a) by way of fixed charge all present and future estates or interests in the Property (other than any such situated in Scotland) and all buildings and Fixtures thereon and all proceeds of sale thereof and the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;
 - (b) by way of first fixed charge:-
 - (i) each Field Interest (to the extent not covered by Clause (2)(a) above);
 - (ii) the Fixtures;
 - (iii) the benefit of all rights, securities and guarantees of any nature whatsoever now or at any time enjoyed or held by it in relation to each Field Interest.
- (3) The Chargor shall not otherwise than as permitted by the Facility Agreement:-
 - (a) create or permit to subsist any Encumbrance over all or any part of the Security Assets;
 - (b) part with, sell, transfer or otherwise dispose of or agree to part with, sell, transfer or otherwise dispose of all or any part of the Security Assets.
- (4) The security created by the Charge shall, where (but only where) any such document as is in this Paper Apart 1 hereinafter referred to expressly so requires, be:-
 - (a) subject to the terms and conditions of the Field Agreements and the Licences; and
 - (b) subordinated, subject and without prejudice to the rights of the parties (other than the Chargor) under any of the Field Agreements.

In particular, in respect of any security hereby created the Chargee confirms that:-

- (i) nothing herein contained shall in any way prevent, restrict, hinder or impede the Chargor from:
 - (x) entering into the arrangements in relation to the North Yorkshire Gas Project on the terms and conditions contemplated by the Master Agreement;

- (y) exercising all rights and benefits, performing all obligations and discharging all liabilities in accordance with the terms of the Master Agreement; and
 - (z) procuring the adoption by the Chargor and its co-licensees of the Joint Operating Agreement in order to give full force and effect to the rights and entitlements conferred upon Scottish Power thereunder;
- (ii) the rights and entitlements of the Chargee hereunder shall be and are hereby made expressly subject to the rights of the parties to the Joint Operating Agreement (including Scottish Power plc) and Scottish Power plc's rights pursuant to the Master Agreement;
 - (iii) neither the Chargee nor any Receiver shall have power to repudiate, abandon, disregard or vary the whole or any provision of the arrangements contemplated by the Master Agreement or by the Joint Operating Agreement or any act, matter or thing done pursuant thereto;
 - (iv) the Chargee will observe and not repudiate or disclaim, abandon, disregard or vary all or any provision of the arrangements relating to the North Yorkshire Gas Project as contemplated by the Master Agreement or the Joint Operating Agreement or any act, matter or thing done pursuant thereto;
 - (v) in the event that the Chargee enforces the security constituted by or pursuant to this Floating Charge, it (and any Receiver appointed by it thereunder) shall thereafter be bound by the terms of the Master Agreement and the Joint Operating Agreement.



Paper Apart 2

Definitions

In this Companies Form 395:-

Approved Fields means the Initial Approved Field and such other fields as may become Approved Fields under Clause 5(8) of the Facility Agreement from time to time, in each case subject to Clause 5(9) of the Facility Agreement;

Assigned Assets means:-

- (a) all Compensation received or receivable by the Chargor in relation to any Field Interest and its right to recover and receive the same;
- (b) the right, title, interest and benefit of the Chargor in and to the Field Agreements;
- (c) (to the extent that the same do not fall within paragraph (a) or (b) above), all book and other debts and other monies due, owing, payable or incurred to the Chargor in connection with any Field Interest;

Assignment means a security assignment in respect of the Gas sales contract between the Chargor and Scottish Power plc comprised in the Master Agreement, in the Required Form;

Compensation means each of the following to the extent that they are attributable to a Field Interest:-

- (i) all proceeds of insurance payable to or received by the Chargor, including the proceeds of any insurance in respect of liabilities arising under the relevant Field Agreements but excluding:-
 - (X) proceeds of any insurance in respect of liabilities to third parties; and
 - (Y) proceeds of any insurance in respect of seepage or pollution or the cost of control of wells;
- (ii) all consideration received by the Chargor on a sale or other disposition of the Field Interest (other than Field Gas) or any part thereof or interest therein including, without limitation, any consideration received from any Government or any agency thereof or from any statutory corporation in respect of partial or total nationalisation, expropriation or requisition (whether for title or otherwise) of the Field Interest; and
- (iii) all payments received by the Chargor pursuant to any agreement for the working and development of the relevant Approved Field as a unit with any other areas including any payment received on a subsequent re-determination of the percentage interest of the Chargor in the relevant Approved Field or the production therefrom.

Debtor Party means the Chargor, the Guarantor and each other party from time to time (other than the Chargee) to a Finance Document;

Development Plan means, in relation to an Approved Field, any written development plan or equivalent document approved by the Chargor and accepted in writing by the Chargee (subject to the

provisions of Clause 5(8) of the Facility Agreement regarding the acceptance of new Approved Fields) as a development plan;

Encumbrance includes any mortgage, pledge, lien, charge (whether fixed or floating), encumbrance, hypothecation, security interest, title retention, royalty, overriding royalty, production payment or security arrangement of any kind;

Facility Agreement means the Facility Agreement dated 8th February 1995 between the Chargor, the Guarantor and the Chargee;

Field means any onshore reservoir of Gas situated in the United Kingdom;

Field Agreements means, in relation to an Approved Field, any agreement (other than the relative Licence or Development Plan) to which the Chargor is or becomes a party or by which the Chargor is or becomes bound and which relates to (a) the exploration or exploitation of such Field or (b) any other right to receive Field Gas or the proceeds thereof whether such right is expressed as a production payment, royalty or otherwise, or (c) the transportation of Field Gas from such Field, or the storage or initial treatment or processing of Field Gas whether at the Field or otherwise or (d) the sale or other disposal of Field Gas and includes, for so long as the relevant Field is an Approved Field, the Principal Initial Field Agreements (and any modifications thereof);

Field Facilities means, in relation to an Approved Field, each of the following (whether or not partly used for purposes other than those mentioned below):-

- (a) all wells drilled or to be drilled in such Field in terms of the relevant Development Plan, including production and injection wells and all equipment and structures installed or to be installed or erected in or at the site of such well;
- (b) all separation and processing plant erected or in proximity to such Field and used to separate and process gaseous and liquid constituents of the Field Gas;
- (c) all pipeline and ancillary facilities and all loading, pumping and other terminals and stations constructed or to be constructed for the storage and transportation of Field Gas; and
- (d) all other pipelines, apparatus, machinery, structures, equipment, vehicles and other facilities which from time to time are used or are available principally for use in development or, production, generation, processing, treatment, storage and transportation of Field Gas;

Field Gas means, in relation to an Approved Field, all Gas won and saved from such Field which accrues to the relevant Field Interest;

Field Interest means, in relation to an Approved Field, all the present and future right, title and interest of the Chargor in and to:-

- (a) the relevant Licence;
- (b) the relevant Field Agreements;
- (c) the relevant Field Facilities;
- (d) the freehold, heritable and leasehold land and all easements, rights and privileges attaching thereto comprised or situated in the relevant Field or used in connection with the exploration,

development or exploitation of gas production, storage, processing or transportation of, Field Gas; and

- (e) any and all other contracts, agreements, permits, leases, licences, franchises, consents, easements, searches, wayleaves, freeholds, leaseholds, tenancies, insurances and other rights and interests (whether tangible or intangible) now or at any time in the future existing which relate to the exploration, development, exploitation or operation of such Field or to the production of Field Gas or the construction, equipment, maintenance or use of the Field Facilities or to the carrying out and the completion of the relevant Development Plan or to the production, storage, loading, transportation, processing or marketing of Field Gas;

Finance Document means the Facility Agreement, the Security Documents and any other agreement which the Chargee and the Chargor designate in writing as a Finance Document;

Fixtures means in relation to any freehold or leasehold property charged by or pursuant to the Charge all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon, the property wherein is invested in the Chargor;

Floating Charge means a floating charge dated 8th February 1995 between the Chargor and the Chargee;

Gas means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at fifteen (15) degrees Celsius and atmospheric pressure are or is predominantly in the gaseous state including (without limitation) gas from gas wells, gas produced with crude oil and residue gas resulting from the processing of gas but not including the separate constituents which may be extracted prior to delivery thereof;

Guarantor means Kelt Energy plc (registered no 1568950) whose registered office is at 130 Jermyn Street, London;

Initial Approved Field means the Chargor's interest in the Kirby Misperton, Malton and Marishes gas fields within the North Yorkshire Gas Project;

Joint Operating Agreement means the operating agreement among the Chargor, Scottish Power plc, Tullow Exploration Limited, Edinburgh Oil & Gas plc and DSM Energy (UK) Limited dated 23rd December 1994;

Licence means, in relation to an Approved Field, each Licence or other authority granted by the Secretary of State to, or otherwise assigned or transferred with the consent of the Secretary of State to, (inter alia) the Chargor and required for the exploitation or development of, and for the production of Field Gas from, such Field and includes, for so long as the relevant Field is an Approved Field, licence nos PL077, PL079, PL080, PL081, EXL180, DL005, AL003 and AL006;

Master Agreement means the Agreement executed 8th April 1993 between the Chargor, Marinex Exploration Limited, Tullow Exploration Limited, Edinburgh Oil & Gas plc and Scottish Power plc;

North Yorkshire Gas Project means the project evidenced by the Master Agreement;

Pledge Agreement means a pledge agreement dated 8th February 1995 between the Chargor and the Chargee in the Required Form;

Principal Initial Field Agreements means those documents listed in Schedule 5 to the Facility Agreement;

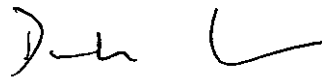
Property means any freehold or leasehold property any interest in which is included within any Field Interest;

Required Form means, in relation to any document, as required in respect of both the form and substance thereof by the Chargee;

Secretary of State means Her Majesty's Secretary of State for Trade and Industry from time to time or any person or official from time to time in office under the Crown and exercising the powers, duties and functions thereof under the Petroleum (Production) Act 1934, the Continental Shelf Act 1964, the Petroleum and Submarine Pipe-lines Act 1975, the Oil and Gas (Enterprise) Act 1982, the Petroleum Act 1987 and any regulations made thereunder;

Security Documents means the Pledge Agreement, the Assignment, the Charge, the Floating Charge, any deed of subordination and each other document guaranteeing and/or creating or evidencing rights in security for, or otherwise in support of, the obligations of any Debtor Party to the Chargee; and

- (a) words importing the singular shall include the plural and vice versa;
- (b) a reference to a Debtor Party or the Chargee shall, subject to Clause 29 of the Facility Agreement, be deemed to be a reference to or include, as appropriate, their respective permitted successors and assignees or transferees;
- (c) all reference to statutes and other legislation include all modifications, re-enactments and amendments thereof; and
- (d) a reference to any agreement or document shall be construed as including a reference to all amendments, variations or novations thereof or supplements thereto from time to time in force in each case permitted by the terms of the Facility Agreement.



FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 01421481

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 15th MARCH 1995 AND CREATED BY KELT U.K. LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO the GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND ON ANY ACCOUNT WHATSOEVER UNDER THE CHARGE AND UNDER THE FACILITY AGREEMENT AND ANY SECURITY DOCUMENT AND/OR ANY DEED OR DOCUMENT SUPPLEMENTAL THERETO WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 29th MARCH 1995.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 30th MARCH 1995.



JENNIFER V TONKS

for the Registrar of Companies



COMPANIES HOUSE

Post
20/3/95 RT

HC026B

N.B. Searchers may find it desirable to refer to the mortgage documents microfiche for more detailed particulars

01421481

REGISTER of Charges, Memoranda of

KELT U.K. LIMITED

(1) Date of Registration	(2) Serial No. of Document on file	(3) Date of Creation of each Charge and Description of it	(4) Date of the acquisition of the Property	(5) Amount secured by the Charge £	(6) Short Particulars of the Property Charged	(7) Names of the Persons entitled to the Charge
CHARGE: 9 29/03/1995		15/ 3/95 DEBENTURE		ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE CHARGE ON ANY ACCOUNT WHATSOEVER UNDER THE CHARGE AND UNDER THE FACILITY AGREEMENT AND ANY SECURITY DOCUMENT AND/OR ANY DEED OR DOCUMENT SUPPLEMENTAL THERETO	FIXED AND FLOATING CHARGES OVER THE UNDERTAKING AND ALL PROPERTY AND ASSETS PRESENT AND FUTURE INCLUDING GOODWILL BOOKDEBTS UNCALLED CAPITAL BUILDINGS FIXTURES FIXED PLANT AND MACHINERYSEE CHARGE PARTICULARS FORM FOR DETAILS	the GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND

