

02 - 03 - 95

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COMPANIES FORM No. 395

Particulars of a mortgage or charge

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395

Please do not write in this margin

Pursuant to section 395 of the Companies Act 1985

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

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

For official use

Company number

1421481

Name of company

Kelt UK Limited ("the Chargor")

* Insert full name of company

Date of creation of the charge

Executed 8th February 1995 (Intimated 15th February 1995)

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

Security Assignment ("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 other Finance Documents 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 Charge ("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 including its successors, assignees and transferees
("the Charge") Postcode EH1 1YZ

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

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

For official Use
Mortgage Section

REGISTERED
25 FEB 1995

Post room

PPH 286
COMPANIES HOUSE 25/02/95

Time critical reference

Short particulars of all the property mortgaged or charged

All of the Chargor's right, title, interest and benefit, present and future, under Clause 10 and Schedule 1 of the Master Agreement and any other relevant provisions relating to the Chargor's right to receive payment from Scottish Power plc or any other person in respect of the sale of Gas by the Chargor to Scottish Power plc or any other person provided that to the extent (if any) that such right, title, interest and benefit are not assignable such assignment shall operate as an assignment of any proceeds received or receivable by the Chargor pursuant to the Master Agreement.

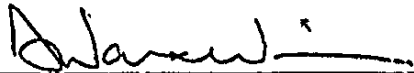
Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed



Date 24th FEBRUARY 1995

On behalf of (company name) (name of chargee)†

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with those 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 it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situated in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 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,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

Paper Apart 1

Definitions

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;

Debenture means a debenture dated 8th February 1995 between the Chargor and the Chargee;

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;

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 connected 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;

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;

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) a 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;

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

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

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 Charge, the Pledge Agreement, the Floating Charge, the Debenture, 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.

DJ.

02 - 03 - 95

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 SECURITY ASSIGNMENT DATED THE 8th FEBRUARY 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 UNDER THE CHARGE AND OTHER FINANCE DOCUMENTS (AS DEFINED) AND/OR ANY DEED OR DOCUMENT SUPPLEMENTAL THERETO WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 25th FEBRUARY 1995.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 28th FEBRUARY 1995.

V. SAHA

for the Registrar of Companies

