Tim Sparks

395

COMPANIES FORM No. 395

Particulars of a mortgage or charge

Pursuant to section 395 of the Companies Act 1985

M61

For official use: U

Company number: 1483729

Please do not write in this margin

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

* Insert full name of company

Name of Company

* PEKO OIL NORTH SEA PLC ("Peko")

Date of creation of the charge

26TH JANUARY, 1989

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

A Deed dated 26th January, 1989 made between Peko and The Law Debenture Trust Corporation p.l.c. and an Account Agreement dated 26th January 1989 ("the Account Agreement") and made between Emerald Field Contracting Limited ("EFCL") (1) Sovereign Oil & Gas PLC ("Sovereign") Midland & Scottish

Amount secured by the mortgage or charge

In respect of charge (a) referred to below: the amounts from time to time FIRST payable from its Receipts Account under the First Receipts Accounts Order of Payment or, as the case may be, the Second Receipts Accounts Order of Payment ("the First Amounts");

In respect of charge (b) referred to below: the amounts from time to time SECOND payable from its Receipts Account under the First Receipts Accounts Order of Payment or, as the case may be, the Second Receipts Accounts Order of Payment ("the Second Amounts");

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

In the case of charge (a) referred to below: Sovereign Oil & Gas PLC of The Chambers, Chelsea Harbour, London contd./...

Postcode: SW10 0XF

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

ALLEN & OVERY
9 Cheapside
London
EC2V 6AD
(Ref: GDV)

16/2
JCH

For official use
Mortgage section

REGISTERED
15 FEB 1989

Post room

COMPANIES REGISTRATION OFFICE
15 FEB 1989

Time critical reference

Please do not write in this margin

Short particulars of all the property mortgaged or charged

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

under charge (a): all rights and benefits of Peko under an agreement ("the Neste Oy Agreement") dated 30th September, 1987 between Peko and Neste Oy whereby Peko agreed to sell and Neste Oy agreed to purchase all the petroleum won and saved from the Emerald Field in the UK Sector of the North Sea ("Emerald Petroleum") to which Peko is or becomes entitled and under any other contract (a "Relevant Sales Contract") for the sale or other disposal of such Petroleum entered into by or on behalf of Peko, including, without limitation and in each case, all debts arising thereunder, the right to receive, sue for, recover and retain payment of the same, the right to sue for and to retain any damages recoverable thereunder and otherwise to enforce the same and the right to give any notices thereunder, and the rights of recovery of Peko deriving from any contract or policy of insurance or entry which is from time to time taken out by or on behalf of Peko in accordance with the EFPA in respect of Emerald Petroleum (including for the avoidance of doubt, such Petroleum while it is in any vessel used or to be used as a floating storage unit in connection with the Emerald Field or is

Particulars as to commission allowance or discount (Note 3)

NIL

Signed Farrer & Co. **Date** 14th February, 1989

On behalf of [company] [~~mortgagee/chargee~~]† Solicitors for the company

† Delete as appropriate.

Notes

1 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 despatched 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.

Please do not write in this margin

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

COMPANIES FORM No. 395 (cont.)

①

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 1 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Resources Limited ("MSR") Peko Nedlloyd Energy (UK) Limited ("Nedlloyd") Westburne Drilling & Exploration (UK) Limited ("Westburne") (2) Sovereign (3) The Secretary of State for Trade and Industry (4) Barclays Bank PLC ("Barclays") for itself and as agent and trustee for itself and for each person capable of being or becoming the Section 10 Creditor (in this capacity the "Section 10 Creditor's Agent") (5) Barclays for itself and as agent and trustee for itself and each of the Project Lenders (in this capacity the "Project Lenders Agent") (6) Bergen Bank A/S (7) Bergen Bank A/S (8) Barclays de Zoete Wedd Limited (9) and The Law Debenture Trust Corporation p.l.c. ("the Trustee") (10).

As used herein:-

"Project Lenders" means the Banks as defined in a credit agreement ("the Project Credit Agreement") dated 26th January, 1989 and made between EFCL (1) Barclays and Deutsche Bank AG (as arranging banks) ("the Arranging Banks") (2) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited (as Lead Managers) ("the Lead Managers") (3) Barclays Bank PLC, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited (as lenders) ("the Lenders") (4) Barclays (as Financial Agent) ("the Financial Agent") (5) Deutsche Bank AG (as Technical Agent) ("the Technical Agent") (6) and Barclays de Zoete Wedd Limited (as initial Account Bank) (7).

"Banks" means:

(i) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited;

(ii) each assignee of any such person pursuant to Clause 27 of the Project Credit Agreement;

(iii) any person (other than as stated in the Project Credit Agreement) which assumes rights and/or obligations pursuant to Clause 27 of the Project Credit Agreement; and

(iv) any permitted assignee or successor in title of any of the foregoing;

Amount due or owing on the mortgage or charge (continued)

Please do not write in this margin

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

In respect of charge (c) referred to below: the amounts from time to time THIRD payable from its Receipts Account under the First Receipts Accounts Order of Payment or, as the case may be, the Second Receipts Accounts Order of Payment ("the Third Amounts");

In respect of charge (d) referred to below: the amounts from time to time FOURTH payable from its Receipts Account under the First Receipts Accounts Order of Payment or, as the case may be, the Second Receipts Accounts Order of Payment ("the Fourth Amounts");

In respect of charge (e) referred to below: the amounts from time to time FIFTH payable from its Receipts Account under the First Receipts Accounts Order of Payment or, as the case may be, the Second Receipts Accounts Order of payment ("the Fifth Amounts");

In respect of charge (f) referred to below: the amounts from time to time SIXTH payable from its Receipts Account under the Second Receipts Accounts Order of Payment ("the Sixth Amounts");

In respect of charge (g) referred to below: all Liabilities owed by Peko to (i) the Section 10 Creditor and (ii) the Project Lenders under the EFPA and any document entered into after the date thereof supplemental to the EFPA.

As used herein:-

"First Receipts Accounts Order of Payment" and "Second Receipts Accounts Order of Payment" mean respectively the orders of payment set out below:-

First Receipts Accounts
Order of Payment

FIRST its pro rata share of an amount equal to any outstanding Set-Off Amount (as defined in the Account Agreement) to Sovereign as operator of the Emerald Field;

SECOND the relevant amount of the Contractor's Abandonment Fund Contribution, to the Contractor's Abandonment Account (each as defined in the Account Agreement);

THIRD an amount equal to the relevant Tariff or Tariff Equivalent payable as adjusted by items properly shown in the relevant Payment Calculation less the aggregate of the amounts transferred under FIRST and SECOND above, to the Tariff Account (each as defined in the Account Agreement);

FOURTH the relevant Participant's Abandonment Fund Contribution, to the Participants' Abandonment Account (each as defined in the Account Agreement);

FIFTH its pro rata share of an amount equal to any Transportation Costs (as defined in the Account Agreement) in respect of which Sovereign has not previously been reimbursed pursuant hereto, to Sovereign as operator of the Emerald Field;

SIXTH the balance (if any) to its Earnings Account (as defined in the Account Agreement).

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

for itself and/or as operator of the Emerald Field on behalf of Midland & Scottish Resources Limited, Sovereign Oil & Gas PLC, Peko Oil North Sea PLC, Nedlloyd Energy (UK) Limited and Westburne Drilling & Exploration (UK) Limited and their respective successors and assigns;

In the case of charge (b) referred to below: Emerald Field Contracting Limited of 17/18 Golden Square, Aberdeen AB9 8NY and Sovereign Oil & Gas PLC of The Chambers aforesaid for itself and/or as operator of the Emerald Field on behalf of Midland & Scottish Resources Limited, Sovereign Oil & Gas PLC, Peko Oil North Sea PLC, Nedlloyd Energy (UK) Limited and Westburne Drilling & Exploration (UK) Limited and their respective successors and assigns;

In the case of charge (c) referred to below: Emerald Field Contracting Limited of 17/18 Golden Square aforesaid;

In the case of charge (d) referred to below: Sovereign Oil & Gas PLC of The Chambers aforesaid, Nedlloyd Energy (UK) Limited of 150, Brompton Road, London SW3 1HX, Westburne Drilling & Exploration (UK) Limited of 35, Walpole Street, London SW3 4QS and Midland & Scottish Resources Limited of 18 Golden Square aforesaid and their respective successors and assigns;

In the case of charge (e) referred to below: Sovereign Oil & Gas PLC of The Chambers aforesaid for itself and/or as operator of the Emerald Field on behalf of Midland & Scottish Resources Limited, Sovereign Oil & Gas PLC, Peko Oil North Sea PLC, Nedlloyd Energy (UK) Limited and Westburne Drilling & Exploration (UK) Limited and their respective successors and assigns;

In the case of charge (f) referred to below: Emerald Field Contracting Limited of 17/18 Golden Square aforesaid;

In the case of charge (g) referred to below: Barclays Bank PLC of 54 Lombard Street London EC3P 3HR (i) in its capacity as Section 10 Creditor's Agent and (ii) in its capacity as Project Lenders Agent.

Note:

1. In the Account Agreement and herein, all references to documents include all amendments and replacements thereof and supplements thereto.

2. The charges referred to above are expressed in the Account Agreement to take effect as fixed charges; to the extent that any of those charges fail to take effect as fixed charges, it is provided in the Account Agreement that they shall take effect as floating charges.

3. The Account Agreement contains restrictions on the creation of further security over or the disposal of the assets subject to the charges created by the Account Agreement.

4. All references to accounts include sub-accounts of those accounts and replacements and substitute accounts.

Short particulars of all the property mortgaged or charged (continued)

Please do not write in this margin

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

being transferred) and the proceeds thereof, all monies from time to time paid by or on behalf of Neste Oy under the Neste Oy Agreement or by or on behalf of any purchaser under any other Relevant Sales Contract, and all monies standing to the credit of the account maintained by the Trustee with Barclays de Zoete Wedd Limited for Peko and designated by the words "EMERALD FIELD RECEIPTS ACCOUNT" (which account is maintained in US Dollars) (the "Receipts Account") and the balance from time to time standing to the credit thereof together with all interest accrued and accruing thereon and the debt represented thereby (together "its Trust Assets");

under charge (b): its Trust Assets after deduction of the First Amounts;

under charge (c): its Trust Assets after deduction of the First Amounts and the Second Amounts;

under charge (d): its Trust Assets after deduction of the First Amounts, the Second Amounts and the Third Amounts;

under charge (e): its Trust Assets after deduction of the First Amounts, the Second Amounts, the Third Amounts and the Fourth Amounts;

under charge (f): its Trust Assets after deduction of the First Amounts, the Second Amounts, the Third Amounts, the Fourth Amounts, and the Fifth Amounts;

under charge (g): its Trust Assets after deduction of the First Amounts, the Second Amounts, the Third Amounts, the Fourth Amounts, the Fifth Amounts and the Sixth Amounts.

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

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 2 to Form No. 395

Company number 1483729

Name of Company

PEKO OIL NORTH SEA PLC Limited*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

except that (other than as stated in the Project Credit Agreement) a Bank shall only be such so long as it has any rights or obligations under the Project Credit Agreement or the other Project Financing Documents (as therein defined).

"Section 10 Creditor" means:

(a) Barclays for so long as it is owed any Section 10 Senior Liabilities and the Secretary of State for Trade and Industry is not the Section 10 Creditor in accordance with paragraph (b) of this definition; and

(b) the Secretary of State for Trade and Industry after it has paid Barclays in full, whether at its option or upon demand by Barclays, any amount payable by it under and in accordance with the Section 10 Guarantee and for so long as it is owed any Section 10 Liabilities;

"Section 10 Liabilities" means the Section 10 Senior Liabilities and all Liabilities of EFCL to the Secretary of State for Trade and Industry under the Shipowners Agreement dated 26th January, 1989 between the Secretary of State for Trade and Industry (1) and EFCL (2) ("the Shipowners Agreement");

"Section 10 Senior Liabilities" means all Liabilities of any of EFCL, Jebsens, MSR, MSG and Westburne to the Section 10 Creditor under the Section 10 Credit Agreement and the other Section 10 Financing Documents (as therein defined) other than the Shipowners Agreement;

"Section 10 Guarantee" means a guarantee dated 26th January, 1989 by the Secretary of State for Trade and Industry in favour of Barclays

Amount due or owing on the mortgage or charge (continued)

Please do not write in this margin

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

Second Receipts Accounts
Order of Payment

FIRST its pro rata share of an amount equal to the relevant Transportation Costs (as defined in the Account Agreement) to Sovereign as operator of the Emerald Field;

SECOND its pro rata share of an amount equal to any outstanding Set-Off Amount (as defined in the Account Agreement), to Sovereign as operator of the Emerald Field;

THIRD the relevant amount of the Contractor's Abandonment Fund Contribution, to the Contractor's Abandonment Account (each as defined in the Account Agreement);

FOURTH its Abandonment Fund Contribution, to the Participants' Abandonment Account (each as defined in the Account Agreement);

FIFTH $0.62 for every Barrel of Emerald Petroleum sold by (less the amount, if any, taken into account under FOURTH above) to Sovereign as operator of the Emerald Field;

SIXTH its Net Receipts Payments less the Set-Off Amount (if any) taken into account under SECOND above, to the Tariff Account (each as defined in the Account Agreement);

SEVENTH the balance (if any) to its Earnings Account (as defined in the Account Agreement);

"EFPA" means the Emerald Field Participants' Agreement dated 26th January, 1989 and made between Sovereign (1) Sovereign and others (2) The Secretary of State for Trade and Industry (3) Barclays (as the Section 10 Creditor's Agent) (4) and Barclays (as the Project lenders' Agent) (5).

(2)

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please do not write in this margin

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

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that a mortgage or charge dated the 26th January 1989 and created by PEKO OIL NORTH SEA PLC for securing all moneys due or to become due from the Company to the Banks (as defined) and The Law Debenture Trust Corporation p.l.c. (the Trustee) under the terms of the Charge

was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,
Cardiff the -1 MAR 1989

No. 1483729

P. T. Davies
P. T. DAVIES
an authorised officer

Certificate and instrument received by
.....L/C.....
.....
Date .....3/3/89.....

C.69

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COMPANIES FORM No. 395

Particulars of a mortgage or charge

Pursuant to section 395 of the Companies Act 1985

395

M62

For official use: U

Company number: 1483729

(2)

Please do not write in this margin

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

* Insert full name of company

Name of Company

* PEKO OIL NORTH SEA PLC ("Peko")

Date of creation of the charge

26TH JANUARY, 1989

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

Debenture.

Amount secured by the mortgage or charge

Under a second fixed charge, a second floating charge and a second assignment by way of security: payment and discharge of all the Liabilities of Peko to the Project Lenders under the Emerald Field Participants' Agreement (the "EFPA") dated 26th January, 1989 and made between Sovereign Oil & Gas PLC ("Sovereign") (1) Sovereign and others (2) The Secretary of State for Trade and Industry (3) Barclays Bank PLC ("Barclays") for itself and as agent and trustee for itself and for each person capable of being or becoming the Section 10 Creditor (in this capacity the "Section 10 Creditor's Agent") (4) and Barclays for itself and as agent and trustee for itself and each of the Project Lenders (in this capacity the "Project

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

In the case of the second fixed charge, the second floating charge and the second assignment by way of security: Barclays Bank PLC of 54, Lombard Street, London

Postcode EC3P 3HR contd./...

16/2

JCH.

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

ALLEN & OVERY
9 Cheapside
London
EC2V 6AD
(Ref: GDV)

Time critical reference

For official use
Mortgage section

REGISTERED
15 FEB 1989

Post room

CHIEF REGISTRAR OF COMPANIES
15 FEB 1989
OFFICE

Waterlow Publishers Limited, Maxwell House, 74 Worship Street, London EC2A 2EN

A two-page form issued in August 1989

Please do not write in this margin

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

Short particulars of all the property mortgaged or charged

Under the second fixed charge: the Charged Assets (with the exception of the Participant's Petroleum and the Participants' Insurance Proceeds).

As herein:

"Charged Assets" means:

(i) Peko's Compensation, its Compensation Account and its Related Assets, its Insurances (but excluding the benefit to it of the Cargo Insurances), its Insurance Proceeds, its rights (whether contractual, statutory or of any other nature) to receive Compensation and the benefit to it of Clause 3 of the Compensation Allocation Agreement; and

(ii) Peko's Participant's Interest to the extent that it does not fall within paragraph (i) above but excluding (A) Peko's present and future right and title to and

Particulars as to commission allowance or discount (Note 3)

NIL

Signed Allen & Overy **Date** 14th February 1989

On behalf of [~~company~~][~~mortgagee~~/chargee]† Solicitors for the

† Delete as appropriate.

Notes

1 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 despatched 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.

Please do not write in this margin

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

(1)

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 1 to Form No. 395

Company number

1483729

Name of Company

PERO OIL NORTH SEA PLC

~~Limited~~

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Waterlow Publishers Limited, Maxwell House, 74 Worship Street, London EC2A 2EN

A four-page form issued in August 1985

Please do not write in this margin

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

Lenders' Agent") (5);

As used herein:-

"Project Lenders" means the Banks as defined in a credit agreement ("the Project Credit Agreement") dated 26th January, 1989 and made between Emerald Field Contracting Limited ("EFCL") (1) Barclays and Deutsche Bank AG (as arranging banks) ("the Arranging Banks") (2) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited (as Lead Managers) ("the Lead Managers") (3) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited (as lenders) ("the Lenders") (4) Barclays (as Financial Agent) ("the Financial Agent") (5) Deutsche Bank AG (as Technical Agent) ("the Technical Agent") (6) and Barclays de Zoete Wedd Limited (as initial Account Bank) (7).

"Banks" means:

(i) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited;

(ii) each assignee of any such person pursuant to Clause 27 of the Project Credit Agreement;

(iii) any person (other than the Financial Agent and the Technical Agent and EFCL or any other Obligor) which assumes rights and/or obligations pursuant to Clause 27 of the Project Credit Agreement; and

(iv) any permitted assignee or successor in title of any of the foregoing;

except that a Bank shall only be such so long as it has any rights or obligations under the Project Financing Documents (or would have had such rights or obligations but for any breach of any obligation, representation or warranty of an Obligor under any of the Project Financing Documents).

"Obligor" means any party (other than the Financial Agent, the Technical Agent, the Arranging Banks, the Lead Managers, the Banks, the Account Bank, the Secretary of State for Trade and Industry, the Section 10 Creditor and the Trustee) who is a party to a Project Financing Document;

"Project Financing Documents" means:

(i) the Project Credit Agreement;

(ii) an Account Agreement ("the Account Agreement") dated 26th January, 1989 and made between EFCL (1) Sovereign, Midland & Scottish Resources Limited ("MSR") Peko Oil North Sea PLC ("Peko") Nedlloyd Energy (UK) Limited ("Nedlloyd") Westburne Drilling & Exploration (UK) Limited ("Westburne") (2) Sovereign (3) The Secretary of State for Trade and Industry (4) Barclays (as the Section 10 Creditor's Agent) (5) Barclays (as the Project Lenders' Agent (6) Bergen Bank A/S (7) Bergen Bank A/S (8) Barclays de Zoete Wedd Limited (9) and the Law Debenture Trust Corporation p.l.c. ("the Trustee") (10);

interest in the Relevant Sales Contracts and (B) all assets falling within the definition of Participant's Interest which are effectively charged by virtue of the Account Agreement and (c) Peko's right, title, interest and benefit in and to the EFPA, the Account Agreement, Peko's Security Documents, the Compensation Allocation Agreement (save for Clause 3), Peko's Insurances and the Cargo Insurances; and

(iii) Peko's Petroleum;

"Compensation" means any sums received by any of the Participants or EFCL which fall to be apportioned under Clause 3 of the Compensation Allocation Agreement;

"Participants" means, MSR, Westburne, Sovereign, Peko and Nedlloyd;

"Compensation Account" means the accounts maintained by Peko under Clause 3(h) of the Account Agreement

"Related Assets" means, in relation to Peko's Compensation Account, the balance from time to time standing to the credit thereof together with all interest accrued and accruing thereon and the debt represented thereby:

"Insurances" means the interest of Peko in all contracts and policies of insurance or entries which are from time to time taken out by or on behalf of Peko in accordance with the EFPA in connection with:

(i) its Emerald Interest;

(ii) the Emerald Field Facilities; and

(iii) the Emerald Petroleum

but excluding Peko's interest in any of the Cargo Insurances.

"Cargo Insurances" means any contract or policy of insurance or entry which is from time to time taken out by or on behalf of Peko in accordance with the EFPA in respect of Emerald Petroleum (including, for the avoidance of doubt, such Petroleum while it is in the FSU or is being transferred);

"Insurance Proceeds" and "Participant's Insurance Proceeds" means sums received or receivable by Peko as proceeds of any of the Insurances and sums paid to third parties (excluding return of premiums) by the relevant insurer pursuant to any of the Insurances in discharge of liabilities of Peko to such third parties insured under Peko's Insurances;

"Participant's Interest" means all of Peko's present and future right, title to and interest in:

(a) the Relevant Agreements;

(b) the Emerald Field Facilities; and

(c) (save to the extent falling within (a) or (b) above) any and all other contracts, agreements (including without limitation, leasing agreements) permits, licences,

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

in its capacity as the Project Lenders' Agent.

Please do not write in this margin

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

COMPANIES FORM No. 395 (cont.)

2

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 2 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Waterlow Publishers Limited, Maxwell House, 74 Worship Street, London EC2A 2EN

A four-page form issued in August 1985

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

(iii) an agreement entitled Compensation Allocation Agreement ("the Compensation Allocation Agreement") dated 26th January 1989 relating to the disposal of insurance and compensation proceeds in relation to, inter alia, certain equipment and facilities used or to be used in the Emerald Field and each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330;

(iv) a deed entitled Deed of Co-Ordination and Priorities ("the Deed of Co-Ordination and Priorities") dated 26th January, 1989 and made between certain of the parties to the Account Agreement and other parties;

(v) EFPA;

(vi) a letter ("the FSU Side Letter") from the FSU Owner to or the agreement between the FSU Owner and each of the Financial Agent, the Section 10 Creditor and Sovereign, relating to a floating storage unit. In this paragraph (vi) "FSU Owner" means FOSCO N.V., a company incorporated in Belgium, or such other owner from time to time of the relevant floating storage unit;

(vii) any agreements entered into by the Financial Agent, the Technical Agent or any of the Banks in order to hedge a currency exposure of any Relevant Obligor (whether such agreement is entered into with such Relevant Obligor or otherwise) in connection with the Project and the terms of which are approved by the Financial Agent or the Technical Agent. In this paragraph (vii) and throughout "Relevant Obligor" means any Obligor which is a member of the MSG Group (being Midland & Scottish Group Limited ("MSG") and each body corporate of which it (aa) has direct or indirect control or (bb) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership (provided that Jebsens Drilling plc shall always be deemed to be a member of the MSG Group)); and "Project" means the development and, when the context so requires, the operation of the Emerald Field in accordance with the plan for the development of and production of petroleum from the Emerald Field approved by the Secretary of State for Energy from time to time, together with all amendments thereof and supplements thereto and any consents to produce given by the Secretary of State for Energy from time to time in connection therewith;

(viii) the letter dated 26th January, 1989 from EFCL to Barclays (as the Project Lenders' Agent), Barclays (as the Section 10 Creditor's Agent) and Bergen Bank A/S relating to EFCL's obligations in respect of insurance;

(ix) the guarantees dated 26th January, 1989 from each of Jebsens Drilling plc ("Jebsens") and MSG to Barclays (as the Project Lenders' Agent) in respect of (inter alia) all amounts outstanding under the Project Credit Agreement;

(x) the MSG Participants' Agreement ("the MSG Participants' Agreement") dated 26th January, 1989 and made between MSR (1) Westburne (2) MSG (3) The Secretary of State for Trade and Industry (4) Barclays (as the Section 10 Creditor's Agent) (5) and Barclays (as the Project Lenders' Agent) (6);

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

(2)

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

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

franchises, consents, easements, servitudes, wayleaves, insurances and other rights now or hereafter existing insofar as the same relate to the development and operating of the Emerald Field or to the construction, equipment, maintenance or use of the Emerald Field Facilities or the production, transportation, storage, processing or marketing of Emerald Petroleum;

"Relevant Sales Contracts" means:

(a) the Neste Oy Agreement so long as the same is in force; and

(b) thereafter, any other contract for the sale or other disposal of Emerald Petroleum (or under which Emerald Petroleum would be sold or otherwise disposed of) entered into by or on behalf of Peko.

"Peko's Security Documents" means all documents entered into or to be entered into by Peko in order to secure its obligations under any of the Combined Financing Documents;

"Peko's Petroleum" and "Participant's Petroleum" means all Emerald Petroleum which accrues from time to time to Peko's Participant's Interest (including the proportion attributable to its Participant's Interest (including the proportion attributable to its Participant's Interest of any Petroleum owned jointly or in common by two or more persons);

"Emerald Interest" means, in relation to Peko, its Participant's Interest;

"Emerald Field Facilities" means, in relation to the Emerald Field:

(a) all wells drilled or to be drilled, including production and injection wells and all equipment installed or to be installed in and on such wells;

(b) all subsea equipment (including all flowlines and risers) connected to such wells;

(c) any rig, platform, floating unit or to the vessel (including without limitation the FPF and the FSU) used or to be used for accommodation or storage or production of Emerald Petroleum and the structures and equipment erected or to be erected on any of the same;

(d) any pipelines and ancillary facilities constructed or to be constructed for transportation of Emerald Petroleum (or any component part of such Petroleum); and

(e) all other pipelines, structures, machinery, equipment, vessels, vehicles and other facilities which are or will be used in the development or operation of the Emerald Field other than any drilling rigs used in connection with the Drilling Contract.

"Emerald Petroleum" means Petroleum won and saved from the Emerald Field;

Please do not write in this margin.

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

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

Continuation Sheet No. 3 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Waterlow Publishers Limited, Maxwell House, 74 Worship Street, London EC2A 2EN

A four-page form issued in August 1985

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

(xi) each of the deeds of assignment dated 26th January, 1989 between Neste Oy and (respectively) Sovereign, MSR, Westburne, Peko and Nedlloyd;

(xii) the Return Bond issued by National Westminster Bank PLC to Barclays Bank PLC (as the Project Lenders' Agent) in connection with a series of down-payments aggregating £24,800,000 due from EFCL to Davy Offshore Limited under an agreement dated 30th November, 1988 between Davy Offshore Limited (1) and EFCL (2) as amended by Addenda Nos. 1 and 2 ("the Prime Contract");

(xiii) a risk participation agreement dated 26th January, 1989 between each of the Banks and EFCL in respect of a financial agreement dated 26th January, 1989 between Barclays and EFCL ("the Section 10 Credit Agreement");

(xiv) each of the documents listed in Schedule 2 to the Deed of Co-Ordination and Priorities and any other documents relating to the securing of amounts due from EFCL under the Project Credit Agreement;

(xv) any letters or documents setting out the terms (if any) upon which compliance with any provision of any Project Financing Document is waived by the Financial Agent or the Banks;

(xvi) any other document to which the Banks and/or the Financial Agent and/or the Technical Agent are party relating to the Project.

"Section 10 Creditor" means:

(a) Barclays for so long as it is owed any Section 10 Senior Liabilities and the Secretary of State for Trade and Industry is not the Section 10 Creditor in accordance with paragraph (b) of this definition; and

(b) the Secretary of State for Trade and Industry after it has paid Barclays in full, whether at its option or upon demand by Barclays, any amount payable by it under and in accordance with the Section 10 Guarantee and for so long as it is owed any Section 10 Liabilities;

"Section 10 Senior Liabilities" means all Liabilities of any of EFCL, Jebsens, MSR, MSG and Westburne to the Section 10 Creditor under the Section 10 Financing Documents ("Section 10 Liabilities") other than the Shipowners Agreement;

"Section 10 Guarantee" means a guarantee dated 26th January, 1989 by the Secretary of State for Trade and Industry in favour of Barclays;

"Section 10 Financing Documents" means:

(i) a financial agreement dated 26th January, 1989 made between Barclays (1) and EFCL (2) ("the Section 10 Credit Agreement");

(ii) an agreement ("the Shipowners Agreement") dated 26th January, 1989 made between The Secretary of State for Trade and Industry (1) and EFCL (2);

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

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

"FSU" means a tanker as the same is converted into a floating storage unit for use in connection with the Emerald Field;

"Relevant Agreements" means the Drilling Contract, the EDA, the EDA Side Letter, the FSU Charterparty, the Jebsens Restructuring Documents, the Licences, the MSA, the Relevant Sales Contracts, the Services Agreement, the EFPA, the TCA, the Transportation Agreements and the UOA and any other agreement by which any member of the MSG Group or any participant in the Emerald Field is bound relating to the Emerald Field;

"Neste Oy Agreement" means the agreement dated 30th September, 1987 between Peko and Neste Oy for the sale to Neste Oy of 100% of Peko's Emerald Petroleum.

"Combined Financing Documents" means each of the Section 10 Financing Documents and the Project Financing Documents;

"FPF" means the semi-submersible drilling rig ALI BABA to be converted to a floating production facility.

"Emerald Field" means all or any structures containing hydrocarbons and lying within the co-ordinates set out in Exhibit E of the UOA in Blocks 2/10a (Tract E), 2/15a and 3/11b of the United Kingdom Continental shelf;

"Drilling Contract" means the drilling contract entered or to be entered into between EFCL (1) and Jebsens (2) for the drilling of eleven wells in connection with the Emerald Field;

"EDA" means the Emerald Development Agreement dated 26th January, 1989 between Sovereign (1) and EFCL (2) and the EDA Side Letter;

"EDA Side Letter" means a side letter of even date with the EDA between Sovereign and EFCL relating to default by Neste Oy;

"FSU Charterparty" means the charterparty entered into or to be entered into between Scarborough Shipping Limited (1) EFCL (2) FOSCO N.V. (3) and Ortac Marine BV (4) in relation to the use of the FSU;

"Jebsens Restructuring Documents" means the EFCL Share Purchase Agreement, the Jebsens Subscription Agreement, the Jebsens Circular, the Jebsens Debt Settlement Agreement, each of the Supplemental Agreements dated 14th January 1988, 29th February 1988 and 27th September, 1988 between inter alia Jebsens and Bergen Bank A/S and any other agreement or document to which Jebsens is a party relating to its restructuring;

"Licences" means each of UK Offshore Petroleum Production Licence No. P.234, No. P.327 and No. P.330;

"MSA" means the Management Services Agreement dated 26th January, 1989 made between Sovereign (1) and EFCL (2);

"Services Agreement" means an agreement dated 26th January 1989 between EFCL and Jebsens relating (inter alia) to the appointment of Jebsens as EFCL's agent;

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

COMPANIES FORM No. 395 (cont.)

4

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 4 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Please do not write in this margin

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

(iii) a guarantee by Den Norske Creditbank PLC (endorsed with the undertaking of Den Norske Creditbank to procure the performance of such guarantee) dated 26th January, 1989 in favour of Barclays (as the Section 10 Creditor's Agent);

(iv) a guarantee by Jebsens dated 26th January, 1989 in favour of Barclays (as the Section 10 Creditor's Agent);

(v) a guarantee by MSG dated 26th January, 1989 in favour of Barclays (as the Section 10 Creditor's Agent);

(vi) a first priority statutory ship mortgage (in account current form) in respect of a floating production facility (to be created by conversion of the semi-submersible drilling rig "ALI BABA") ("the FPF") and a deed of covenant relating thereto each to be executed by EFCL in favour of Barclays (as the Section 10 Creditor's Agent);

(vii) a second priority statutory ship mortgage (in account current form) in respect of the FPF and a deed of covenant relating thereto, each to be executed by EFCL in favour of the Secretary of State for Trade and Industry;

(viii) an assignment dated 26th January, 1989 executed by EFCL in favour of inter alia, Barclays (as the Section 10 Creditor's Agent) ("the EFCL Assignment");

(ix) Bonds and Floating Charges dated 26th January, 1989 executed by EFCL in favour of inter alia, Barclays (as the Section 10 Creditor's Agent) ("the EFCL Bond and Floating Charge");

(x) a Statutory Ship Mortgage in respect of each of the drilling rigs Aladdin and Sindbad Saxon and a deed of covenant relating thereto each dated 26th January, 1989 and executed by Jebsens in favour of Barclays (as the Section 10 Creditor's Agent);

(xi) a charge dated 26th January, 1989 executed by Jebsens in favour of the Section 10 Creditor's Agent over the shares of EFCL;

(xii) an agreement entitled the "Section 10 Cash Collateral Agreement" to be made between EFCL (1) Barclays (2) and de Zoete Wedd Limited (3);

(xiii) the Account Agreement;

(xiv) the Deed of Co-Ordination and Priorities;

(xv) the Compensation Allocation Agreement;

(xvi) the EFPA;

(xvii) the FSU Side Letter;

(xviii) the MSG Participants' Agreement;

(xix) a deed of subordination dated 26th January, 1989 and made between Den Norske Creditbank PLC (1) The Secretary of State

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

(4)

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

"FSU" means a tanker as the same is converted into a floating storage unit for use in connection with the Emerald Field;

"Relevant Agreements" means the Drilling Contract, the EDA, the EDA Side Letter, the FSU Charterparty, the Jebsens Restructuring Documents, the Licences, the MSA, the Relevant Sales Contracts, the Services Agreement, the EFPA, the TCA, the Transportation Agreements and the UOA and any other agreement by which any member of the MSG Group or any participant in the Emerald Field is bound relating to the Emerald Field;

"Neste Oy Agreement" means the agreement dated 30th September, 1987 between Peko and Neste Oy for the sale to Neste Oy of 100% of Peko's Emerald Petroleum.

"Combined Financing Documents" means each of the Section 10 Financing Documents and the Project Financing Documents;

"FPF" means the semi-submersible drilling rig ALI BABA to be converted to a floating production facility.

"Emerald Field" means all or any structures containing hydrocarbons and lying within the co-ordinates set out in Exhibit E of the UOA in Blocks 2/10a (Tract E), 2/15a and 3/11b of the United Kingdom Continental shelf;

"Drilling Contract" means the drilling contract entered or to be entered into between EFCL (1) and Jebsens (2) for the drilling of eleven wells in connection with the Emerald Field;

"EDA" means the Emerald Development Agreement dated 26th January, 1989 between Sovereign (1) and EFCL (2) and the EDA Side Letter;

"EDA Side Letter" means a side letter of even date with the EDA between Sovereign and EFCL relating to default by Neste Oy;

"FSU Charterparty" means the charterparty entered into or to be entered into between Scarborough Shipping Limited (1) EFCL (2) FOSCO N.V. (3) and Ortac Marine BV (4) in relation to the use of the FSU;

"Jebsens Restructuring Documents" means the EFCL Share Purchase Agreement, the Jebsens Subscription Agreement, the Jebsens Circular, the Jebsens Debt Settlement Agreement, each of the Supplemental Agreements dated 14th January 1988, 29th February 1988 and 27th September, 1988 between inter alia Jebsens and Bergen Bank A/S and any other agreement or document to which Jebsens is a party relating to its restructuring;

"Licences" means each of UK Offshore Petroleum Production Licence No. P.234, No. P.327 and No. P.330.

"MSA" means the Management Services Agreement dated 26th January, 1989 made between Sovereign (1) and EFCL (2);

"Services Agreement" means an agreement dated 26th January 1989 between EFCL and Jebsens relating (inter alia) to the appointment of Jebsens as EFCL's agent;

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

COMPANIES FORM No. 395 (cont.)

S

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 5 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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

for Trade and Industry (2) Barclays (3) Barclays (4) Bergen Bank A/S (5) Bergen Bank A/S (6) and M.W. Deaner (7);

(xx) assignations in security dated 26th January, 1989 executed by MSR in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxi) bonds and floating charges dated 26th January, 1989 executed by MSR in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxii) a debenture dated 26th January, 1989 executed by MSR in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxiii) assignations in security dated 26th January, 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxiv) debentures (including the Debenture) dated 26th January, 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent)

(xxv) any other document relating to the securing of amounts due from EFCL under the Section 10 Credit Agreement.

"Liabilities" means, in relation to a person and an agreement, all present and future obligations and liabilities (whether actual or contingent and whether sole or joint or otherwise) of such person to another person under or in connection with such agreement, together with all costs, charges and expenses incurred by such other person in connection with the preservation or enforcement of any of its rights thereunder and, for the avoidance of doubt, where any reference is made to Liabilities owed by one person to another "under" an agreement, such phrase shall include liabilities owed to such other person by virtue of such other person having rights of subrogation, contribution, indemnity or similar rights.

"Project" means the development and operation of the Emerald Field in accordance with the plan for the development of and production of Petroleum from the Emerald Field approved by the Secretary of State for Energy.

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

2

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"TCA" means the technical co-ordination agreement dated 26th January, 1989 between Sovereign (1) EFCL (2) and Davy Offshore Limited (3);

"Transportation Agreements" means the lifting arrangements in exhibit F of the UOA and all agreements for the transportation of Emerald Petroleum including, without limitation, any charterparty entered into by the Operator (being Sovereign) pursuant to such lifting arrangements;

"MSG Group" means Midland & Scottish Group Limited ("MSG") and each body corporate of which it (aa) has direct or indirect control or (bb) owns directly or indirectly more than 50 per cent of the share capital or similar right of ownership (provided that Jebsens shall always be deemed to be a member of the MSG Group);

"UOA" means a unit operating agreement dated 26th January, 1989 made between the Participants;

"EFCL Share Purchase Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the transfer of shares of EFCL;

"Jebsens Subscription Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the subscription by MSG of additional share capital in Jebsens;

"Jebsens Circular" means the circular to Jebsens' shareholders dated 1st March, 1988 relating to the Jebsens restructuring;

"Jebsens Debt Settlement Agreement" means the agreement between Jebsens and Bergen Bank A/S relating inter alia to the release of security over the ALI BABA, the SINDBAD SAXON and the ALADDIN;

Under the second floating charge: the Charged Assets (including without limitation the Participant's Petroleum);

Under the second assignment by way of security: Peko's Insurance Proceeds.

Note: 1. References in the Debenture and herein to any agreement or document are to be construed as a reference to that agreement or document as amended, supplemented or replaced from time to time.

2. The Debenture contains a provision prohibiting Peko from creating, incurring, assuming or permitting to exist any mortgage, lien, pledge, charge, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement having the effect of conferring security (save for specified encumbrances) on all or any part of the assets, rights and property the subject of any security created by or pursuant to the Debenture during the period beginning on 26th January, 1989 and ending upon the date upon which all the Liabilities in respect of which security is created under the Debenture which have arisen or which may arise have been irrevocably paid and discharged or the security created by the Debenture has been finally released and discharged.

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that a Debenture dated 26th January 1989 and created by PEKO OIL NORTH SEA PLC for securing all moneys due or to become due from the Company to Barclays Bank PLC for itself and as agent and trustee for each of Project Lenders (as therein defined) under the terms of the Emerald Field Participants' Agreement and this Debenture was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,
Cardiff the -1 MAR 1989

No. 1483729

P. T. Davies
P. T. DAVIES

an authorised officer

Certificate and instrument received by
.....h/c.....
.....
Date .....3/3/89.....

C.69d(Rev)

M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

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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

M63

For official use

Company number 1483729

Name of company

* PEKO OIL NORTH SEA PLC

* insert full name of company

Date of creation of the charge

26th January 1989

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

A Debenture ("Debenture") made between (1) Peko Oil North Sea PLC ("Peko"), (2) Barclays Bank plc ("Barclays") for itself and as agent and trustee for itself (See Continuation Sheet 1)

Amount secured by the mortgage or charge

Fixed Charges:

First : Participant's (EFPA) Liabilities to the Section 10 Creditor

Floating Charges:

First : Participant's (EFPA) Liabilities to the Section 10 Creditor

Assignment by way of Security:

First : Participant's (EFPA) Liabilities to the Section 10 Creditor

N.B: For underlined expressions see Continuation Sheet 2

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

See Continuation Sheet 1

Postcode

16/2

JCH.

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JORDAN HOUSE
BRUNSWICK PLACE
LONDON N1 6EE
TELEPHONE 01 253 3030
TELEX 261010

Presentor's name address and reference (if any):
Norton Rose
Kempson House
Camomile Street
LONDON EC3A 7AN
Tel: 01-283-2434
(Ref: DNH/25/L173262/D37.6

For official Use

Mortgage Section

REGISTERED 15 FEB 1989

Post room

COMPANIES REGISTRATION 15 FEB 1989

Time critical reference

Short particulars of all the property mortgaged or charged

Please do not write in this margin

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

Fixed Charges:	The Charged Assets (with the exception of Peko's Petroleum and Peko's Insurance Proceeds).
Floating Charges:	The Charged Assets (including, without limitation, Peko's Petroleum).
Assignment by way of Security:	Peko's Insurance Proceeds

N.B: For underlined expressions see Continuation Sheet 2

(See Continuation Sheet 1)

Particulars as to commission allowance or discount (note 3)

Nil

Signed Norton Rose Date 15th February 1989

On behalf of ~~[company]~~/mortgagee/chargee/† † delete as appropriate

Notes

1 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 it 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.

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.

DNH/D37.006

CONTINUATION SHEET 1

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

and for each other person capable of being or becoming the Section 10 Creditor (in this capacity the **"Section 10 Creditor's Agent"**) and (3) Barclays for itself and as agent and trustee for itself and for each of the Project Lenders (in this capacity the **"Project Lenders Agent"**).

N.B: For underlined expressions see Continuation Sheet 2

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

Fixed Charges:

(i) as first fixed chargee:
Barclays Bank PLC (as Section 10 Creditor's Agent)
54 Lombard Street
London EC3P 3HR

Floating Charges:

(i) as first floating chargee:
Barclays Bank PLC (as Section 10 Creditor's Agent)
54 Lombard Street
London EC3P 3HR

Assignment by way of Security:

(i) as first assignee:
Barclays Bank PLC (as Section 10 Creditor's Agent)
54 Lombard Street
London EC3P 3HR

Short particulars of all the property mortgaged or charged continued

Note:

1. References in the Debenture and herein to any agreement or document are to be construed as a reference to that agreement or document as amended, supplemented or replaced from time to time.

2. The Debenture contains a provision prohibiting Peko from creating, incurring, assuming or permitting to exist any mortgage, lien, pledge, charge, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement having the effect of conferring security (save for specified encumbrances) on all or any part of the assets, rights and property the subject of any security created by or pursuant to the Debenture during the period beginning on 26th January 1989 and ending upon the date upon which all the Liabilities in respect of which security is created under the Debenture which have arisen or which may arise have been irrevocably paid and discharged or the security created by the Debenture has been finally released and discharged.

CONTINUATION SHEET 2

"Account Agreement" means the agreement dated 26th January 1989 made between (1) Emerald Field Contracting Limited **("EFCL")**, (2) the **"Participants"**, namely Midland & Scottish Resources Limited **("MSR")**, Sovereign Oil & Gas PLC **("Sovereign"** or **"Operator")**, Peko, Nedlloyd Energy (UK) Limited **("Nedlloyd")** and Westburne Drilling & Exploration (UK) Limited **("Westburne")**, (3) Sovereign (as operator of the Emerald Field on behalf of the Participants), (4) The Secretary of State for Trade and Industry **("SOSTI")**, (5) Barclays (as Section 10 Creditor's Agent) (6) Barclays (as Project Lenders' Agent), (7) Bergen Bank A/S as agent and trustee for itself and each of the Bergen (Jebsens) Lenders , (8) Bergen Bank A/S as agent and trustee for itself and each of the Bergen (MSR) Lenders, (9) Barclays de Zoete Wedd Limited ("BZW") as the initial Account Bank and (10) The Law Debenture Trust Corporation p.l.c.

"Account Bank" means BZW or any other bank or financial institution with whom the Accounts, with the agreement of EFCL, the Operator, the Project Lenders' Agent, SOSTI, the Section 10 Creditor, the Bergen (MSR) Lenders' Agent and the Bergen (Jebsens) Lenders' Agent, are from time to time maintained.

"Account Investments" means any Permitted Investments acquired from time to time pursuant to Clause 8.2 of the Account Agreement.

"Accounts" means the accounts maintained from time to time in accordance with Clause 3 of the Account Agreement and any Investment Accounts relating to such Accounts.

"Cargo Insurances" means the insurances in respect of Emerald Petroleum, the rights of recovery and proceeds of which are the subject of the Neste Oy Assignments.

"Charged Assets" means:-

(i) Peko's Compensation, its Compensation Account and its Related Assets, its Insurances (but excluding the benefit to it of the Cargo Insurances), its Insurance Proceeds, its rights (whether contractual, statutory or of any other nature) to receive Compensation and the benefit to it of the Compensation Allocation Agreement; and

(ii) Peko's Participant's Interest to the extent that it does not fall within paragraph (i) above but excluding (a) Westburne's present and future right and title to and interest in the Relevant Sales Contracts and (b) all assets falling within the definition of Westburne's Participant's Interest which are effectively charged by virtue of the Account Agreement; and

(iii) Peko's Petroleum

but excluding Peko's right, title and interest and benefit in and to the Account Agreement, Peko's Security Documents and the Cargo Insurances.

"Combined Financing Documents" means each of the Section 10 Financing Documents and the Project Financing Documents.

"Compensation" means any sums received by any of the Participants or EFCL which fall to be apportioned under Clause 3 of the Compensation Allocation Agreement.

"Compensation Account" means the two separate Accounts in the name of Peko in each case designated by the words "COMPENSATION ACCOUNT" preceded by Peko's name and maintained as to one Account in Dollars and as to one in Sterling.

"Compensation Allocation Agreement" means the agreement so called dated 26th January 1989 between certain of the parties to the Account Agreement and EFCL relating to the disposal of insurance and compensation proceeds in relation to, inter alia, certain equipment and facilities used or to be used in the Emerald Field and each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330.

"Davy" means Davy Offshore Limited.

"Deed of Co-ordination and Priorities" means the deed so called dated 26th January 1989 between (1) SOSTI, (2) Barclays as Section 10 Lender and as agent and trustee for itself as Section 10 Lender and each other person capable of being or becoming the Section 10 Creditor, (3) the Project Lenders' Agent, (4) the Bergen (Jebsens) Lenders' Agent, (5) the Bergen (MSR) Lenders' Agent, (6) BZW, (7) EFCL, (8) MSG, (9) MSR, (10) Westburne and (11) Jebsens.

"Dollars" and "$" means the lawful currency for the time being of the United States of America.

"Drilling Contract" means the drilling contract entered or to be entered into between (1) EFCL and (2) Jebsens for the drilling of eleven wells in connection with the Emerald Field.

"EDA" means the Emerald Development Agreement dated 26th January 1989 between (1) the Operator and (2) EFCL and the EDA Side Letter.

"EDA Side Letter" means a side letter of even date with the EDA between Sovereign and EFCL relating to default by Neste Oy.

"EFCL Share Purchase Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the transfer of shares of EFCL.

"EFPA" means the Emerald Field Participants' Agreement dated 26th January 1989 between (1) the Operator, (2) the Participants, (3) SOSTI, (4) the Section 10 Creditor's Agent and (5) the Project Lenders' Agent.

"Emerald Field" means all or any structures containing hydrocarbons and lying within the co-ordinates set out in Exhibit E of the UOA in blocks 2/10a (Tract E), 2/15a and 3/11b of the United Kingdom Continental Shelf.

"Emerald Field Facilities" means, in relation to the Emerald Field:-

(i) all wells drilled or to be drilled, including production and injection wells and all equipment installed or to be installed in and on such wells;

(ii) all subsea equipment (including all flowlines and risers) connected to such wells;

(iii) any rig, platform, floating unit or other vessel (including without limitation the FPF and the FSU) used or to be used for accommodation or storage or production of Emerald Petroleum and the structures and equipment erected or to be erected on any of the same;

(iv) any pipelines and ancillary facilities constructed or to be constructed for transportation of Emerald Petroleum (or any component part of such Petroleum); and

(v) all other pipelines, structures, machinery equipment, vessels, vehicles and other facilities which are or will be used in the development or operation of the Emerald Field other than any drilling rigs used in connection with the Drilling Contract.

"Emerald Interest" means, in relation to Peko, its Participant's Interest.

"Emerald Petroleum" means Petroleum won and saved from the Emerald Field.

"FPF" means the semi-submersible drilling rig "ALI BABA" to be converted to a floating production facility.

"FSU" means the turbine tanker or other vessel used or to be used as a floating storage unit in connection with the Emerald Field.

"FSU Charterparty" means the charterparty entered into or to be entered into between (1) Scarborough Shipping Limited, (2) EFCL, (3) the FSU Owner and (4) Ortac Marine BV in relation to the use of the FSU.

"FSU Owner" means FOSCO N.V. or such other owner from time to time of the FSU.

"FSU Side Letter" means a letter from the FSU Owner to or the agreement between the FSU Owner and each of Barclays (as **Financial Agent**), the Section 10 Creditor and Sovereign relating to the FSU.

"Insurances" means the interest of Peko in all contracts and policies of insurance or entries which are from time to time taken out by or on behalf of Peko in accordance with the EFPA in connection with:-

(i) its Emerald Interest;

(ii) the Emerald Field Facilities; and

(iii) the Emerald Petroleum

but excluding Peko's interest in any of the Cargo Insurances.

"Insurance Proceeds" means sums received or receivable by Peko as proceeds of any of the Insurances and sums paid to third parties (excluding return of premiums) by the relevant insurer pursuant to any of the Insurances in discharge of liabilities of Peko to such third parties insured under Peko's Insurances.

"Investment Accounts" means all Accounts maintained with the Account Bank in respect of all Permitted Investments.

"Jebsens" means Jebsens Drilling PLC.

"Jebsens Circular" means the circular to Jebsens shareholders dated 1st March 1988 relating to the Jebsens restructuring.

"Jebsens Debt Settlement Agreement" means the agreement between Jebsens and Bergen Bank A/S relating inter alia to the release of security over the "ALI BABA", the "SINDBAD SAXON" and the "ALADDIN".

"Jebsens Restructuring Documents" means the EFCL Share Purchase Agreement, the Jebsens Subscription Agreement, the Jebsens Circular, the Jebsens Debt Settlement Agreement, each of the Supplemental Agreements dated 14th January 1988, 29th February 1988 and 27th September 1988 between inter alios Jebsens and Bergen Bank A/S and any other agreement or document to which Jebsens is a party relating to its restructuring;

"Jebsens Subscription Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the subscription by MSG of additional share capital in Jebsens.

"Liabilities" means, in relation to a person and an agreement, all present and future obligations and liabilities (whether actual or contingent and whether sole or joint or otherwise) of such person to another person under or in connection with such agreement, together with all costs, charges and expenses incurred by such other person in connection with the preservation or enforcement of any of its rights thereunder and, for the avoidance of doubt, where any reference is made to Liabilities owed by one person to another "under" an agreement, such phrase shall include liabilities owed to that other person by virtue of such other person having rights of subrogation, contribution, indemnity or similar rights.

"Licences" means each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330.

"MSA" means the Management Services Agreement dated 26th January 1989 made between (1) Sovereign and (2) EFCL.

"MSG" means Midland & Scottish Group Limited.

"MSG Group" means MSG and each body corporate of which it (i) has direct or indirect control or (ii) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership (provided that Jebsens shall always be deemed to be a member of the MSG Group);

"MSG Participants Agreement" means the agreement so called dated 26th January 1989 and made between (1) MSR, (2) Westburne, (3) MSG, (4) SOSTI, (5) the Section 10 Creditor's Agent and (6) the Project Lenders' Agent.

"Neste Oy Agreement" means the agreement dated 30th September 1987 between Peko and Neste Oy for the sale to Neste Oy of 100% of Peko's Emerald Petroleum.

"Neste Oy Assignments" means each of the deeds of assignment entered or to be entered into between each of the Participants and the Trustee.

"Obligor" means each of EFCL, Jebsens, MSR, MSG and Westburne.

"Participant's (EFPA) Liabilities" means all Liabilities of Westburne to the Project Lenders' Agent, the Section 10 Creditor's Agent and SOSTI under the EFPA.

"Participant's Interest" means all of Peko's present and future right, title to and interest in:-

(i) the Relevant Agreements;

(ii) the Emerald Field Facilities; and

(iii) (save to the extent falling within (i) or (ii) above) any and all other contracts, agreements (including without limitation, leasing agreements), permits, licences, franchises, consents, easements, servitudes, wayleaves, insurances and other rights now or hereafter existing insofar as the same relate to the development and operation of the Emerald Field or to the construction, equipment, maintenance or use of the Emerald Field Facilities or the production, transportation, storage, processing or marketing of the Emerald Petroleum.

"Peko's Security Documents" means all documents entered into or to be entered into by Peko in order to secure its obligations under any of the Combined Financing Documents.

"Peko's Petroleum" and "Participant's Petroleum" means all Emerald Petroleum which accrues from time to time to Peko's Participant's Interest (including the proportion attributable to its Participant's Interest of any Petroleum owned jointly or in common by two or more persons).

"Permitted Investments" means:-

(i) interest bearing deposits in a demand account with a prime bank (including but not limited to the Account Bank) denominated in Dollars or Sterling;

(ii) time deposits with a prime bank (including but not limited to the Account Bank) denominated in Dollars or Sterling; and

(iii) with the prior written consent of the Project Lenders' Agent and the Section 10 Creditor, gilts and CDs issued by a prime bank (including but not limited to the Account Bank).

"Project Credit Agreement" means an agreement dated 26th January, 1989 between EFCL as borrower, Barclays and Deutsche Bank AG as Arranging Banks,

Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and the Industrial Bank of Japan Limited as **Lead Managers**, the several banks specified therein, Barclays as Financial Agent and Deutsche Bank AG as **Technical Agent** and BZW as the initial Account Bank.

"Project Financing Documents" means:-

(i) the Project Credit Agreement;

(ii) the Account Agreement;

(iii) the Compensation Allocation Agreement;

(iv) the Deed of Co-ordination and Priorities;

(v) the EFPA;

(vi) the FSU Side Letter;

(vii) any agreements entered into by the Financial Agent, the Technical Agent or any of the Project Lenders in order to hedge a currency exposure of any Relevant Obligor (whether such agreement is entered into with such Relevant Obligor or otherwise) in connection with the Project and the terms of which are approved by the Financial Agent or the Technical Agent. In this paragraph (vii):-

(a) "Relevant Obligor" means any party (other than the Financial Agent, the Technical Agent, the Arranging Banks, the Lead Managers, the Banks, the Account Bank, SOSTI, the Section 10 Creditor and the Trustee) which is a party to a Project Financing Document and which is a member of the MSG Group; and

(b) (and in paragraph (xvi) below) "Project" means the development and, when the context so requires, the operation of the Emerald Field in accordance with the plan for the development of and production of petroleum from the Emerald Field approved by the Secretary of State for Energy from time to time, together with all amendments thereof and supplements thereto and any consents to produce given by the Secretary of State for Energy from time to time in connection therewith;

(viii) the letter dated 26th January 1989 from EFCL to the Project Lenders' Agent, the Section 10 Creditor's Agent and Bergen Bank A/S relating to EFCL's obligations in respect of insurance;

(ix) the guarantees dated 26th January 1989 from each of Jebsens and MSG to the Project Lenders' Agent in respect of (inter alia) all amounts outstanding under the Project Credit Agreement;

(x) the MSG Participants' Agreement;

(xi) each of the deeds of assignment dated 26th January 1989 between Neste Oy and (respectively) Sovereign, MSR, Westburne, Peko and Nedlloyd;

(xii) the Return Bond issued by National Westminster Bank PLC to the Financial Agent in connection with a series of down-payments aggregating £24,800,000 due from EFCL to Davy under an agreement dated 30th November, 1988 between (1) Davy and (2) EFCL as amended by Addenda Nos. 1 and 2;

(xiii) a risk participation agreement dated 26th January 1989 between each of the Banks and EFCL in respect of the Section 10 Credit Agreement;

(xiv) each of the documents listed in Schedule 2 to the Deed of Co-ordination and Priorities and any other documents relating to the securing of amounts due from EFCL under the Project Credit Agreement;

(xv) any letters or documents setting out the terms (if any) upon which compliance with any provision of any Project Financing Documents is waived by the Financial Agent or the Banks;

(xvi) any other document to which the Project Lenders and/or the Financial Agent and/or the Technical Agent are party relating to the Project.

"Project Lenders" and "Banks" means the Banks (as defined in the Project Credit Agreement) viz:-

(i) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan Limited;

(ii) each assignee of any such person pursuant to Clause 27 of the Project Credit Agreement;

(iii) any person (other than the Financial Agent and the Technical Agent and EFCL or any other Obligor as defined in the Project Credit Agreement) which assumes rights and/or obligations pursuant to Clause 27 of the Project Credit Agreement; and

(iv) any permitted assignee or successor in title of any of the foregoing

except that a Bank shall only be such so long as it has any rights or obligations under the Project Financing Documents (or would have had such rights or obligations but for any breach of any obligation, representation or warranty of an Obligor (as defined in the Project Credit Agreement) under any of the Project Financing Documents).

"Receipts Account" means the Account (in respect of receipts assigned absolutely by Peko to the Trustee) in the name of the Trustee and designated by the words "EMERALD FIELD RECEIPTS ACCOUNT" preceded by the name of Peko, which Account is maintained in Dollars.

"Related Assets" in relation to Peko's Compensation Account means:-

(i) the balance from time to time standing to the credit thereof together with all interest accrued and accruing thereon and the debt represented thereby; and

(ii) all Account Investments (together with all moneys payable in respect thereof (whether on redemption and whether by way of interest or dividend or otherwise however), all rights relating thereto and all debts represented thereby) acquired from time to time with amounts standing to the credit of such Account; and

(iii) the rights under the Account Agreement of Peko to have monies tranferred to such Account from the Receipts Account and the benefit of any security conferred by the Account Agreement for performance of the obligations to credit such monies to such Account.

"Relevant Agreements" means the Drilling Contract, the EDA, the EDA Side Letter, the FSU Charterparty, the Jebsens Restructuring Documents, the Licences, the MSA, the Relevant Sales Contracts, the Services Agreement, the EFPA, the TCA, the Transportation Agreements and the UOA and any other agreement by which any member of the MSG Group or any participant in the Emerald Field is bound relating to the Emerald Field provided that references to Relevant Agreements, insofar as they may include a reference to Licence No. P. 234, import a reference only to the rights and interests and derivative rights and interests relating to Block 2/10a, Tract E (as defined in the First Supplemental Agreement hereinafter referred to) resulting from the subdivisions accomplished with the approval and consent of the Secretary of State for Energy by and pursuant to an Agreement dated 21st November 1986 entitled "Licence Agreement for Petroleum Production Licence P. 234" between Britoil plc, Chevron Petroleum (UK) Limited, Enterprise Petroleum Limited, Sovereign and Westburne ("original parties") and by an agreement dated 23rd April 1987 entitled "First Supplemental Agreement to Licence Agreement for Petroleum Production Licence P. 234" and made between the original parties and an agreement dated 26th January 1989 entitled "Second Supplemental Agreement" and made between the original parties and MSR.

"Relevant Sales Contracts" means:-

(i) the Neste Oy Agreement so long as the same is in force; and

(ii) thereafter, any other contract for the sale or other disposal of Emerald Petroleum (or under which Emerald Petroleum would be sold or otherwise disposed of) entered into by or on behalf of Peko.

"Section 10 Credit Agreement" means the financial agreement dated 26th January 1989 between (1) Barclays and (2) EFCL.

"Section 10 Creditor" means:-

(i) Barclays for so long as it is owed any Section 10 Senior Liabilities and SOSTI is not the Section 10 Creditor in accordance with paragraph (ii) of this definition; and

(ii) SOSTI after it has paid Barclays in full, whether at its option or upon demand by Barclays, any amount payable by it under and in accordance with the Section 10 Guarantee and for so long as it is owed any Section 10 Liabilities

"Section 10 Financing Documents" means:-

(i) the Section 10 Credit Agreement;

(ii) the Shipowner's Agreement;

(iii) a guarantee by Den norske Creditbank PLC (endorsed with the undertaking of Den norske Creditbank to procure the performance of such guarantee) dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(iv) a guarantee by Jebsens dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(v) a guarantee by MSG dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(vi) a first priority statutory ship Mortgage (in account current form) in respect of the FPF and a Deed of Covenant relating thereto each to be executed by EFCL in favour of Barclays acting on behalf of itself and certain other banks;

(vii) a second priority statutory ship Mortgage (in account current form) in respect of the FPF and a Deed of Covenant relating thereto, each to be executed by EFCL in favour of SOSTI;

(viii) an assignment dated 26th January 1989 executed by EFCL in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(ix) Bonds and Floating Charges dated 26th January 1989 executed by EFCL in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(x) a second (becoming first) priority statutory ship Mortgage in respect of each of the drilling rigs "ALADDIN" and "SINDBAD SAXON" and a Deed of Covenant relating thereto each dated 26th January 1989 and executed by Jebsens in favour of Barclays acting on behalf of itself and certain other banks;

(xi) a charge dated 26th January 1989 executed by Jebsens in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent) over the shares of EFCL;

(xii) an agreement entitled the "Section 10 Cash Collateral Agreement" to be made between (1) EFCL, (2) Barclays and (3) BZW;

(xiii) the Account Agreement;

(xiv) the Compensation Allocation Agreement;

(xv) the Deed of Co-ordination and Priorities;

(xvi) the EFPA;

(xvii) the FSU Side Letter;

(xviii) the MSG Participants' Agreement;

(xix) a deed of subordination dated 26th January 1989 and made between (1) Den norske Creditbank PLC, (2) SOSTI, (3) Barclays in its capacity as Section 10 Lender and as Section 10 Creditor's Agent, (4) Barclays as Project Lenders' Agent, (5) Bergen Bank A/S as Bergen (Jebsens) Lenders' Agent, (6) Bergen Bank A/S as Bergen (MSR) Lenders' Agent and (7) M.W. Deaner;

(xx) assignations in security dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxi) bonds and floating charges dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxii) a debenture dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxiii) assignations in security dated 26th January 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent); and

(xxiv) debentures dated 26th January 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as (inter alios) the Section 10 Creditor's Agent).

"Section 10 Guarantee" means a guarantee dated 26th January 1989 given by SOSTI to Barclays (as the Section 10 Lender) in respect of certain Section 10 Liabilities.

"Section 10 Junior Liabilities" means all Liabilities of EFCL to SOSTI under the Shipowner's Agreement.

"Section 10 Liabilities" means the Section 10 Junior Liabilities and the Section 10 Senior Liabilities.

"Section 10 Senior Liabilites" means all Liabilities of the Obligors to the Section 10 Creditor under the Section 10 Financing Documents other than the Shipowner's Agreement.

"Secured Creditors" means the Section 10 Creditor, the Section 10 Creditor's Agent, the Project Lenders and the Project Lenders' Agent.

"Services Agreement" means an agreement dated 26th January 1989 between (1) EFCL and (2) Jebsens relating (inter alia) to the appointment of Jebsens as EFCL's agent.

"Shipowner's Agreement" means an agreement so entitled dated 26th January 1989 between (1) SOSTI and (2) EFCL.

"Sterling" means the lawful currency for the time being of the United Kingdom.

"TCA" means the technical co-ordination agreement dated 26th January 1989 between (1) Sovereign, (2) EFCL and (3) Davy.

"Transportation Agreements" means the lifting arrangements in exhibit F of the UOA and all agreements for the transportation of Emerald Petroleum including, without limitation, any charterparty entered into by the Operator pursuant to such lifting arrangements.

"Trustee" means The Law Debenture Trust Corporation p.l.c. or such other person acting as trustee under the Neste Oy Assignments and the Account Agreement.

"UOA" means a unit operating agreement dated 26th January 1989 made between the Participants and includes all the exhibits thereto.

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that a Debenture dated 26th January 1989 and created by PEKO OIL NORTH SEA PLC for securing all moneys due or to become due from the Company to Barclays Bank PLC (as Section 10 Creditor's Agent - as defined) under the terms of the Emerald Field Participants' Agreement and this Debenture was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,
Cardiff the -1 MAR 1989

No. 1483729

P. T. Davies
P. T. DAVIES
an authorised officer

Certificate and instrument received by
.....L/C.....
.....
Date .....3/3/89.....

C.69d(Rev)

M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

Pursuant to section 395 of the Companies Act 1985

395

Please do not write in this margin

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

* Insert full name of company

M64

For official use U

Company number 1483729

(3)

Name of Company

* PEKO OIL NORTH SEA PLC

Date of creation of the charge 10th February, 1989 and 14th February, 198

Assignation executed on 26th January, 1989; intimated on

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

Scottish Assignations in Security ("the Assignation") given by Peko Oil North Sea PLC ("Peko") in favour of Barclays Bank PLC ("Barclays") as agent and trustee for itself and for each person capable of being or becoming the Section 10 Creditor (in this capacity "the Section 10 Creditor's Agent") and Barclays as agent and (Cont ...)

Amount secured by the mortgage or charge

Payment and discharge of the Liabilities of Peko to the Project Lenders under the EFPA.

Note:

1. References in the Assignation and herein to any document are references to that document as amended or varied or novated or substituted from time to time.

(Cont...)

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

Barclays Bank PLC of 54, Lombard Street,
London,
as the Project Lenders' Agent **Postcode** EC3P 3HR

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

ALLEN & OVERY
9 Cheapside
London
EC2V 6AD
(Ref: GDV)

JCH.

Time critical reference

For official use
Mortgage section

REGISTERED
15 FEB 1989

Post room

COMPANIES REGISTRATION
15 FEB 1989

Waterlow Publishers Limited, Maxwell House, 74 Worship Street, London EC2A 2EN

A two-page form issued in August 1985

Please do not write in this margin

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

Short particulars of all the property mortgaged or charged

Under a second assignation, Peko's entire right, title, interest and benefit in and to:-

(1) the Relevant Agreements;

(2) the Participant's Claims; and

(3) (Save to the extent falling within (1) or (2) above) any and all other contracts (including, without limitation, leasing agreements) permits, licences, franchises, consents, easements, servitudes, wayleaves and other rights now or hereafter existing insofar as the same relate to the development and operation of the Emerald Field or to the construction, equipment, maintenance or use of the Emerald Field Facilities or the production, transportation, storage, processing or marketing of Petroleum won and saved from the Emerald Field; ((1) - (3) inclusive being together called "the Participant's Interest")

(Cont...)

Particulars as to commission allowance or discount (Note 3)

NIL

Signed Allen & Overy **Date** 14th February 1989

Solicitors for the

~~On behalf of [company][mortgagee~~/chargee]†

† Delete as appropriate.

Notes

1 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 despatched 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.

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

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 1 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

trustee for itself and for each of the Project Lenders (in this capacity "the Project Lenders' Agent").

As used herein:-

"Project Lenders" means the Banks as defined in a credit agreement ("the Project Credit Agreement") dated 26th January, 1989 and made between Emerald Field Contracting Limited ("EFCL") (1) Barclays and Deutsche Bank AG (as arranging banks) ("the Arranging Banks") (2) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited (as Lead Managers) ("the Lead Managers") (3) Barclays Bank PLC, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited (as lenders) ("the Lenders") (4) Barclays (as Financial Agent) ("the Financial Agent") (5) Deutsche Bank AG (as Technical Agent) ("the Technical Agent") (6) and Barclays de Zoete Wedd Limited (as initial Account Bank) (7).

"Banks" means:

(i) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan, Limited;

(ii) each assignee of any such person pursuant to Clause 27 of the Project Credit Agreement;

(iii) any person (other than the Financial Agent and the Technical Agent and EFCL or any other Obligor) which assumes rights and/or obligations pursuant to Clause 27 of the Project Credit Agreement; and

(iv) any permitted assignee or successor in title of any of the foregoing;

except that a Bank shall only be such so long as it has any rights or obligations under the Project Financing Documents (or would have had such rights or obligations but for any breach of any obligation, representation or warranty of an Obligor under any of the Project Financing Documents).

(Cont...)

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

2. Peko has undertaken in the Assignation that it will not create, incur, assume or permit to exist any mortgage, lien, pledge, charge, assignment, assignation, standard security, floating charge, hypothecation, security interest, title retention, or any other security agreement having or intended to have the effect of conferring a right in security (save for specified encumbrances) on any of the assets and rights assigned in security by or pursuant to the Assignation during the period beginning on 26th January, 1989 and ending on the date upon which all the Liabilities in respect of which security is granted under the Assignation which have arisen or which may arise have been irrevocably paid and discharged or the security hereby created has been finally released and discharged.

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

but excluding Peko's right, title, interest and benefit in and to (i) the Relevant Sales Contracts and (ii) all assets falling within the definition of Participant's Interest which are effectively charged under or by virtue of the Account Agreement and (iii) Peko's right, title and interest and benefit in and to the EFPA, the Account Agreement, the Participant's Security Documents, the Compensation Allocation Agreement, the Participants' Insurances, and the Cargo Insurances (together the "Secured Subjects") together with any remaining reversionary or radical rights in the Secured Subjects and all substituted subjects and the fruits thereof whether in cash or in specie or otherwise howsoever and Peko's right to claim from the Section 10 Creditor's Agent or its successors and assignees retrocession, reassignments or divestiture or otherwise and an accounting of the balance due or to become due thereon with power to the Project Lenders' Agent to enforce such rights and to examine, dispute and adjust and settle accounts and to give a receipt for monies paid and a full discharge all which shall be valid as if done or granted by Peko and that all without further consent by or notice to Peko.

As used herein:-

"Relevant Agreements" means the Drilling Contract, the EDA, the EDA Side Letter, the FSU Charterparty, the Jebsens Restructuring Documents, the Licences, the MSA, the MSG Participants' Agreement, the Prime Contract Documents, the Relevant Sales Contracts, the Services Agreement, the EFPA, the TCA, the Transportation Agreements, and the UOA and any other agreement by which any member of the MSG Group or any Participant is bound relating to the Emerald Field.

"Participant's Claims" means all claims or rights of Peko under any agreement for the use of all or any part of the Emerald Field Facilities or in respect of debts or revenues due or owing to Peko in respect of the Participant's Interest, including without limitation each of the Participant's Compensation Claims;

"Emerald Field" means all or any structures containing hydrocarbons and lying within the co-ordinates set out in Exhibit E to the UOA in Blocks 2/10(a) (Tract E) 2/15(a) and 3/11(b) of the United Kingdom Continental Shelf;

"Emerald Field Facilities" means, in relation to the Emerald Field:

(a) all wells drilled or to be drilled, including production and injection wells and all equipment installed or to be installed in and on such wells;

(b) all subsea equipment (including all flowlines and risers) connected to such wells;

(c) any rig, platform, floating unit or other vessel (including, without limitation, the FPF and the FSU) used or to be used for accommodation or storage or

(Cont...)

Amount due or owing on the mortgage or charge (continued)

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COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 2 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

"Obligor" means any party (other than the Financial Agent, the Technical Agent, the Arranging Banks, the Lead Managers, the Banks, the Account Bank, the Secretary of State for Trade and Industry, the Section 10 Creditor and the Trustee) who is a party to a Project Financing Document;

"Project Financing Documents" means:

(i) the Project Credit Agreement;

(ii) an Account Agreement ("the Account Agreement") dated 26th January, 1989 and made between EFCL (1) Sovereign Oil & Gas PLC ("Sovereign") Midland & Scottish Resources Limited ("MSR") Peko, Nedlloyd Energy (UK) Limtied ("Nedlloyd") Westburne Drilling & Exploration (UK) Limited ("Westburne") (2) Sovereign (3) The Secretary of State for Trade and Industry (4) Barclays (as the Section 10 Creditor's Agent (5) Barclays (as the Project Lenders' Agent) (6) Bergen Bank A/S (7) Bergen Bank A/S (8) Barclays de Zoete Wedd Limited (9) and The Law Debenture Trust Corporation p.l.c. ("the Trustee") (10);

(iii) an agreement entitled Compensation Allocation Agreement ("the Compensation Allocation Agreement") dated 26th January 1989 relating to the disposal of insurance and compensation proceeds in relation to, inter alia, certain equipment and facilities used or to be used in the Emerald Field and each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330;

(iv) a deed entitled Deed of Co-Ordination and Priorities ("the Deed of Co-Ordination and Priorities") dated 26th January, 1989 and made between certain of the parties to the Account Agreement and other parties;

(v) the Emerald Field Participants' Agreement ("the EFPA") dated 26th January 1989 and made between Sovereign (1) Sovereign and others (2) The Secretary of State for Trade and Industry (3) Barclays Bank PLC (4) and Barclays (5);

(Cont...)

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A four-page form issued in August 1985

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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production of Emerald Petroleum and the structures and equipment erected or to be erected on any of the same;

(d) any pipeline and ancillary facilities constructed or to be constructed for transportation of Emerald Petroleum (or any component part of such petroleum); and

(e) all other pipelines, structures, machinery, equipment, vessels, vehicles and other facilities which are or will be used in the development or operation of the Emerald Field (other than the Drilling Rigs);

"Relevant Sales Contracts" means:

(a) the Neste Oy Agreement so long as the same is in force; and

(b) thereafter, any other contract for the sale or other disposal of Participant's Petroleum (or under which Participant's Petroleum could be sold) entered into by or on behalf of Peko;

"Participant's Security Documents" means all documents entered into or to be entered into by Peko in order to secure its obligations under any of the Combined Financing Documents;

"Participant's Insurances" means the interest of Peko in all contracts and policies of insurance or entries which are from time to time taken out by or on behalf of Peko in accordance with the EFPA in connection with:-

(i) its Participant's Interest;

(ii) the Emerald Field Facilities; and

(iii) the Emerald Petroleum

but excluding Peko's interest in any of the Cargo Insurances;

"Cargo Insurances" means any contract or policy of insurance or entry which is from time to time taken out by or on behalf of Peko in accordance with the EFPA in respect of Emerald Petroleum (including for the avoidance of doubt, such Petroleum where it is in the FSU or is being transferred).

"Drilling Contract" means the drilling contract entered or to be entered into between EFCL (1) and Jebsens (2) for the drilling of eleven wells in connection with the Emerald Field;

"EDA" means the Emerald Development Agreement dated 26th January, 1989 between Sovereign (1) and EFCL (2) and the EDA Side Letter;

"EDA Side Letter" means a side letter of even date with the EDA between Sovereign and EFCL relating to default by Neste Oy;

(Cont...)

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COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. ...3..... to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

(vi) a letter ("the FSU Side Letter") from the FSU Owner to or the agreement between the FSU Owner and each of the Financial Agent, the Section 10 Creditor and Sovereign, relating to a floating storage unit. In this paragraph (vi) "FSU Owner" means FOSCO N.V., a company incorporated in Belgium, or such other owner from time to time of the relevant floating storage unit;

(vii) any agreements entered into by the Financial Agent, the Technical Agent or any of the Banks in order to hedge a currency exposure of any Relevant Obligor (whether such agreement is entered into with such Relevant Obligor or otherwise) in connection with the Project and the terms of which are approved by the Financial Agent or the Technical Agent. In this paragraph (vii) and throughout "Relevant Obligor" means any Obligor which is a member of the MSG Group (being Midland & Scottish Group Limited ("MSG") and each body corporate of which it (aa) has direct or indirect control or (bb) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership (provided that Jebsens Drilling plc shall always be deemed to be a member of the MSG Group)); and "Project" means the development and, when the context so requires, the operation of the Emerald Field in accordance with the plan for the development of and production of petroleum from the Emerald Field approved by the Secretary of State for Energy from time to time, together with all amendments thereof and supplements thereto and any consents to produce given by the Secretary of State for Energy from time to time in connection therewith;

(viii) the letter dated 26th January, 1989 from EFCL to Barclays (as the Project Lenders' Agent), Barclays (as the Section 10 Creditor's Agent) and Bergen Bank A/S relating to EFCL's obligations in respect of insurance;

(ix) the guarantees dated 26th January, 1989 from each of Jebsens Drilling plc ("Jebsens") and MSG to Barclays (as the Project Lenders' Agent) in respect of (inter alia) all amounts outstanding under the Project Credit Agreement;

(Cont...)

Amount due or owing on the mortgage or charge (continued)

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

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

Short particulars of all the property mortgaged or charged (continued)

"FSU Charterparty" means the charterparty entered into or to be entered into between Scarborough Shipping Limited (1) EFCL (2) FOSCO N.V. (3) and Ortac Marine BV (4) in relation to the use of the FSU;

"Jebsens Restructuring Documents" means the EFCL Share Purchase Agreement, the Jebsens Subscription Agreement, the Jebsens Circular, the Jebsens Debt Settlement Agreement, each of the Supplemental Agreements dated 14th January 1988, 29th February 1988 and 27th September, 1988 between inter alia Jebsens and Bergen Bank A/S and any other agreement or document to which Jebsens is a party relating to its restructuring;

"Licences" means each of UK Offshore Petroleum Production Licence No. P. 234, No. P.327 and No. P330.

"MSA" means the Management Services Agreement dated 26th January, 1989 made between Sovereign (1) and EFCL (2);

"Services Agreement" means an agreement dated 26th January 1989 between EFCL and Jebsens relating (inter alia) to the appointment of Jebsens as EFCL's agent;

"TCA" means the technical co-ordination agreement dated 26th January, 1989 between Sovereign (1) EFCL (2) and Davy Offshore Limited (3);

"Transportation Agreements" means the lifting arrangements in exhibit F of the UOA and all agreements for the transportation of Emerald Petroleum including, without limitation, any charterparty entered into by the Operator (being Sovereign) pursuant to such lifting arrangements;

"UOA" means a unit operating agreement dated 26th January, 1989 made between the Participants;

"EFCL Share Purchase Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the transfer of shares of EFCL;

"Jebsens Subscription Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the subscription by MSG of additional share capital in Jebsens;

"Jebsens Circular" means the circular to Jebsens' shareholders dated 1st March, 1988 relating to the Jebsens restructuring;

"Jebsens Debt Settlement Agreement" means the agreement between Jebsens and Bergen Bank A/S relating inter alia to the release of security over the ALI BABA, the SINDBAD SAXON and the ALADDIN;

"MSG Group" means Midland & Scottish Group Limited ("MSG") and each body corporate of which it (aa) has direct or indirect control or (bb) owns directly or indirectly more than 50 per cent.

(Cont...)

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

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 4 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

(x) the MSG Participants' Agreement ("the MSG Participants' Agreement") dated 26th January, 1989 and made between MSR (1) Westburne (2) MSG (3) The Secretary of State for Trade and Industry (4) Barclays (as the Section 10 Creditor's Agent) (5) and Barclays (as the Project Lenders' Agent) (6);

(xi) each of the deeds of assignment dated 26th January, 1989 between Neste Oy and Sovereign, MSR, Westburne, Peko and Nedlloyd;

(xii) the Return Bond issued by National Westminster Bank PLC to Barclays Bank PLC (as the Project Lenders' Agent) in connection with a series of down-payments aggregating £24,800,000 due from EFCL to Davy Offshore Limited under an agreement dated 30th November, 1988 between Davy Offshore Limited (1) and EFCL (2) as amended by Addenda Nos. 1 and 2 ("the Prime Contract");

(xiii) a risk participation agreement dated 26th January, 1989 between each of the Banks and EFCL in respect of a financial agreement dated 26th January, 1989 between Barclays and EFCL ("the Section 10 Credit Agreement");

(xiv) each of the documents listed in Schedule 2 to the Deed of Co-Ordination and Priorities and any other documents relating to the securing of amounts due from EFCL under the Project Credit Agreement;

(xv) any letters or documents setting out the terms (if any) upon which compliance with any provision of any Project Financing Document is waived by the Financial Agent or the Banks;

(xvi) any other document to which the Banks and/or the Financial Agent and/or the Technical Agent are party relating to the Project.

(Cont...)

Amount due or owing on the mortgage or charge (continued)

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

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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Short particulars of all the property mortgaged or charged (continued)

of the share capital or similar right of ownership (provided that Jebsens Drilling plc ("Jebsens") shall always be deemed to be a member of the MSG Group);

"Participant" means each of Sovereign, Peko, MSR, Westburne and Nedlloyd;

"Participant's Compensation Claims" means all claims or rights of Nedlloyd in respect of the Participant's Compensation and, for the avoidance of doubt, includes the statutory, contractual and other rights referred to in the Compensation Allocation Agreement;

"FPF" means the semi-submersible drilling rig" ALI BABA" as the same is converted to a floating production facility for use in connection with the Emerald Field;

"FSU" means a tanker as the same is converted into a floating storage unit for use in connection with the Emerald Field;

"Emerald Petroleum" means all Petroleum won and saved from the Emerald Field;

"Drilling Rigs" means each of the semi-submersible drilling rigs the "SINDBAD SAXON" and "ALADDIN" each registered in the ownership of Jebsens under the British flag;

"Neste Oy Agreement" means an agreement dated 30th September, 1987 between Peko and Neste Oy whereby Peko agreed to sell and Neste Oy agreed to purchase all the Emerald Petroleum to which Peko is or becomes entitled.

"Participant's Petroleum" means all Emerald Petroleum which accrues to the Participant's Interest (including the proportion attributable to the Participant's Interest of any Petroleum owned jointly or in common by two or more persons);

"Combined Financing Documents" means each of the Section 10 Financing Documents and the Project Financing Documents;

"Participants's Compensation" means Compensation apportioned to Peko under Clause 3 of the Compensation Allocation Agreement or held in its Participant's Compensation Account pending an apportionment under that Clause;

(Cont...)

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

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 5 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

"Section 10 Creditor" means:

(a) Barclays for so long as it is owed any Section 10 Senior Liabilities and the Secretary of State for Trade and Industry is not the Section 10 Creditor in accordance with paragraph (b) of this definition; and

(b) the Secretary of State for Trade and Industry after it has paid Barclays in full, whether at its option or upon demand by Barclays, any amount payable by it under and in accordance with the Section 10 Guarantee and for so long as it is owed any Section 10 Liabilities;

"Section 10 Senior Liabilities" means all Liabilities of any of EFCL, Jebsens, MSR, MSG and Westburne to the Section 10 Creditor under the Section 10 Financing Documents ("Section 10 Liabilities") other than the Shipowners Agreement;

"Section 10 Guarantee" means a guarantee dated 26th January, 1989 by the Secretary of State for Trade and Industry in favour of Barclays;

"Section 10 Financing Documents" means:

(i) a financial agreement dated 26th January, 1989 made between Barclays (1) and EFCL (2) ("the Section 10 Credit Agreement");

(ii) an agreement ("the Shipowners Agreement") dated 26th January, 1989 made between The Secretary of State for Trade and Industry (1) and EFCL (2);

(iii) a guarantee by Den Norske Creditbank PLC (endorsed with the undertaking of Den Norske Creditbank to procure the performance of such guarantee) dated 26th January, 1989 in favour of Barclays (as the Section 10 Creditor's Agent);

(iv) a guarantee by Jebsens dated 26th January, 1989 in favour of Barclays (as the Section 10 Creditor's Agent);

(Cont...)

Amount due or owing on the mortgage or charge (continued)

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

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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Short particulars of all the property mortgaged or charged (continued)

"Compensation" means any sums received by any of the Participants or EFCL which fall to be apportioned under Clause 3 of the Compensation Allocation Agreement;

"Participant's Compensation Account" means the accounts maintained by Peko under Clause 3(h) of the Account Agreement.

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

COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 6 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

(v) a guarantee by MSG dated 26th January, 1989 in favour of Barclays (as the Section 10 Creditor's Agent);

(vi) a first priority statutory ship mortgage (in account current form) in respect of a floating production facility (to be created by conversion of the semi-submersible drilling rig "ALI BABA") ("the FPF") and a deed of covenant relating thereto each to be executed by EFCL in favour of Barclays (as the Section 10 Creditor's Agent);

(vii) a second priority statutory ship mortgage (in account current form) in respect of the FPF and a deed of covenant relating thereto, each to be executed by EFCL in favour of the Secretary of State for Trade and Industry;

(viii) an assignment dated 26th January, 1989 executed by EFCL in favour of inter alia, Barclays (as the Section 10 Creditor's Agent) ("the EFCL Assignment");

(ix) Bonds and Floating Charges dated 26th January, 1989 executed by EFCL in favour of inter alia, Barclays (as the Section 10 Creditor's Agent) ("the EFCL Bond and Floating Charge");

(x) a Statutory Ship Mortgage in respect of each of the drilling rigs Aladdin and Sindbad Saxon and a deed of covenant relating thereto each dated 26th January, 1989 and executed by Jebsens in favour of Barclays (as the Section 10 Creditor's Agent);

(xi) a charge dated 26th January, 1989 executed by Jebsens in favour of the Section 10 Creditor's Agent over the shares of EFCL;

(xii) an agreement entitled the "Section 10 Cash Collateral Agreement" to be made between EFCL (1) Barclays (2) and Barclays de Zoete Wedd Limited (3);

(xiii) the Account Agreement;

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Amount due or owing on the mortgage or charge (continued)

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COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 7 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

(xiv) the Deed of Co-Ordination and Priorities;

(xv) the Compensation Allocation Agreement;

(xvi) the EFPA;

(xvii) the FSU Side Letter;

(xviii) the MSG Participants' Agreement;

(xix) a deed of subordination dated 26th January, 1989 and made between Den Norske Creditbank PLC (1) The Secretary of State for Trade and Industry (2) Barclays (3) Barclays (4) Bergen Bank A/S (5) Bergen Bank A/S (6) and M.W. Deaner (7);

(xx) assignations in security dated 26th January, 1989 executed by MSR in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxi) bonds and floating charges dated 26th January, 1989 executed by MSR in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxii) a debenture dated 26th January, 1989 executed by MSR in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxiii) assignations in security (including the Assignation) dated 26th January, 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent);

(xxiv) debentures dated 26th January, 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as the Section 10 Creditor's Agent).

(xxv) any other document relating to the securing of amounts due from EFCL under the Section 10 Credit Agreement.

(Cont...)

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COMPANIES FORM No. 395 (cont.)

Particulars of a mortgage or charge (continued)

Continuation Sheet No. 8 to Form No. 395

Company number

1483729

Name of Company

PEKO OIL NORTH SEA PLC

~~Limited~~*

* Delete if appropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

"Liabilities" means, in relation to a person and an agreement, all present and future obligations and liabilities (whether actual or contingent and whether sole or joint or otherwise) of such person to another person under or in connection with such agreement, together with all costs, charges and expenses incurred by such other person in connection with the preservation or enforcement of any of its rights thereunder and, for the avoidance of doubt, where any reference is made to liabilities owed by one person to another "under" an agreement, such phrase shall include liabilities owed to such other person by virtue of such other person having rights of subrogation, contribution, indemnity or similar rights.

"Project" means the development and operation of the Emerald Field in accordance with the plan for the development of and production of Petroleum from the Emerald Field approved by the Secretary of State for Energy.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that a Scottish Assignment in Security dated 26th January 1989 and created by PEKO OIL NORTH SEA PLC for securing all moneys due or to become due from the Company to Barclays Bank PLC as the Project Lenders' Agent under the terms of the Emerald Field Participants Agreement was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,
Cardiff the -1 MAR 1989

No. 1483729

P. T. Davies
P. T. DAVIES
an authorised officer

Certificate and instrument received by
.....L/C.....
.....
Date .....3/3/89.....

C 698(Rev)

M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

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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

M65

For official use [U I]

Company number 1483729

(3)

Name of company

* PEKO OIL NORTH SEA PLC

* insert full name of company

Date of creation of the charge 10th February, 1989 and 14th February, 1989

Assignation created on 26th January, 1989; intimated on

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

Scottish Assignations in Security ("Assignation") given by Peko Oil North Sea PLC ("Peko") to (i) Barclays Bank plc ("Barclays") as agent and trustee for itself (See Continuation Sheet 1)

Amount secured by the mortgage or charge

First Ranking Assignation : payment and discharge of the Participant's (EFPA) Liabilities to the Section 10 Creditor

N.B: For underlined expressions see Continuation Sheet 2

JCH.

16/2

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

See Continuation Sheet 1

Postcode

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JORDAN HOUSE
BRUNSWICK PLACE
LONDON N1 6EE
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Presentor's name address and reference (if any):
Norton Rose
Kempson House
Camomile Street
LONDON EC3A 7AN
Tel: 01-283-2434
(Ref: DNH/25/L173262/D37.9)

Time critical reference

For official Use

Mortgage Section

REGISTERED 15 FEB 1989

Post room

COMPANIES REGISTRATION M C 15 FEB 1989

Short particulars of all the property mortgaged or charged

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Peko's whole right, title, interest and benefit in and to:-

(i) the Relevant Agreements;

(ii) the Participant's Claims; and

(iii) (save to the extent falling within (i) or (ii) above) any and all other contracts (including without limitation, leasing agreements), permits, licences, franchises, consents, easements, servitudes, wayleaves and other rights now or hereafter existing insofar as the same relate to the development and operation of the Emerald Field or to the construction, equipment, maintenance or use of the Emerald Field Facilities or the production, transportation, storage, processing or marketing of the Emerald Petroleum

(See Continuation Sheet 1)

Particulars as to commission allowance or discount (note 3)

Nil

Signed Norton Rose Date 15th February 1989

On behalf of ~~[company]~~ [mortgagee/chargee]†

† delete as appropriate

Notes

1 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 it 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.

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.

DNH/D37.009

CONTINUATION SHEET 1

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

and for each person capable of being or becoming the Section 10 Creditor (in this capacity the **"Section 10 Creditor's Agent"**) and (ii) Barclays as agent and trustee for itself and for each of the Project Lenders (in this capacity the **"Project Lenders Agent"**) intimated as stated on the attached Certificates of Intimation made on ~~dated~~ 10th February, 1989, and 14th February, 1989

N.B: For underlined expressions see Continuation Sheet 2

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

(i) as first ranking assignee:
Barclays Bank PLC (as Section 10 Creditor's Agent)
54 Lombard Street
London EC3P 3AM

Short particulars of all the property mortgaged or charged continued

but excluding in any such case the Participant's right, title, interest and benefit in and to (i) the Relevant Sales Contracts and (ii) all assets falling within the definition of the Participant's Interest which are effectively charged under or by virtue of the Account Agreement and (iii) the Participant's right, title and interest and benefit in and to the EFPA, the Account Agreement, the Participant's Security Documents, the Compensation Allocation Agreement, the Participant's Insurances and the Cargo Insurances.

N.B: For underlined expressions see Continuation Sheet 2

Note:

1. References in the Assignation and herein to any document are references to that document as amended or varied or novated or substituted from time to time.

2. Peko has undertaken in the Assignation that it will not create, incur, assume or permit to exist any mortgage, lien, pledge, charge, assignment, assignation, standard security, floating charge, hypothecation, security interest, title retention or any other security agreement having or intended to have the effect of conferring a right in security (save for specified encumbrances) on any of the assets and rights assigned in security by or pursuant to the Assignation during the period beginning on 26th January 1989 and ending upon the date upon which all the Liabilities in respect of which security is created under the Assignation which have arisen or which may arise have been irrevocably paid and discharged or the security created by the Assignation has been finally released and discharged.

CONTINUATION SHEET 2

"Account Agreement" means the agreement dated 26th January 1989 made between (1) Emerald Field Contracting Limited ("EFCL"), (2) the "Participants", namely Midland & Scottish Resources Limited ("MSR"), Sovereign Oil & Gas PLC ("Sovereign" or "Operator"), Peko, Nedlloyd Energy (UK) Limited ("Nedlloyd") and Westburne Drilling & Exploration (UK) Limited ("Westburne"), (3) Sovereign (as operator of the Emerald Field on behalf of the Participants), (4) The Secretary of State for Trade and Industry ("SOSTI"), (5) Barclays (as Section 10 Creditor's Agent) (6) Barclays (as Project Lenders' Agent), (7) Bergen Bank A/S as agent and trustee for itself and each of the Bergen (Jebsens) Lenders , (8) Bergen Bank A/S as agent and trustee for itself and each of the Bergen (MSR) Lenders, (9) Barclays de Zoete Wedd Limited ("BZW") as the initial Account Bank and (10) The Law Debenture Trust Corporation p.l.c.

"Account Bank" means BZW or any other bank or financial institution with whom the Accounts, with the agreement of EFCL, the Operator, the Project Lenders' Agent, SOSTI, the Section 10 Creditor, the Bergen (MSR) Lenders' Agent and the Bergen (Jebsens) Lenders' Agent, are from time to time maintained.

"Account Holder" means a person in whose name an Account is maintained.

"Accounts" means the accounts maintained from time to time in accordance with Clause 3 of the Account Agreement and any Investment Accounts relating to such Accounts.

"Cargo Insurances" means the insurances in respect of Emerald Petroleum, the rights of recovery and proceeds of which are the subject of the Neste Oy Assignments.

"Combined Financing Documents" means each of the Section 10 Financing Documents and the Project Financing Documents.

"Compensation" means any sums received by any of the Participants or EFCL which fall to be apportioned under Clause 3 of the Compensation Allocation Agreement.

"Compensation Account" means the two separate Accounts in the name of Peko in each case designated by the words "COMPENSATION ACCOUNT" preceded by Peko's name and maintained as to one Account in Dollars and as to one in Sterling.

"Compensation Allocation Agreement" means the agreement so called dated 26th January 1989 between certain of the parties to the Account Agreement and EFCL relating to the disposal of insurance and compensation proceeds in relation to, inter alia, certain equipment and facilities used or to be used in the Emerald Field and each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330.

"Davy" means Davy Offshore Limited.

"Deed of Co-ordination and Priorities" means the deed so called dated 26th January 1989 between (1) SOSTI, (2) Barclays as Section 10 Lender and as agent and trustee for itself as Section 10 Lender and each other person capable of being or becoming the Section 10 Creditor, (3) the Project Lenders' Agent, (4) the Bergen (Jebsens) Lenders' Agent, (5) the Bergen (MSR) Lenders' Agent, (6) BZW, (7) EFCL, (8) MSG, (9) MSR, (10) Westburne and (11) Jebsens.

"Dollars" and "$" means the lawful currency for the time being of the United States of America.

"Drilling Contract" means the drilling contract entered or to be entered into between (1) EFCL and (2) Jebsens for the drilling of eleven wells in connection with the Emerald Field.

"EDA" means the Emerald Development Agreement dated 26th January 1989 between (1) the Operator and (2) EFCL and the EDA Side Letter.

"EDA Side Letter" means a side letter of even date with the EDA between Sovereign and EFCL relating to default by Neste Oy.

"EFCL Share Purchase Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the transfer of shares of EFCL.

"EFPA" means the Emerald Field Participants' Agreement dated 26th January 1989 between (1) the Operator, (2) the Participants, (3) SOSTI, (4) the Section 10 Creditor's Agent and (5) the Project Lenders' Agent.

"Emerald Field" means all or any structures containing hydrocarbons and lying within the co-ordinates set out in Exhibit E of the UOA in blocks 2/10a (Tract E), 2/15a and 3/11b of the United Kingdom Continental Shelf.

"Emerald Field Facilities" means, in relation to the Emerald Field:-

(i) all wells drilled or to be drilled, including production and injection wells and all equipment installed or to be installed in and on such wells;

(ii) all subsea equipment (including all flowlines and risers) connected to such wells;

(iii) any rig, platform, floating unit or other vessel (including without limitation the FPF and the FSU) used or to be used for accommodation or storage or production of Emerald Petroleum and the structures and equipment erected or to be erected on any of the same;

(iv) any pipelines and ancillary facilities constructed or to be constructed for transportation of Emerald Petroleum (or any component part of such Petroleum); and

(v) all other pipelines, structures, machinery equipment, vessels, vehicles and other facilities which are or will be used in the development or operation of the Emerald Field other than any drilling rigs used in connection with the Drilling Contract.

"Emerald Interest" means, in relation to Peko, its Participant's Interest.

"Emerald Petroleum" means all Petroleum won and saved from the Emerald Field.

"FPF" means the semi-submersible drilling rig "ALI BABA" to be converted to a floating production facility.

"FSU" means the turbine tanker or other vessel used or to be used as a floating storage unit in connection with the Emerald Field.

"FSU Charterparty" means the charterparty entered into or to be entered into between (1) Scarborough Shipping Limited, (2) EFCL, (3) the FSU Owner and (4) Ortac Marine BV in relation to the use of the FSU.

"FSU Owner" means FOSCO N.V. or such other owner from time to time of the FSU.

"FSU Side Letter" means a letter from the FSU Owner to or the agreement between the FSU Owner and each of Barclays (as **Financial Agent**), the Section 10 Creditor and Sovereign relating to the FSU.

"Investment Accounts" means all Accounts maintained with the Account Bank in respect of all Permitted Investments.

"Jebsens" means Jebsens Drilling PLC.

"Jebsens Circular" means the circular to Jebsens shareholders dated 1st March 1988 relating to the Jebsens restructuring.

"Jebsens Debt Settlement Agreement" means the agreement between Jebsens and Bergen Bank A/S relating inter alia to the release of security over the "ALI BABA", the "SINDBAD SAXON" and the "ALADDIN".

"Jebsens Restructuring Documents" means the EFCL Share Purchase Agreement, the Jebsens Subscription Agreement, the Jebsens Circular, the Jebsens Debt Settlement Agreement, each of the Supplemental Agreements dated 14th January 1988, 29th February 1988 and 27th September 1988 between inter alios Jebsens and Bergen Bank A/S and any other agreement or document to which Jebsens is a party relating to its restructuring;

"Jebsens Subscription Agreement" means the agreement entered or to be entered into by MSG and Jebsens relating to the subscription by MSG of additional share capital in Jebsens.

"Liabilities" means, in relation to a person and an agreement, all present and future obligations and liabilities (whether actual or contingent and whether sole or joint or otherwise) of such person to another person under or in connection with such agreement, together with all costs, charges and expenses incurred by such other person in connection with the preservation or enforcement of any of its rights thereunder and, for the avoidance of doubt, where any reference is made to Liabilities owed by one person to another "under" an agreement, such phrase shall include liabilities owed to that other person by virtue of such other person having rights of subrogation, contribution, indemnity or similar rights.

"Licences" means each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330.

"MSA" means the Management Services Agreement dated 26th January 1989 made between (1) Sovereign and (2) EFCL.

"MSG" means Midland & Scottish Group Limited.

"MSG Group" means MSG and each body corporate of which it (i) has direct or indirect control or (ii) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership (provided that Jebsens shall always be deemed to be a member of the MSG Group);

"MSG Participants Agreement" means the agreement so called dated 26th January 1989 and made between (1) MSR, (2) Westburne, (3) MSG, (4) SOSTI, (5) the Section 10 Creditor's Agent and (6) the Project Lenders' Agent.

"Neste Oy Agreement" means the agreement dated 30th September 1987 between Peko and Neste Oy for the sale to Neste Oy of 100% of the Participant's Petroleum.

"Neste Oy Assignments" means each of the deeds of assignment entered or to be entered into between each of the Participants and the Trustee.

"Obligor" means each of EFCL, Jebsens, MSR, MSG and Westburne.

"Participant's Claims" means all claims or rights of Peko under any agreement for the use of all or any part of the Emerald Field Facilities or in respect of debts or revenues due or owing to Peko in respect of the Participant's Interest, including without limitation each of the Participant's Compensation Claims and the Participant's Insurance Claims.

"Participant's Compensation Claims" means all claims or rights of Peko in respect of Peko's Compensation Account and, for the avoidance of doubt, includes the statutory, contractual and other rights referred in the Compensation Allocation Agreement.

"Participant's (EFPA) Liabilities" means all Liabilities of Peko to the Project Lenders' Agent, the Section 10 Creditor's Agent and SOSTI under the EFPA.

"Participant's Insurance Claims" means all claims or rights of Peko in respect of the Participant's Insurances and return of premiums.

"Participant's Insurances" means the interest of Peko in all contracts and policies of insurance or entries which are from time to time taken out or effected by or on behalf of Peko in accordance with the EFPA in connection with:-

(i) its Emerald Interest;

(ii) the Emerald Field Facilities; and

(iii) the Emerald Petroleum

but excluding Peko's interest in any of the Cargo Insurances.

"Participant's Interest" means all of Sovereign's present and future right, title to and interest in:-

(i) the Relevant Agreements;

(ii) the Emerald Field Facilities; and

(iii) (save to the extent falling within (i) or (ii) above) any and all other contracts (including without limitation, leasing agreements), permits, licences, franchises, consents, easements, servitudes, wayleaves and other rights now or hereafter existing insofar as the same relate to the development and operation of the Emerald Field or to the construction, equipment, maintenance or use of the Emerald Field Facilities or the production, transportation, storage, processing or marketing of the Emerald Petroleum.

"Participant's Petroleum" means all Emerald Petroleum which accrues to the Participant's Interest (including the proportion attributable to the Participant's Interest of any such Petroleum owned jointly or in common by two or more persons).

"Participant's Security Documents" means all documents entered into or to be entered into by Peko in order to secure its obligations under any of the Combined Financing Documents.

"Permitted Investments" means:-

(i) interest bearing deposits in a demand account with a prime bank (including but not limited to the Account Bank) denominated in Dollars or Sterling;

(ii) time deposits with a prime bank (including but not limited to the Account Bank) denominated in Dollars or Sterling; and

(iii) with the prior written consent of the Project Lenders' Agent and the Section 10 Creditor, gilts and CDs issued by a prime bank (including but not limited to the Account Bank).

"Project Credit Agreement" means an agreement dated 26th January, 1989 between EFCL as borrower, Barclays and Deutsche Bank AG as **Arranging Banks**, Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and the Industrial Bank of Japan Limited as **Lead Managers**, the several banks specified therein, Barclays as Financial Agent and Deutsche Bank AG as **Technical Agent** and BZW as the initial Account Bank.

"Project Financing Documents" means:-

(i) the Project Credit Agreement;

(ii) the Account Agreement;

(iii) the Compensation Allocation Agreement;

(iv) the Deed of Co-ordination and Priorities;

(v) the EFPA;

(vi) the FSU Side Letter;

(vii) any agreements entered into by the Financial Agent, the Technical Agent or any of the Project Lenders in order to hedge a currency exposure of any Relevant Obligor (whether such agreement is entered into with such Relevant Obligor or otherwise) in connection with the Project and the terms of which are approved by the Financial Agent or the Technical Agent. In this paragraph (vii):-

(a) "Relevant Obligor" means any party (other than the Financial Agent, the Technical Agent, the Arranging Banks, the Lead Managers, the Banks, the Account Bank, SOSTI, the Section 10 Creditor and the Trustee) which is a party to a Project Financing Document and which is a member of the MSG Group; and

(b) (and in paragraph (xvi) below) "Project" means the development and, when the context so requires, the operation of the Emerald Field in accordance with the plan for the development of and production of petroleum from the Emerald Field approved by the Secretary of State for Energy from time to time, together with all amendments thereof and supplements thereto and any consents to produce given by the Secretary of State for Energy from time to time in connection therewith;

(viii) the letter dated 26th January 1989 from EFCL to the Project Lenders' Agent, the Section 10 Creditor's Agent and Bergen Bank A/S relating to EFCL's obligations in respect of insurance;

(ix) the guarantees dated 26th January 1989 from each of Jebsens and MSG to the Project Lenders' Agent in respect of (inter alia) all amounts outstanding under the Project Credit Agreement;

(x) the MSG Participants' Agreement;

(xi) each of the deeds of assignment dated 26th January 1989 between Neste Oy and (respectively) Sovereign, MSR, Westburne, Peko and Nedlloyd;

(xii) the Return Bond issued by National Westminster Bank PLC to the Financial Agent in connection with a series of down-payments aggregating £24,800,000 due from EFCL to Davy under an agreement dated 30th November, 1988 between (1) Davy and (2) EFCL as amended by Addenda Nos. 1 and 2;

(xiii) a risk participation agreement dated 26th January 1989 between each of the Banks and EFCL in respect of the Section 10 Credit Agreement;

(xiv) each of the documents listed in Schedule 2 to the Deed of Co-ordination and Priorities and any other documents relating to the securing of amounts due from EFCL under the Project Credit Agreement;

(xv) any letters or documents setting out the terms (if any) upon which compliance with any provision of any Project Financing Documents is waived by the Financial Agent or the Banks;

(xvi) any other document to which the Project Lenders and/or the Financial Agent and/or the Technical Agent are party relating to the Project.

"Project Lenders" and "Banks" means the Banks (as defined in the Project Credit Agreement) viz:-

(i) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan Limited;

(ii) each assignee of any such person pursuant to Clause 27 of the Project Credit Agreement;

(iii) any person (other than the Financial Agent and the Technical Agent and EFCL or any other Obligor as defined in the Project Credit Agreement) which assumes rights and/or obligations pursuant to Clause 27 of the Project Credit Agreement; and

(iv) any permitted assignee or successor in title of any of the foregoing

except that a Bank shall only be such so long as it has any rights or obligations under the Project Financing Documents (or would have had such rights or obligations but for any breach of any obligation, representation or warranty of an Obligor (as defined in the Project Credit Agreement) under any of the Project Financing Documents).

"Relevant Agreements" means the Drilling Contract, the EDA, the EDA Side Letter, the FSU Charterparty, the Jebsens Restructuring Documents, the Licences, the MSA, the Relevant Sales Contracts, the Services Agreement, the EFPA, the TCA, the Transportation Agreements and the UOA and any other agreement by which any member of the MSG Group or any participant in the Emerald Field is bound relating to the Emerald Field provided that references to Relevant Agreements, insofar as they may include a reference to Licence No. P. 234, import a reference only to the rights and interests and derivative rights and interests relating to Block 2/10a, Tract E (as defined in the First Supplemental Agreement hereinafter referred to) resulting from the subdivisions accomplished with the approval and consent of the Secretary of State for Energy by and pursuant to an Agreement dated 21st November 1986 entitled "Licence Agreement for Petroleum Production Licence P. 234" between Britoil plc, Chevron Petroleum (UK) Limited, Enterprise Petroleum Limited, Sovereign and Westburne ("original parties") and by an agreement dated 23rd April 1987 entitled "First Supplemental Agreement to Licence Agreement for Petroleum Production Licence P. 234" and made between the original parties and an agreement dated 26th January 1989 entitled "Second Supplemental Agreement" and made between the original parties and MSR.

"Relevant Sales Contracts" means:-

(i) the Neste Oy Agreement so long as the same is in force; and

(ii) thereafter, any other contract for the sale or other disposal of Participant's Petroleum (or under which Participant's Petroleum would be sold or otherwise disposed of) entered into by or on behalf of Peko.

"Section 10 Credit Agreement" means the financial agreement dated 26th January 1989 between (1) Barclays and (2) EFCL.

"Section 10 Creditor" means:-

(i) Barclays for so long as it is owed any Section 10 Senior Liabilities and SOSTI is not the Section 10 Creditor in accordance with paragraph (ii) of this definition; and

(ii) SOSTI after it has paid Barclays in full, whether at its option or upon demand by Barclays, any amount payable by it under and in accordance with the Section 10 Guarantee and for so long as it is owed any Section 10 Liabilities.

"Section 10 Financing Documents" means:-

(i) the Section 10 Credit Agreement;

(ii) the Shipowner's Agreement;

(iii) a guarantee by Den norske Creditbank PLC (endorsed with the undertaking of Den norske Creditbank to procure the performance of such guarantee) dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(iv) a guarantee by Jebsens dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(v) a guarantee by MSG dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(vi) a first priority statutory ship Mortgage (in account current form) in respect of the FPF and a Deed of Covenant relating thereto each to be executed by EFCL in favour of Barclays acting on behalf of itself and certain other banks;

(vii) a second priority statutory ship Mortgage (in account current form) in respect of the FPF and a Deed of Covenant relating thereto, each to be executed by EFCL in favour of SOSTI;

(viii) an assignment dated 26th January 1989 executed by EFCL in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(ix) Bonds and Floating Charges dated 26th January 1989 executed by EFCL in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(x) a second (becoming first) priority statutory ship Mortgage in respect of each of the drilling rigs "ALADDIN" and "SINDBAD SAXON" and a Deed of Covenant relating thereto each dated 26th January 1989 and executed by Jebsens in favour of Barclays acting on behalf of itself and certain other banks;

(xi) a charge dated 26th January 1989 executed by Jebsens in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent) over the shares of EFCL;

(xii) an agreement entitled the "Section 10 Cash Collateral Agreement" to be made between (1) EFCL, (2) Barclays and (3) BZW;

(xiii) the Account Agreement;

(xiv) the Compensation Allocation Agreement;

(xv) the Deed of Co-ordination and Priorities;

(xvi) the EFPA;

(xvii) the FSU Side Letter;

(xviii) the MSG Participants' Agreement;

(xix) a deed of subordination dated 26th January 1989 and made between (1) Den norske Creditbank PLC, (2) SOSTI, (3) Barclays in its capacity as Section 10 Lender and as Section 10 Creditor's Agent, (4) Barclays as Project Lenders' Agent, (5) Bergen Bank A/S as Bergen (Jebsens) Lenders' Agent, (6) Bergen Bank A/S as Bergen (MSR) Lenders' Agent and (7) M.W. Deaner;

(xx) assignations in security dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxi) bonds and floating charges dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxii) a debenture dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxiii) assignations in security dated 26th January 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent); and

(xxiv) debentures dated 26th January 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as (inter alios) the Section 10 Creditor's Agent).

"Section 10 Guarantee" means a guarantee dated 26th January 1989 given by SOSTI to Barclays (as the Section 10 Lender) in respect of certain Section 10 Liabilities.

"Section 10 Junior Liabilities" means all Liabilities of EFCL to SOSTI under the Shipowner's Agreement.

"Section 10 Liabilities" means the Section 10 Junior Liabilities and the Section 10 Senior Liabilities.

"Section 10 Senior Liabilites" means all Liabilities of the Obligors to the Section 10 Creditor under the Section 10 Financing Documents other than the Shipowner's Agreement.

"Secured Creditors" means the Section 10 Creditor, the Section 10 Creditor's Agent, the Project Lenders and the Project Lenders' Agent.

"Services Agreement" means an agreement dated 26th January 1989 between (1) EFCL and (2) Jebsens relating (inter alia) to the appointment of Jebsens as EFCL's agent.

"Shipowner's Agreement" means an agreement so entitled dated 26th January 1989 between (1) SOSTI and (2) EFCL.

"Sterling" means the lawful currency for the time being of the United Kingdom.

"TCA" means the technical co-ordination agreement dated 26th January 1989 between (1) Sovereign, (2) EFCL and (3) Davy.

"Transportation Agreements" means the lifting arrangements in exhibit F of the UOA and all agreements for the transportation of Emerald Petroleum including, without limitation, any charterparty entered into by the Operator pursuant to such lifting arrangements.

"Trustee" means The Law Debenture Trust Corporation p.l.c. or such other person acting as trustee under the Neste Oy Assignments and the Account Agreement.

"UOA" means a unit operating agreement dated 26th January 1989 made between the Participants and includes all the exhibits thereto.

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that a Scottish Assignment in Security dated 26th January 1989 and created by PEKO OIL NORTH SEA PLC for securing all moneys due or to become due from the Company to Barclays Bank PLC (as Section 10 Creditors Agent as defined) under the terms of the Emerald Field Participants Agreement and this Debenture was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,

Cardiff the -1 MAR 1989

No. 1483729

P. T. Davies

P. T. DAVIES

an authorised officer

Certificate and instrument received by

.....L/C.....

.....

Date .....3/3/89.....

C.69d(Rev)

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Please do not write in this margin

Pursuant to section 395 of the Companies Act 1985

D/W 991926

To the Registrar of Companies

M 364

For official use

Company number 1483729

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

Name of company

* PEKO OIL NORTH SEA PLC

* insert full name of company

Date of creation of the charge

26th January 1989

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

An Account Agreement **("Account Agreement")** made between (1) Emerald Field Contracting Limited **("EFCL")**, (2) the **"Participants"**, namely Midland & Scottish (See Continuation Sheet 1)

Amount secured by the mortgage or charge

Charge (g)

(i) Participants' (EFPA) Liabilities owed by Peko to the Section 10 Creditor; and

(ii) Participants' (EFPA) Liabilities owed by Peko to the Project Lenders.

N.B: For underlined expressions see Continuation Sheet 2

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

See Continuation Sheet 1

Postcode

PRINTED AND SUPPLIED BY Jordans
JORDAN & SONS LIMITED
JORDAN HOUSE
BRUNSWICK PLACE
LONDON N1 6EE
TELEPHONE 01 253 3030
TELEX 261010

Presentor's name address and reference (if any):
Norton Rose
Kempson House
Camomile Street
LONDON EC3A 7AN
Tel: 01-283-2434
(Ref: DNH/25/L173262/D.12)

For official Use

Mortgage Section — Post room

REGISTERED 15 FEB 1989

COMPANIES REGISTRATION U C 15 FEB 1989

20/2

Time critical reference

Short particulars of all the property mortgaged or charged

Please do not write in this margin

Please complet legibly, preferal in black type, o bold block lette

Charge (g)

Peko's Earnings Account and its Related Assets.

(See Continuation Sheet 1)

N.B: For underlined expressions see Continuation Sheet 2

Particulars as to commission allowance or discount (note 3)

Nil

Signed Norton Rose Date 15th February 1989

On behalf of ~~[company]~~/[mortgagee/chargee]†

† delete as appropriate

Notes

1 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 it 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.

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.

DNH/D37.012

CONTINUATION SHEET 1

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

Resources Limited (**"MSR"**), Sovereign Oil & Gas PLC (**"Sovereign"** or **"Operator"**), Peko Oil North Sea PLC (**"Peko"**), Nedlloyd Energy (UK) Limited (**"Nedlloyd"**) and Westburne Drilling & Exploration (UK) Limited (**"Westburne"**), (3) Sovereign (as operator of the Emerald Field on behalf of the Participants), (4) The Secretary of State for Trade and Industry (**"SOSTI"**), (5) Barclays Bank PLC (**"Barclays"**) for itself and as agent and trustee for itself and for each other person capable of being or becoming the Section 10 Creditor (in this capacity the **"Section 10 Creditor's Agent"**), (6) Barclays as agent and trustee for itself and each of the Project Lenders (in this capacity the **"Project Lenders' Agent"**), (7) Bergen Bank A/S as agent and trustee for itself and each of the Bergen (Jebsens) Lenders (in this capacity the **"Bergen (Jebsens) Lenders' Agent"**), (8) Bergen Bank A/S as agent and trustee for itself and each of the Bergen (MSR) Lenders (in this capacity the **"Bergen (MSR) Lenders' Agent"**), (9) Barclays de Zoete Wedd Limited ("BZW") as the initial Account Bank and (10) The Law Debenture Trust Corporation p.l.c. (**"Trustee"**) and a Deed made on 26th January, 1989 between Peko and the Trustee.

N.B: For underlined expressions see Continuation Sheet 2

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

Charge (g)

(i) as first fixed chargee:
Barclays Bank PLC (as Section 10 Creditor's Agent)
54 Lombard Street
London EC3P 3AH

(ii) as second fixed chargee:
Barclays Bank PLC (as Project Lenders' Agent)
54 Lombard Street,
London EC3P 3AH

Short particulars of all the property mortgaged or charged continued

Note:

1. In the Account Agreement and herein, all references to documents include all amendments thereof and replacements therefor and supplements thereto.

2. The charges referred to above are expressed in the Account Agreement to take effect as fixed charges; to the extent that any of those charges fail to take effect as fixed charges, it is provided in the Account Agreement that they shall take effect as floating charges.

3. The Account Agreement contains restrictions on the creation of further security over, or the disposal of, the assets subject to the charges created by the Account Agreement.

4. All references to "Accounts" include sub-accounts of those Accounts and replacement and substitute Accounts.

CONTINUATION SHEET 2

"Account Bank" means BZW or any other bank or financial institution with whom the Accounts, with the agreement of EFCL, the Operator, the Project Lenders' Agent, SOSTI, the Section 10 Creditor, the Bergen (MSR) Lenders' Agent and the Bergen (Jebsens) Lenders' Agent, are from time to time maintained.

"Account Holder" means a person in whose name an Account is maintained.

"Account Investments" means any Permitted Investments acquired from time to time pursuant to Clause 8.2 of the Account Agreement.

"Accounts" means the accounts maintained from time to time in accordance with Clause 3 of the Account Agreement and any Investment Accounts relating to such Accounts.

"Bergen (Jebsens) Lenders" means Bergen Bank A/S, Norges Hypotekinstitutt A/S and A/S Kreditt Garanti and includes any permitted assignee or successor in title of any such person.

"Bergen (MSR) Lenders" means Bergen Bank A/S, A/S Kreditt Garanti and Norges Hypotekinstitutt A/S (including any other branch through which any such bank or financial institution may be acting from time to time pursuant to Clause 12.02 of the Bergen (MSR) Loan Agreement) and, where the context so admits, their successors and any other bank or financial institution to which any one of them may assign or transfer or have agreed to assign or transfer some or all of its rights or obligations under the Bergen (MSR) Loan Agreement pursuant to Clause 12.02 thereof.

"Bergen (MSR) Loan Agreement" means an agreement dated 26th January 1989 between (1) the Bergen (MSR) Lenders, (2) MSR and (3) the Bergen (MSR) Lenders' Agent.

"Compensation Allocation Agreement" means the agreement so called dated 26th January 1989 between certain of the parties to the Account Agreement and EFCL relating to the disposal of insurance and compensation proceeds in relation to, inter alia, certain equipment and facilities used or to be used in the Emerald Field and each of UK Offshore Petroleum Production Licence No. P234, No. P327 and No. P330.

"Deed of Co-ordination and Priorities" means the deed so called dated 26th January 1989 between (1) SOSTI, (2) Barclays as Section 10 Lender and as agent and trustee for itself as Section 10 Lender and each other person capable of being or becoming the Section 10 Creditor, (3) the Project Lenders' Agent, (4) the Bergen (Jebsens) Lenders' Agent, (5) the Bergen (MSR) Lenders' Agent, (6) BZW, (7) EFCL, (8) MSG, (9) MSR, (10) Westburne and (11) Jebsens.

"Dollars" and "$" means the lawful currency for the time being of the United States of America.

"Earnings Account" means each of the two separate Accounts in the name of Peko designated "EMERALD FIELD EARNINGS ACCOUNT" of which one is

maintained in Dollars and one in Sterling or any set of two such Accounts in the name of Peko.

"EDA" means the Emerald Development Agreement dated 26th January 1989 between (1) the Operator and (2) EFCL.

"EFPA" means the Emerald Field Participants' Agreement dated 26th January 1989 between (1) the Operator, (2) the Participants, (3) SOSTI, (4) the Section 10 Creditor's Agent and (5) the Project Lenders' Agent.

"Emerald Field" means all or any structures containing hydrocarbons and lying within the co-ordinates set out in Exhibit E of the UOA in blocks 2/10a (Tract E), 2/15a and 3/11b of the United Kingdom Continental Shelf.

"FSU" means the turbine tanker or other vessel used or to be used as a floating storage unit in connection with the Emerald Field.

"FSU Owner" means FOSCO N.V. or such other owner from time to time of the FSU.

"FSU Side Letter" means a letter from the FSU Owner to or the agreement between the FSU Owner and each of Barclays (as **Financial Agent**), the Section 10 Creditor and Sovereign relating to the FSU.

"Investment Accounts" means accounts maintained with the Account Bank in respect of all Permitted Investments.

"Jebsens" means Jebsens Drilling PLC.

"Liabilities" means, in relation to a person and an agreement, all present and future obligations and liabilities (whether actual or contingent and whether sole or joint or otherwise) of such person to another person under or in connection with such agreement, together with all costs, charges and expenses incurred by such other person in connection with the preservation or enforcement of any of its rights thereunder and, for the avoidance of doubt, where any reference is made to Liabilities owed by one person to another "under" an agreement, such phrase shall include liabilities owed to that other person by virtue of such other person having rights of subrogation, contribution, indemnity or similar rights.

"MSG" means Midland & Scottish Group Limited.

"MSG Participants' Agreement" means the agreement so called dated 26th January 1989 and made between (1) MSR, (2) Westburne, (3) MSG, (4) SOSTI, (5) the Section 10 Creditor's Agent and (6) the Project Lenders' Agent.

"Obligor" means each of EFCL, Jebsens, MSR, MSG and Westburne.

"Participants' (EFPA) Liabilities" means all Liabilities of the Participants under the EFPA and any document entered into after the date of the Account Agreement supplemental to the EFPA.

"Permitted Investments" means:-

(i) interest bearing deposits in a demand account with a prime bank (including but not limited to the Account Bank) denominated in Dollars or Sterling;

(ii) time deposits with a prime bank (including but not limited to the Account Bank) denominated in Dollars or Sterling; and

(iii) with the prior written consent of the Project Lenders' Agent and the Section 10 Creditor, gilts and CDs issued by a prime bank (including but not limited to the Account Bank).

"Project Credit Agreement" means an agreement dated 26th January, 1989 between EFCL as borrower, Barclays and Deutsche Bank AG as Arranging Banks, the lead managers specified therein, the several banks specified therein, Barclays as Financial Agent and Deutsche Bank AG as **Technical Agent** and BZW as the initial Account Bank.

"Project Financing Documents" means:-

(i) the Project Credit Agreement;

(ii) the Account Agreement;

(iii) the Compensation Allocation Agreement;

(iv) the Deed of Co-ordination and Priorities;

(v) the EFPA;

(vi) the FSU Side Letter;

(vii) any agreements entered into by the Financial Agent, the Technical Agent or any of the Project Lenders in order to hedge a currency exposure of any Relevant Obligor (whether such agreement is entered into with such Relevant Obligor or otherwise) in connection with the Project and the terms of which are approved by the Financial Agent or the Technical Agent. In this paragraph (vii):-

(a) "Relevant Obligor" means any Obligor (as defined in the Project Credit Agreement) which is a member of the MSG Group (being MSG and each body corporate of which it (aa) has direct or indirect control or (bb) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership (provided that Jebsens shall always be deemed to be a member of the MSG Group)); and

(b) (and in paragraph (xvi) below) "Project" means the development and, when the context so requires, the operation of the Emerald Field in accordance with the plan for the development of and production of petroleum from the Emerald Field approved by the Secretary of State for Energy

from time to time, together with all amendments thereof and supplements thereto and any consents to produce given by the Secretary of State for Energy from time to time in connection therewith;

(viii) the letter dated 26th January, 1989 from EFCL to the Project Lenders' Agent, the Section 10 Creditor's Agent and Bergen Bank A/S relating to EFCL's obligations in respect of insurance;

(ix) the guarantees dated 26th January, 1989 from each of Jebsens and MSG to the Project Lenders' Agent in respect of (inter alia) all amounts outstanding under the Project Credit Agreement;

(x) the MSG Participants' Agreement;

(xi) each of the deeds of assignment dated 26th January, 1989 between Neste Oy and (respectively) Sovereign, MSR, Westburne, Peko and Nedlloyd;

(xii) the Return Bond issued by National Westminster Bank PLC to the Financial Agent in connection with a series of down-payments aggregating £24,800,000 due from EFCL to Davy Offshore Limited under an agreement dated 30th November, 1988 between (1) Davy Offshore Limited and (2) EFCL as amended by Addenda Nos. 1 and 2;

(xiii) a risk participation agreement dated 26th January, 1989 between each of the Project Lenders and EFCL in respect of the Section 10 Credit Agreement;

(xiv) each of the documents listed in Schedule 2 to the Deed of Co-ordination and Priorities and any other documents relating to the securing of amounts due from EFCL under the Project Credit Agreement;

(xv) any letters or documents setting out the terms (if any) upon which compliance with any provision of any Project Financing Documents is waived by the Financial Agent or the Project Lenders;

(xvi) any other document to which the Project Lenders and/or the Financial Agent and/or the Technical Agent are party relating to the Project.

"Project Lenders" and "Banks" means the Banks (as defined in the Project Credit Agreement) viz:-

(i) Barclays, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation and The Industrial Bank of Japan Limited;

(ii) each assignee of any such person pursuant to Clause 27 of the Project Credit Agreement;

(iii) any person (other than the Financial Agent and the Technical Agent and EFCL or any other Obligor as defined in the Project

Credit Agreement) which assumes rights and/or obligations pursuant to Clause 27 of the Project Credit Agreement; and

(iv) any permitted assignee or successor in title of any of the foregoing

except that a Bank shall only be such so long as it has any rights or obligations under the Project Financing Documents (or would have had such rights or obligations but for any breach of any obligation, representation or warranty of any Obligor (as defined in the Project Credit Agreement) under any of the Project Financing Documents).

"Receipts Accounts" means the Accounts (in respect of receipts assigned absolutely by Peko to the Trustee) in the name, in each case, of the Trustee and designated by the words "EMERALD FIELD RECEIPTS ACCOUNT" preceded in each case by the name of Peko, which Accounts are maintained in Dollars.

"Related Assets" in relation to an Account means:-

(i) the balance from time to time standing to the credit thereof together with all interest accrued and accruing thereon and the debt represented thereby; and

(ii) all Account Investments (together with all moneys payable in respect thereof (whether on redemption and whether by way of interest or dividend or otherwise however), all rights relating thereto and all debts represented thereby) acquired from time to time with amounts standing to the credit of such Account; and

(iii) the rights under the Account Agreement of an Account Holder to have monies tranferred to such Account from any of the Receipts Accounts and the benefit of any security conferred by the Account Agreement for performance of the obligations to credit such monies to such Account.

"Section 10 Credit Agreement" means the financial agreement dated 26th January 1989 between (1) Barclays and (2) EFCL.

"Section 10 Creditor" means:-

(i) Barclays for so long as it is owed any Section 10 Senior Liabilities and SOSTI is not the Section 10 Creditor in accordance with paragraph (ii) of this definition; and

(ii) SOSTI after it has paid Barclays in full, whether at its option or upon demand by Barclays, any amount payable by it under and in accordance with the Section 10 Guarantee and for so long as it is owed any Section 10 Liabilities

"Section 10 Financing Documents" means:-

(i) the Section 10 Credit Agreement;

(ii) the Shipowner's Agreement;

(iii) a guarantee by Den norske Creditbank PLC (endorsed with the undertaking of Den norske Creditbank to procure the performance of such guarantee) dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(iv) a guarantee by Jebsens dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(v) a guarantee by MSG dated 26th January 1989 in favour of Barclays acting on behalf of itself and certain other banks;

(vi) a first priority statutory ship Mortgage (in account current form) in respect of the FPF and a Deed of Covenant relating thereto each to be executed by EFCL in favour of Barclays acting on behalf of itself and certain other banks;

(vii) a second priority statutory ship Mortgage (in account current form) in respect of the FPF and a Deed of Covenant relating thereto, each to be executed by EFCL in favour of SOSTI;

(viii) an assignment dated 26th January 1989 executed by EFCL in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(ix) Bonds and Floating Charges dated 26th January 1989 executed by EFCL in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(x) a second (becoming first) priority statutory ship Mortgage in respect of each of the drilling rigs "ALADDIN" and "SINDBAD SAXON" and a Deed of Covenant relating thereto each dated 26th January 1989 and executed by Jebsens in favour of Barclays acting on behalf of itself and certain other banks;

(xi) a charge dated 26th January 1989 executed by Jebsens in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent) over the shares of EFCL;

(xii) an agreement entitled the "Section 10 Cash Collateral Agreement" to be made between (1) EFCL, (2) Barclays and (3) BZW;

(xiii) the Account Agreement;

(xiv) the Compensation Allocation Agreement;

(xv) the Deed of Co-ordination and Priorities;

(xvi) the EFPA;

(xvii) the FSU Side Letter;

(xviii) the MSG Participants' Agreement;

(xix) a deed of subordination dated 26th January 1989 and made between (1) Den norske Creditbank PLC, (2) SOSTI, (3) Barclays in its capacity as Section 10 Lender and as Section 10 Creditor's Agent, (4) Barclays as Project Lenders' Agent, (5) Bergen Bank A/S as Bergen (Jebsens) Lenders' Agent, (6) Bergen Bank A/S as Bergen (MSR) Lenders' Agent and (7) M.W. Deaner;

(xx) assignations in security dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxi) bonds and floating charges dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxii) a debenture dated 26th January 1989 executed by MSR in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent);

(xxiii) assignations in security dated 26th January 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alios, Barclays (as (inter alia) the Section 10 Creditor's Agent); and

(xxiv) debentures dated 26th January 1989 executed by Westburne, Peko, Nedlloyd and Sovereign in favour of, inter alia, Barclays (as (inter alios) the Section 10 Creditor's Agent).

"Section 10 Guarantee" means a guarantee dated 26th January 1989 given by SOSTI to Barclays (as the Section 10 Lender) in respect of certain Section 10 Liabilities.

"Section 10 Junior Liabilities" means all Liabilities of EFCL to SOSTI under the Shipowner's Agreement.

"Section 10 Liabilities" means the Section 10 Junior Liabilities and the Section 10 Senior Liabilities.

"Section 10 Senior Liabilites" means all Liabilities of the Obligors to the Section 10 Creditor under the Section 10 Financing Documents other than the Shipowner's Agreement.

"Shipowner's Agreement" means an agreement so entitled dated 26th January 1989 between (1) SOSTI and (2) EFCL.

"Sterling" means the lawful currency for the time being of the United Kingdom.

"UOA" means the Unit Operating Agreement dated 26th January 1989 between Sovereign, MSR and others.

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that an Account Agreement dated 26th January 1989 and created by (Stop00) PEKO OIL NORTH SEA PLC("Company") between (inter alios) the Company and Barclays Bank PLC ("Bank") (and expressions defined in the Account Agreement shall have the same meanings in this Certificate) over the Company's Earnings Account and its Related Assets in favour of the Bank as first fixed chargee (in its capacity as Section 10 Creditor's Agent) and as second fixed chargee (in its capacity as Project Lenders' Agent) for securing the Participants' (EFPA) Liabilities owed by the Company to the Section 10 Creditor and to the Project Lenders was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,
Cardiff the 20 MAR 1989

No. 1483729 (Stop00)

P. T. Harrington

P. T. HARRINGTON
an authorised officer

Certificate and instrument received by
.....W/C N/R.....
.....
Date .....22/3.....

C.69d (Rev)

M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Please do not write in this margin

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

m 366

For official use

Company number 1483729

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

Name of company

*~~PEKO OIL NORTH SEA PLC~~

* insert full name of company

Date of creation of the charge

26th January, 1989

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

Account Agreement (the "Account Agreement") dated 26th January, 1989 between (1) Emerald Field Contracting Limited ("EFCL"), (2) Sovereign Oil & Gas PLC Cont/

Amount secured by the mortgage or charge

All liabilities of the Participants under Clause 7.3(a) of the Emerald Development Agreement (the "EDA") dated 26th January, 1989 between the Company and EFCL being the obligation to bear and pay the first three million United States Dollars of the actual costs of carrying out the operations in connection with the abandonment of the Emerald Field (being all or any petroleum structures containing hydrocarbons and lying within the co-ordinates specified in the EDA in Blocks 2/10a (Tract E), 2/15a and 3/11b of the United Kingdom Continental Shelf) required to be performed or procured by EFCL pursuant to the EDA.

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

Emerald Field Contracting Limited, 17-18 Golden Square, Aberdeen, Scotland

Postcode AB9 8NY

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

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: SGP/MROS

For official Use

Mortgage Section

REGISTERED 15 FEB 1989

Post room

COMPANIES REGISTRATION D C 15 FEB 1989

20/2

Time critical reference

Short particulars of all the property mortgaged or charged

Please do not write in this margin

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

By way of first fixed charge the two accounts (the "Accounts") each in the name of the Company (as bare trustee for itself and each of the Participants) designated "EMERALD FIELD PARTICIPANTS ABANDONMENT ACCOUNT" of which one is maintained in United States Dollars and one in Pounds Sterling and the Accounts' Related Assets, being (a) the balance from time to time standing to the credit thereof together with all interest accrued and accruing thereon and the debt represented thereby, (b) all Permitted Investments (being interest bearing deposits in a demand account with a prime bank denominated in United States Dollars or Pounds Sterling, time deposits with a prime bank denominated in United States Dollars or Pounds Sterling and gilts and CDs issued by a prime bank) acquired from time to time pursuant to the Account Agreement (together with all moneys payable in respect thereof

Cont/.....

Particulars as to commission allowance or discount (note 3)

–

Signed Chfd Chase Date 13th February, 1989

On behalf of ~~[company]~~[mortgagee/chargee]†

† delete as appropriate

Notes

1 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 it 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.

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.

Companies 395 Stat-Plus Limited, Stat-Plus House, Greenlea Park, Prince George's Road, London SW19 2PU Tel. 01-646 5500 GHE
A subsidiary of Stat-Plus Group PLC

COMPANIES FORM No. 395 (Cont.) AND FORM No. 410 (Scot)(Cont.)

Please do not write in this binding margin

Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

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

Company number

1483729

Name of company

PEKO OIL NORTH SEA PLC

*delete if inappropriate

~~limited~~*

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Midland & Scottish Resources Limited, Peko Oil North Sea PLC (the "Company"), Nedlloyd Energy (UK) Limited, Westburne Drilling & Exploration (UK) Limited (together, the "Participants"), (3) Sovereign Oil & Gas PLC, (4) The Secretary of State for Trade and Industry, (5) Barclays Bank PLC, (6) Barclays Bank PLC, (7) Bergen Bank A/S, (8) Bergen Bank A/S, (9) Barclays de Zoete Wedd Limited ("BZW") and (10) The Law Debenture Trust Corporation p.l.c. (the "Trustee") and a Deed dated 26th January, 1989 between the Company and the Trustee.

Please do not write in this binding margin

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

(whether on redemption and whether by way of interest or dividend or otherwise however), all rights relating thereto and all debts represented thereby) acquired from time to time with amounts standing to the credit of the Accounts, and (c) the rights under the Account Agreement of the holder of the Accounts to have monies transferred to the Accounts from any of the accounts maintained by the Trustee under Clause 3(a) of the Account Agreement and the benefit of any security conferred by the Account Agreement for the performance of the obligations to credit such monies to the Accounts.

Note 1. To the extent that the charge referred to above fails to take effect as a fixed charge, it is provided in the Account Agreement that such charge shall take effect as a floating charge. The Account Agreement contains restrictions on the creation of security on the Accounts or their Related Assets and on the disposal of the right or title to or interests in the Accounts or their Related Assets.

2. The charge referred to above has been created jointly by Sovereign Oil & Gas PLC as the Operator the Company and each of the other Participants.

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

I hereby certify that an Account Agreement dated 26th January, 1989 was created by PEKO OIL NORTH SEA PLC for securing certain obligations and liabilities in relation to the costs of carrying our operations in connection with the abandonment of the Emerald Field in favour of Emerald Field Contracting Limited and was registered pursuant to Chapter I Part XII of the Companies Act 1985, on the 15th February 1989

Given under my hand at the Companies Registration Office,

Cardiff the 20 MAR 1989

No. 1483729

P. T. Harrington

P. T. HARRINGTON
an authorised officer

Certificate and instrument received by
L/C N/R
CH
Date 22/3

C.69d(Rev)