

Company No. 01119804



THE COMPANIES ACTS

COMPANY LIMITED BY GUARANTEE AND NOT
HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION*

OF

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

* Adopted by Special Resolution passed on 19 April 2007, amended by Special Resolutions passed on 7 December 2011, 27 June 2012, 5 December 2012, 10 December 2014, 6 December 2017 and 16 December 2020.

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GENERAL

1 DEFINED TERMS AND INTERPRETATION

- 1.1 In these Articles the words standing in the first column of the Table next hereinafter contained shall be the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:

“Actual Association Expenditure” in any particular year shall mean the expenditure actually incurred by the Association during that year excluding the expenditure actually incurred by the Association in accordance with Article 67 during that year;

“Actual Member Contributions” in any particular year shall mean the sum of all Aggregate Subscription Fee Income and all Aggregate Cash Call Income;

“Adjustments” shall have the meaning ascribed to it in Article 62;

“Aggregate Cash Call Income” in any particular year shall mean the aggregate Cash Call income of the Association;

“Aggregate Subscription Fee Income” in any particular year shall mean the sum of all Ordinary Subscription Fee Income and all First Subscription Fee Income;

“Annual Budget” shall have the meaning ascribed to it in Article 62;

“Application Class” shall have the meaning ascribed to it in Article 8.1;

“Application Form” shall have the meaning ascribed to it in Article 8.1;

these **“Articles”** means these Articles of Association and the regulations of the Association as altered from time to time and the expressions “this Article” and “this Regulation” shall be construed accordingly;

“Associate Member” shall have the meaning ascribed to it in Article 7.5;

the **“Association”** means The UK Oil and Gas Industry Association Limited;

“Auditors” means the duly appointed auditors of the Association from time to time;

the **“Board”** means the Board of the Association or the members of that Board present at a duly convened meeting of the Board at which a quorum is present;

“Business” means the business of exploring for and the exploitation of and production from deposits of oil and natural gas in the Designated Areas;

“Cash Calls” shall have the meaning ascribed to it in Article 65.1;

“Cash Call Notice” shall have the meaning ascribed to it in Article 65;

the **“Companies Acts”** means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies insofar as it applies to the Association;

“Contractor Board Members” shall have the meaning ascribed to it in Article 41.2;

“Contractor Joint Chairman” shall have the meaning ascribed to it in Article 47.2;

“Contractor Member” shall have the meaning ascribed to it in Article 7.4;

“Contractors’ Advisory Council” shall have the meaning ascribed to it in Article 78;

“Contractor Advisory Council Chair” shall have the meaning ascribed to it in Article 47.3;

“Contractors’ Advisory Council Member” shall have the meaning ascribed to it in Article 78;

the **“Designated Areas”** has the meaning the United Kingdom, the territorial sea adjacent to the United Kingdom and the designated areas (as defined in the Continental Shelf Act 1964 and amended from time to time);

“Entry Requirements” shall have the meaning ascribed to it in Article 8;

“Exploration Member” shall have the meaning ascribed to it in Article 7.2;

“Finance, Remuneration & Nominations Committee (FRANC)” shall have the meaning ascribed to it in Article 72;

“First Subscription Fee” shall have the meaning ascribed to it in Article 14;

“First Subscription Fee Income” in any particular year shall mean the aggregate First Subscription Fee income of the Association;

“Honorary Treasurer” shall have the meaning ascribed to it in Article 47.5;

“Joint Chairmen” shall mean the Operator Joint Chairman and the Contractor Joint Chairman from time to time;

“Member” means such persons as are admitted to membership of the Association;

“Membership Team” the membership team of the Association, as constituted from time to time;

“month” means calendar month;

“Notice of Appeal” shall have the meaning ascribed to it in Article 9.4;

the **“Office”** means the registered office of the Association;

“Oil Company Members” means such Members as are not Contractor Members of Associate Members;

“Operator Board Members” shall have the meaning ascribed to it in Article 41.1;

“Operator Joint Chairman” shall have the meaning ascribed to it in Article 47.1;

“Operator Members” means such Members as are admitted as Production Members or Exploration Members of the Association;

“Operator Advisory Council Chair” shall have the meaning ascribed to it in Article 47.3;

“Operators’ Advisory Council” shall have the meaning ascribed to it in Article 77;

“Operators’ Advisory Council Member” shall have the meaning ascribed to it in Article 77;

“Ordinary Subscription Fee” shall have the meaning ascribed to it in Article 16.2;

“Ordinary Subscription Fee Income” in any particular year shall mean the aggregate Ordinary Subscription Fee income of the Association;

“Petroleum” means as defined in The Petroleum Act 1998;

“Production Member” shall have the meaning ascribed to it in Article 7.1;

“Proposed Budget” shall have the meaning ascribed to it in Article 62;

the **“Seal”** means the common seal of the Association;

the **“Secretary”** means the Secretary and includes an assistant or deputy Secretary and any other person appointed by the Board to perform any of the duties of the Secretary;

“Small Oil Company Member” shall have the meaning ascribed to it in Article 7.3.2;

“Small Oil Company Board Member” shall have the meaning ascribed to it in Article 41.3;

the **“United Kingdom”** means Great Britain and Northern Ireland;

in **“writing”** means any method of representing or reproducing words in a legible and non-transitory form (including but without limitation by electronic means);

“year” means a period of twelve calendar months;

Any words importing the singular number only shall include the plural number, and vice versa.

Words importing one gender only shall include all genders.

Words importing persons shall include corporations.

Subject as aforesaid, any words or expressions to which a particular meaning is given by the Companies Acts in force at the date on which these Articles become binding on the Association shall, if not inconsistent with the subject or context, bear the same meanings in these Articles or that part (as the case may be).

Headings and notes are included for convenience only and shall not affect construction.

2 ORDINARY RESOLUTIONS

Notwithstanding any provision of the Companies Acts enabling the passing or making of an ordinary resolution by a lesser majority than that hereinafter provided and except where expressly provided for otherwise in these Articles, any ordinary resolution put to a meeting of the Association shall require a majority of not less than three fifths of the Members that (being entitled to do so) vote in person or, where proxies are allowed, by proxy at a meeting of which notice has been duly given.

3 SPECIAL RESOLUTION

Notwithstanding any provision of the Companies Acts enabling the passing or making of a special or extraordinary resolution by a lesser majority than that hereinafter provided and except where expressly provided for otherwise in these Articles, any special or extraordinary resolution put to a meeting of the Association shall require (a) a majority of not less than three quarters of the Members that (being entitled to do so) vote in person or, where proxies are allowed, by proxy at a meeting of which notice has been duly given AND (b) a majority of not less than three quarters of the Operator Members that (being entitled to do so) vote in person or by proxy at such meeting AND (c) a majority of not less than three quarters of the Contractor Members that (being entitled to do so) vote in person or by proxy at such meeting.

BUSINESS

4 OBJECTS OF THE ASSOCIATION

4.1 The objects for which the Association is established are:

- 4.1.1 To further and generally develop the industry of exploring for, the exploitation of and production from deposits of oil and natural gas (hereinafter called the “Industry”) in the Designated Areas and to promote the consideration and discussion

of all questions affecting the Industry, aid its expansion and general utility, and generally assist and promote co-operation among persons engaged in the Industry.

- 4.1.2 To institute or subscribe towards or otherwise help and forward any research work, studies or investigations which may be considered in the interest of the Industry.
- 4.1.3 To liaise and co-operate with Government Departments and Public Authorities and bodies and support or oppose any legislative action which may affect the Industry To give to the Legislature, Government Departments, Local Authorities and other public or private body's advice and guidance as regards matters directly or indirectly affecting the Industry.
- 4.1.4 To promote and encourage and to take all steps from time to time considered expedient with a view to establishing and maintaining standards of quality and workmanship in the Industry and to act in an advisory capacity in relation to any persons engaged in the Industry concerning problems and matters of any nature arising in connection therewith.
- 4.1.5 To collaborate and exchange views with any persons and organisations concerning education, labour, staff and welfare problems connected directly or indirectly with the Industry and to co-operate with any persons and organisations with a view to the promotion and advancement of movements for the improvement of working and other conditions in the Industry as a whole and generally concerning any matters of whatever nature directly or indirectly affecting the Industry and its wellbeing.
- 4.1.6 To promote good relations between the Industry and the public.
- 4.1.7 To prepare, edit, print, publish, issue, acquire and circulate books, papers, periodicals, gazettes, circulars and other literary undertakings of or bearing upon the Industry, and to establish, form and maintain museums, collections, libraries and collections of literature, statistics, scientific data and other information relating to the Industry or to matters of interest to persons engaged in the Industry and to translate, compile, collect, publish, lend and sell and endeavour to secure or contribute to the translation, compilation, collection and publication by Parliament, Government Departments and other bodies of persons of any such literature, statistics and information, and to disseminate the same by means of the reading of papers, the delivery of lectures, the giving of advice, the appointment of advisory offices or otherwise.
- 4.1.8 To initiate, hold, direct, manage and take part in exhibitions, shows, displays, conferences, congresses, meetings and other gatherings for the purpose of advancing any of the objects of the Association.

5 POWERS

In pursuance of the objects set out in article 4, the Association has the power:

- 5.1.1 To retain or employ skilled professional or technical advisers or workers in connection with the objects of the Association or any of them and to pay to such advisers or workers such fees or other remuneration as may be considered expedient.
- 5.1.2 To apply for, purchase or otherwise acquire and protect, prolong and renew in the United Kingdom any patents, patent rights, licences, protections, concessions and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention, process or privilege which may seem capable of being used in furtherance of the Association's objects or any of them, and to turn to account in such manner as may be considered expedient any property, rights and information so acquired, and to expend money in experimenting upon and testing and in improving or seeking to improve any patents, inventions or rights which the Association may acquire or propose to acquire.
- 5.1.3 To purchase, take on lease or in exchange, hire or otherwise acquire or obtain options over any real or personal property and any rights or privileges and the whole or part of the undertaking, assets and liabilities of any persons which the Association may think necessary or convenient for the promotion of its objects, or capable of being profitably dealt with in connection with any of its property or rights for the time being, and to construct, maintain and alter any buildings or erections necessary or convenient for the work of the Association.
- 5.1.4 To sell, let, mortgage dispose of or turn to account all or any of the property or assets of the Association as may be thought expedient with a view to the promotion of its objects.
- 5.1.5 To enter into any guarantee, contract or indemnity or suretyship and in particular (without prejudice to the generality) to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) of the Association or by both such methods or in any other manner, the performance of any obligations or commitments of any person.
- 5.1.6 To undertake, accept, execute, perform and administer any lawful trust or conditions affecting any real or personal property of whatsoever nature held or owned in trust for the benefit of, or for any of the purposes or objects of the Association and to accept any donation, devise, bequest, subscription or contribution for any of the purposes or objects thereof.
- 5.1.7 To borrow or raise money for the purposes of the Association on such terms and on such security as may be thought fit.
- 5.1.8 To invest the moneys of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.

- 5.1.9 To grant or procure the grant of donations, gratuities, pensions, annuities, allowances or other benefits, including benefits on death, to, or purchase and maintain any type of insurance for the benefit of, its officers or employees or connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Association or whom the Advisory Councils of the Association considers have any moral claim on the Association or to their relations, connections or dependants, and to establish or support any funds, trusts, insurances or schemes or any associations, institutions, clubs or schools, or to do any other think likely to benefit any such persons or the Association or its members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of such persons or the company or its members or for any national, charitable, benevolent, educational, social, public, general or useful object.
- 5.1.10 To lend and advance money not immediately required for use in connection with any of its objects, and to give credit on such terms and in such manner as may from time to time be determined and to place any such moneys on deposit with bankers and others.
- 5.1.11 To provide services of all descriptions.
- 5.1.12 To draw, accept, make, endorse, discount, execute, issue, negotiate, but, sell and otherwise deal in cheques, hills of exchange promissory notes and other negotiable or transferable instruments.
- 5.1.13 To apply for, institute, promote, support or obtain any Royal Charger, legislative, municipal or other Acts, authorisations, proceedings or actions for the purpose of enabling the Association to carry any of its objects into effect or effecting any modifications of the Association's constitution, or for any other purpose which may be considered expedient, and to oppose any proceedings or actions which may be considered calculated directly or indirectly to prejudice the Association's interests.
- 5.1.14 To establish minimum and other standards of quality and workmanship for the Industry and to encourage and foster their use and maintenance by all persons engaged in the Industry.
- 5.1.15 To provide pensions and sick benefits and allowances for past and present employees of the Association not being members of the Association and their dependence or connections.
- 5.1.16 To pay all expenses or and incidental to the incorporation and establishment of the Association.
- 5.1.17 To do all such other things whatsoever and wheresoever as may in the opinion of the Advisory Councils of the Association be necessary, incidental, or conducive or convenient to the attainment of the above objects or any of them, or calculated

directly or indirectly to enhance the value of or render profitable any of the Association's property, assets or rights, or otherwise likely in any respect to be advantageous to the Association.

- 5.1.18 To do all or any of the things and matters aforesaid, either as principal, agent, trustee or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others.

It is hereby declared that, save as hereinbefore provided, the objects specified in the different paragraphs of this Clause shall except where otherwise expressed in such paragraphs be in no way limited by reference to any other paragraph or to the name of the Association but maybe earned out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

Provided that:

- (a) In case the Association shall take or hold any property which may be subject to any trusts, the Association shall only deal with or invest in the same in such manner as allowed by law, having regard to such trusts.
- ~~(b)~~ The objects of the Association shall not extend to the sale of the products of the Industry.
- (c) In case the Association shall take or hold any property subject to the jurisdiction of the Charity Commissioners for England and Wales or the Secretary of State for Education and Science, the Association shall not sell, mortgage, charge or lease the same without such authority, approval or consent as may be required by law, and as regards any such property the Advisory Councils shall be responsible for any such property that may come into their hands and shall be answerable and accountable for their own acts, receipts, neglects and defaults, and for the due administration of such property in the same manner and to the same extent as they would have been if no incorporation had been effected, and the incorporation of the Association shall not diminish or impair any control or authority exercisable by the Chancery Division, the Chanty Commissioners or the Secretary of State for Education and Science over the Advisory Councils but they shall as regards any such property be subject Jointly and separately to such control or authority as 1f the Association were not incorporated.

ADMISSION OF MEMBERS

6 MEMBERSHIP OF THE ASSOCIATION

The subscribers to the Memorandum of Association and such other persons as shall be admitted to membership in accordance with the provisions hereinafter contained shall be members of the Association.

7 CLASSES OF MEMBERSHIP

The Association shall have the following classes of membership:

- 7.1 Membership available to bodies corporate which operate on their own behalf or act as operating companies on behalf of others in the exploitation of and production of Petroleum pursuant to a production licence within the Designated Areas and, at the Board's discretion, bodies corporate which are licensees of production licences within the Designated Areas but which have ceased operating on their own behalf or have ceased to act as operating companies on behalf of others in the exploitation and production of Petroleum pursuant to a production licence within the Designated Areas (each such being a "Production Member").
- 7.2 Membership available to bodies corporate which operate on their own behalf or act as operating companies on behalf of others in the exploitation of an exploration or production licence within the Designated Areas but in respect of which there is no Petroleum in production (each such being an "Exploration Member").
- 7.3 Membership available to bodies corporate which are:
 - 7.3.1 engaged in the exploitation of an exploration or production licence within the Designated Areas but which are not acting as operating companies on behalf of others; and/or
 - 7.3.2 small and/or recently incorporated independent companies engaged in the Industry;

and for which, in the Board's discretion, eligibility to membership within any of the foregoing classes of membership of the Association is not appropriate at the time of their application (each such being a "Small Oil Company Member");
- 7.4 Membership available to bodies corporate which are primarily concerned with the business of supplying goods and/or services to other bodies corporate which are engaged in the Industry (each such being a "Contractor Member").
- 7.5 Membership available to bodies corporate which satisfy the criteria determined by the Board from time to time and otherwise in accordance with the provisions of these Articles (an "Associate Member").

8 ADMISSION TO MEMBERSHIP

No body corporate shall be admitted to membership of the Association unless:

- 8.1 it has executed and sent to the Association an application form for admission framed in such terms as the Board shall from time to time prescribe (“Application Form”) and which sets out the class of membership which the applicant wishes to apply for (“Application Class”); and
- 8.2 it has sent to the Association a payment made out to the Association for the amount of the First Subscription Fee; and
- 8.3 the Membership Team has determined that the Application Class is the most appropriate class of membership of the Association for that applicant,

together referred to as the “Entry Requirements”.

9 MEMBERSHIP

- 9.1 All applications for admission shall be considered by the Membership Team in the first instance, and an applicant shall be admitted to the Association if the Membership Team determines that such applicant has met the Entry Requirements. The Association shall give notice in writing to each applicant for the Membership Team’s determination within 30 days of the date on which the Association receives the applicant’s Application Form. If in relation to any particular applicant:

- 9.1.1 the Membership Team determines that the applicant has met the Entry Requirements, the applicant shall be admitted into that class of membership of the Association; or

- 9.1.2 the Membership Team determines that the applicant has met the Entry Requirements except that the Application Class is not the most appropriate class of membership of the Association for that applicant in accordance with Article 8.3, the Association shall give written notice to the applicant of the Membership Team’s determination within 30 days of receiving the applicant’s Application form. The Association shall ensure that the written notice sets out that applicant’s right to appeal the determination of the Membership Team and the requirements for such appeal in accordance with this Article 9. The Association will return to that applicant any payment which has been received in respect of that applicant’s First Subscription Fee;

- 9.1.3 the Membership Team determines that the applicant has otherwise not met the Entry Requirements, the Association shall give a written rejection to the applicant of the Membership Team’s determination within 30 days of receiving the applicant’s Application form. The Association shall ensure that the written rejection sets out that applicant’s right to appeal the determination of the Membership Team and the requirements for such appeal in accordance with this Article 9. The Association

will return to that applicant any payment which has been received in respect of that applicant's First Subscription Fee.

- 9.2 Any applicant which receives a written notice in accordance with Article 9.1.2 may either:
- amend his existing application for membership of the Association accordingly, and the Membership Team must consider such application in accordance with this Article 9; or
- appeal the Membership Team's determination in accordance with the remaining requirements of this clause 9 on the grounds that the written notice was incorrect.

- 9.3 Any applicant which receives a written rejection in accordance with Article 9.1.3 may either:

9.3.1 make a new application for membership of the Association, and the Membership Team must consider such application in accordance with this Article 9 provided that such new application is not made on the same basis as the previous application which has been rejected; or

9.3.2 appeal the Membership Team's determination in accordance with the remaining requirements of this Article 9 on the grounds that the written rejection was incorrect.

- 9.4 All Notices of Appeal shall be considered by the FRANC. The Association shall give notice in writing to such applicant of the Association's determination within 10 days of the date on which the Secretary receives that applicant's appeal. If in relation to any particular applicant:

9.4.1 the FRANC determines that the written notice or written rejection was incorrect, the FRANC shall promptly admit the applicant to the Association.

9.4.2 the FRANC determines that the written notice or written rejection was correct, the FRANC shall procure that the Secretary gives a written decision to the applicant within 10 days of such determination.

- 9.5 Any applicant which receives a written decision in accordance with Article 9.4 may make a new application for membership of the Association, provided that such new application is not made on the same basis as the previous application which has been rejected.

10 ELIGIBILITY WITHIN A DIFFERENT CLASS OF MEMBERSHIP

At any time after 31 December in the year in which a Member first becomes eligible for membership of the Association within a different class of membership, the Board may require such Member to become a Member within that different class of membership with effect from the date of such requisition or such later date as the Board shall determine, and if such Member shall fail to do so within such time as the Board may reasonably provide, the Board may require such Member to resign and upon such requisition, such Member shall be deemed to have resigned.

TERMINATION OF MEMBERSHIP

11 CESSATION OF MEMBERSHIP

A Member shall immediately cease to be a Member upon the happening of any one of the events following, namely:

- 11.1 If it shall resign by not less than six months' notice in writing, left at the Office, such notice expiring on 31 December in any year or, if being a subscriber to the Memorandum of Association, it shall resign by notice in writing left at the Office.
- 11.2 If the Board determine that it has ceased to be eligible for membership.
- 11.3 If the Member shall go into liquidation or have a receiver or a manager or a receiver and manager appointed of its undertaking and assets or any part thereof.
- 11.4 If it shall not pay, within three months after the Association shall have served it with notice in writing requiring payment thereof, any moneys due to the Association and the Board resolves that its membership be terminated.
- 11.5 If in the opinion of the Board its conduct shall be calculated in any respect to be prejudicial to the interests of the Association or of its Members collectively or of the Industry and it shall fail to remedy such conduct to the satisfaction of the Board within one month after such notice in writing requiring it to do so shall have been served upon it by the Association and the Board resolves that its membership be terminated.

MEMBER SUBSCRIPTIONS

12 CESSATION OF MEMBERSHIP – REPAYMENT OF FEES

Any Member which shall cease to be a Member in a particular year shall not be repaid any part of (a) the subscription fee paid by such Member in respect of that year and any previous years or (b) any amount paid by such Member to the Association as a result of a Cash Call (where such Member is a Production Member) in that year or any previous year unless the Board in its absolute discretion shall otherwise determine, but such Member, notwithstanding that it has ceased to be a Member, shall remain liable for and shall pay to the Association all moneys which at the time when it ceased to be a Member were due from it to the Association under any of the provisions of these Articles and shall remain liable for any sum which may become payable by it by virtue of its liability under the Memorandum of Association.

13 CESSATION OF MEMBERSHIP – INDICATION OF MEMBERSHIP

Any Member which for any cause whatsoever shall cease to be a Member shall immediately discontinue the use of any device of the Association printed or impressed on any notepaper, advertisement or any other document or containing any indication of membership of the

Association, whether in physical or electronic format, and shall forthwith return to the Secretary any property of the Association then in its possession.

14 FIRST YEAR PRO-RATED SUBSCRIPTION FEES

In the event that an applicant applies for its membership of the Association to commence on any date other than 31 December, such applicant shall be required only to pay a pro-rated portion (in respect of the period from (a) the proposed date of commencement of its membership to (b) the next 31 December falling after such proposed date of commencement) of the relevant subscription fee applicable to the class of membership of the Association for which that applicant is to be admitted ("First Subscription Fee"), which the Board shall notify to the applicant prior to that applicant submitting an Application Form.

15 SUBSCRIPTION FEES

Every Member shall pay to the Association an Ordinary Subscription fee as the Board shall determine in from time to time.

16 PROPOSED SUBSCRIPTION FEES

16.1 Following final agreement or determination of the Annual Budget in relation to any year in accordance with Article 62 but prior to the commencement of the year to which that Annual Budget relates, the Board shall determine the relevant subscriptions for each class of membership of the Association. The Board shall have discretion as to the total subscriptions that the Association is to raise from Members in a particular year ("Proposed Subscriptions") provided that the amount of the Proposed Subscriptions shall not exceed the aggregate expenditure requirements of the Association pursuant to and in accordance with the terms of that year's Annual Budget.

16.2 Prior to commencement of each year, the Board shall procure that the Association shall give notice to each Member of (a) the Proposed Subscriptions determined by the Board in accordance with Article 16.1 and 16.2 the amount of subscription fee payable by that Member as determined by the Board in accordance with Article 16.1 ("Ordinary Subscription Fee"). A Member shall pay its Ordinary Subscription Fee to the Association either (a) on or before the 31 December immediately preceding that year or (b) at such other later dates during that year and in such instalments as may from time to time be prescribed by the Board.

MEETINGS OF MEMBERS

17 CALLING AN EXTRAORDINARY GENERAL MEETING

The Board may whenever they think fit convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Companies Acts.

18 NOTICE OF AN EXTRAORDINARY GENERAL MEETING

A notice convening an Extraordinary General Meeting shall be sent to every Member entitled to receive notice with an agenda showing the general nature of the business to be transacted at such meeting, and in the case of a resolution submitted by the Board, a copy of the resolution.

19 DULY CONVENED BUSINESS

No resolution shall be passed at an Extraordinary General Meeting except upon the business for which the meeting has been convened. No Member shall be entitled to bring any special business before any General Meeting unless at shall have given notice in writing of such special business to the Secretary so as to be received by him not less than fourteen days before the date of the meeting. If the Board acting reasonably agree that such special business can be included in the business to be transacted at such meeting, the Secretary shall procure that an amended agenda showing such special business is sent to every Member entitled to receive notice.

20 PARTICIPATION

All or any of the Members entitled to attend and vote may participate in a meeting of the Association by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to each of the others, and to be heard by each of the others simultaneously. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly, and a meeting of the Association may be held where each of those present or deemed to be present is in communication with the others only by telephone or other communication equipment as aforesaid. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting then is.

NOTICE OF GENERAL MEETINGS

21 NOTICE OF A GENERAL MEETING

21.1 All Extraordinary General Meetings and all other meetings of the Members provided for in these Articles shall be called by not less than twenty-one clear days' notice in writing. The notice shall specify the place, day and time of the meeting, the general nature of the business to be transacted and in the case of a resolution submitted by the Board, a copy of the resolution. Notice shall be given in a manner hereinafter mentioned to such persons (including the Auditors) as are under these Articles or under the Companies Acts entitled to receive such notices from the Association.

21.2 Notwithstanding that a meeting of the Association is called by shorter notice than that specified in this Article 21, it shall be deemed to have been properly called if it is so agreed by a majority in number of the Members having a right to attend and vote at the meeting,

being a Majority together holding not less than 95 per cent (or, such lesser percentage as may be adopted by the Association in accordance with the Companies Acts) of the total voting rights at the meeting of all the Members.

PROCEEDINGS AT GENERAL MEETINGS

22 BUSINESS TRANSACTED AT AN EXTRAORDINARY GENERAL MEETING TO BE DEEMED SPECIAL

All business shall be deemed special that is transacted at an Extraordinary General Meeting.

23 QUORUM AT A GENERAL MEETING

No business shall be transacted at any General Meeting unless a quorum of Members is present when the meeting proceeds to business. Save as herein otherwise provided, one-fifth (20%) of the Members for the time being entitled to attend and vote at the meeting shall constitute a quorum.

24 ADJOURNMENT OF MEETING IF NO QUORUM PRESENT

- 24.1 If within half an hour (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the holding of a meeting of the Association a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day within thirty days and at such other place as the Board may determine, and if at such adjourned meeting a quorum is not present within half an hour (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for holding the meeting the Members present shall be a quorum and may transact the business for which the meeting was called.

25 ROLE OF CHAIRMAN AT A GENERAL MEETING

The role of chairman at General Meetings shall alternate between the Joint Chairmen. If the Joint Chairman whose turn it is to fulfil the role of chairman at a particular meeting is unable or unwilling to fulfil that role then the other Joint Chairman shall fulfil the role of chairman of the meeting, but if at any meeting neither of the Joint Chairmen be present within fifteen minutes after the time appointed for holding the same, or if neither of them though present shall be willing to preside, the Members present shall choose some member of the Board, or if no such member be present, or if all the members of the Board present decline to take the chair they shall choose some representative of a Member who shall be present to preside.

26 ADJOURNMENT OF A GENERAL MEETING

- 26.1 The chairman of the meeting may at any time without the consent of the meeting adjourn any meeting (whether or not it has commenced or a quorum is present) to another time or place where it appears to him that (a) the Members wishing to attend cannot be conveniently

accommodated in the place appointed for the meeting, or (b) the conduct of persons present prevents or is likely to prevent the orderly continuation of business, or (c) an adjournment is otherwise necessary, so that the business of the meeting may be properly conducted.

- 26.2 In addition, the chairman of the meeting may with the consent of any meeting at which a quorum is present and if so directed by the meeting shall adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given in the same manner as of an original meeting. Save as aforesaid, it shall not be necessary for the Members to receive any notice of an adjournment, or of the business to be transacted at an adjourned meeting.

27 VOTING AT A GENERAL MEETING

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll be demanded. Subject to the Companies Acts, a poll may be demanded by:

- 27.1 the chairman of the meeting; or
- 27.2 at least two Members present in person or by proxy,

and unless a poll be so demanded a declaration by the chairman of the meeting that a resolution has been earned, or earned unanimously, or by a particular majority or lost, or not earned by a particular majority and an entry to that effect shall be recorded and stored by the Association, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

28 VOTING ON A POLL

If a poll is properly demanded, it shall be conducted in such manner and at such time and place as the chairman of the meeting shall direct and shall be secret. Votes may be given in person or by proxy on a poll and the certificate of the Auditors as to the number of votes both for and against the resolution in respect of which the poll is taken shall be final and conclusive and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

29 CONDUCT OF A POLL

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or on such date (being not later than thirty days after the date of the demand) and at such time and place as the chairman of the meeting shall direct. It shall not be necessary (unless the chairman of the meeting otherwise directs) for notice to be given of a poll.

30 EFFECT OF AND WITHDRAWAL OF A POLL

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded, and it may be withdrawn with the consent of the chairman of the meeting at any time before the close of the meeting or the taking of the poll, whichever is the earlier, and in that event shall not invalidate the result of a show of hands declared before the demand was made.

VOTES OF MEMBERS

31 VOTES OF MEMBERS

Except as expressly provided for in these Articles, on a show of hands and on a poll every Member present in person or by proxy shall be entitled to one vote.

32 **VOTES ON MATTERS PERTAINING TO THE ASSOCIATION'S EXPENDITURE BUDGET OR EXPENSES**

Any Member which is not a Production Member shall not be entitled to vote at General Meetings of the Association on any matter that relates to the Association's expenditure budget (including the approval of the Annual Budget from time to time) or the incurring of any cost or expense by the Association (but it shall be entitled to vote on any other matter).

33 VOTES OF MEMBERS – MEMBERS TO HAVE PAID ALL SUBSCRIPTION FEES AND SUMS DUE

Subject to Article 38, save as herein expressly provided, no Member (or proxy appointed on his behalf) other than a Member duly registered, which shall have paid every subscription and other sum (if any) which shall be due and payable to the Association in respect of its membership, shall be entitled to receive notice of or to vote on any question at any General Meeting.

34 VOTES OF A DULY AUTHORISED REPRESENTATIVE

At any General Meeting a Member shall vote by its duly authorised representative who at such General Meeting shall be deemed to be a Member present in person and shall be entitled to speak, demand a poll, vote, act as proxy and in all other respects exercise the rights of a Member on its behalf.

For the purposes of this Article 34 the duly authorised representative shall ideally be a director or other senior executive of the Member nominated by the Member and notified to the Association, or his alternate nominated and notified in a like manner.

35 ENTITLEMENT TO APPOINT A PROXY

An instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign it.

36 DELIVERY OF AN INSTRUMENT OF PROXY

The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, shall be deposited at the Office (or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting or in any notice of any adjournment or, in either case, in any accompanying document) by 5pm on the last working day preceding the day appointed for holding the meeting, adjourned meeting or poll taken subsequent to the date of the meeting or adjourned meeting at which the person named in the instrument proposes to vote. The Board members may at their discretion treat a faxed or other machine-made copy of an instrument appointing a proxy as such an instrument for the purposes of this Article 36. An instrument of proxy which is not delivered in accordance with this Article 36 shall be treated as invalid. When two or more valid but differing instruments of proxy are delivered in respect of the same Member's vote for use at the same meeting the one which is last delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that Member's vote, if the Association is unable to determine which was last delivered, none of them shall be treated as valid in respect of that Member's vote. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting or poll concerned.

37 VOTE GIVEN BY A PROXY TO BE VALID

A vote given in accordance with the terms of an instrument of proxy or poll demanded by a proxy or by the duly authorised representative of a Member shall be valid notwithstanding the previous revocation of the proxy, the demand for the poll or of the authority under which the proxy was executed, provided that no revocation shall have been received by the Association at the Office (or such other place in the United Kingdom as was specified for the delivery of instruments of proxy in the notice convening the meeting or other accompanying document) not later than the last time at which an instrument of proxy should have been delivered in order to be valid for use at the meeting or on the holding of the poll at which the vote was given or the poll demanded.

38 OBJECTIONS TO THE QUALIFICATION OF A VOTER

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

39 MINUTES OF PROCEEDINGS AT GENERAL MEETINGS

Proper minutes of all proceedings at General Meetings shall be kept by the Secretary, and all resolutions passed at General Meetings and any notes of dissention from such resolutions which are to be recorded at the request of any Members in accordance with Article 76 shall be recorded and stored by the Association. Forthwith after every General Meeting the Secretary shall prepare minutes of the General Meeting, and as soon as practicable after the meeting, he shall make such minutes available to all Members for the time being entitled to attend General Meetings.

ASSOCIATE MEMBERS - NOTICE OF, VOTING AT AND BUSINESS AT GENERAL MEETINGS

40 ASSOCIATE MEMBERS

Notwithstanding any other provision of these Articles, any person admitted as an Associate Member shall not be entitled to receive notice of, vote at, nor bring any business before any General Meeting of the Association and references to “Member” throughout these Articles shall be construed accordingly.

THE BOARD

41 MAXIMUM POSITIONS OF THE BOARD

The Board shall consist of up to twenty persons and shall be constituted as follows:

- 41.1 up to ten representatives of Operator Members (“Operator Board Members”);
- 41.2 up to eight representatives of Contractor Members (“Contractor Board Members”);
- 41.3 up to one representative of Small Oil Company Member (“Small Oil Company Board Member”); and
- 41.4 the Chief Executive,

however, where the maximum number of positions in any of the aforementioned classes has not been utilised, the Board shall, using its discretion, determine when any vacancy shall be filled.

42 REPRESENTATION OF MEMBERS OF THE BOARD

The Board shall endeavour to ensure (wherever possible and practicable) that the Operator Members represented on the Board as Operator Board Members at any time and from time to time are broadly representative of all of the Operator Members in order that the Board is capable of reflecting the potentially diverse interests of different Members falling within those classes of membership. Similarly the Board shall endeavour to ensure (wherever possible and

practicable) that the Contractor Members represented on the Board as Contractor Board Members at any time and from time to time are broadly representative of all of the Contractor Members in order that the Board is capable of reflecting the potentially diverse interests of different Members falling within that class of membership.

43 ROTATION OF MEMBERS OF THE BOARD

The rotation of Board Members shall take place on an annual process. So far as is practicably possible and consistent with Article 44, in any one calendar year half of the members of the Board shall have their appointments expire and be up for re-appointment.

CONSTITUTION OF THE BOARD

44 PERIOD OF APPOINTMENT TO THE BOARD

Except as expressly provided for elsewhere in these Articles, the term of any person's appointment to the Board will be limited to two years commencing from the date of that person's appointment to the Board, prior to the expiry of which such person will either resign their appointment to the Board or apply for re-appointment to the Board. In the event that any person's appointment to the Board ends prior to the expiry of such two year period for any reason other than the operation of this Article 44, then the term of appointment to the Board of his replacement shall likewise be limited to two years commencing from the date of the original Board member's person's appointment to the Board, prior to the expiry of which such person will either resign their appointment to the Board or re-apply for appointment to the Board.

45 MAXIMUM CUMULATIVE PERIOD OF APPOINTMENT

Notwithstanding any other provision of these Articles, the maximum cumulative period of any person's appointment to the Board (other than the Chief Executive) will be five years, provided always that (a) if a person resigns after a cumulative period of five years' service on the Board, then not less than two years later he may be appointed for a further term(s) not exceeding a further cumulative period of five years, and (b) if a person is serving in a Board officer role under Article 47 and his maximum period of service in that role extends beyond either of the above five year limits, the relevant five year limit shall be extended ("Extended Five Year Limit"), subject to the approval of the Board (which shall consider any other suitable candidates) to allow him to complete the applicable maximum period under Article 48. However, if a suitable replacement for the Board officer role has not been appointed at the end of the Extended Five Year Limit, subject to the approval of the Board, the person serving in the Board office role may continue and their cumulative period of appointment will be correspondingly further extended until such time as a suitable candidate can be appointed.

46 CESSATION OF MEMBERSHIP OF THE BOARD

A member of the Board may resign his office by writing left at the Office but, in any event, shall cease to act as a member of the Board and the Member of which he is a director or senior

executive shall endeavour to procure that he shall tender his resignation from the Board in any one of the following events, namely:

- 46.1 if he shall cease for any reason to be a director or senior executive of the Member for which he was a director or senior executive on the date of his appointment; and/or
- 46.2 if he shall hold any place of profit under the Association, other than as Chief Executive; and/or
- 46.3 if he shall become prohibited from acting by reason of any order made under the provisions of the Companies Acts; and/or
- 46.4 if he shall have served the maximum term of service provided for in Article 45; and/or
- 46.5 if he shall be requested by the Board to resign with a view to achieving the broad representation referred to in Article 42; and/or
- 46.6 if the Member of which he is a director or senior executive ceases to be eligible for membership of the Association in accordance with these Articles.

and in these or any other circumstances in which a member of the Board ceases to act as a member of the Board, the Board shall appoint a replacement as soon as practicable thereafter so that the Board is comprised of the maximum number of members permitted in accordance with Article 41 and on the basis that (a) if that member of the Board was an Operator Board Member, his replacement shall be a representative of the Operator Members, (b) if that member of the Board was an Contractor Board Member, his replacement shall be a representative of the Contractor Members, and (c) if that member of the Board was a Small Oil Company Board Member, his replacement shall be a representative of the Small Oil Company Members, provided that if a person ceases to be a member of the Board in compliance with Article 46.1 but later becomes a director or senior executive of another Member, the Board may approve the appointment of that person for further term(s) not exceeding a further cumulative period of five years if a suitable Board position becomes available.

OFFICER POSITIONS ON THE BOARD

47 APPOINTMENT OF BOARD OFFICER POSITIONS

At its first meeting held in each calendar year or at such time as the Board shall otherwise determine, the Board shall appoint from amongst its members:

- 47.1 a “Joint Chairman”, being a duly appointed representative of an Operator Member (“Operator Joint Chairman”); and
- 47.2 a second “Joint Chairman”, being a duly appointed representative of a Contractor Member (“Contractor Joint Chairman”); and

- 47.3 an “Advisory Council Chair”, being a duly appointed representative of an Operator Member (“Operator Advisory Council Chair”); and
- 47.4 a second “Advisory Council Chair”, being a duly appointed representative of a Contractor Member (“Contractor Advisory Council Chair”); and
- 47.5 an “Honorary Treasurer”, being a duly appointed representative of any Member (“Honorary Treasurer”); and
- 47.6 such other titles as the Board shall from time to time deem proper or necessary to create.

48 MAXIMUM PERIOD OF SERVICE OF A PERSON APPOINTED TO A BOARD POSITION

Subject to the provisions of 44 and 45 (including proviso (b) to Article 45), the maximum period of service of any person appointed to the positions described in Article 47 will be as follows:

- 48.1 two years for the Operator Joint Chairman and the Contractor Joint Chairman;
- 48.2 two years for the Operator Advisory Council Chairs and the Contractor Advisory Council Chairs; and
- 48.3 four years for the Honorary Treasurer.

49 APPOINTMENT OF OPERATOR JOINT CHAIRMAN AND CONTRACTOR JOINT CHAIRMAN

On the expiry of the period of appointment of the Operator Joint Chairman, the person then serving as Operator Advisory Council Chair will automatically be appointed as Operator Joint Chairman unless the Board determine otherwise at the time of such appointment, and on the expiry of the period of appointment of the Contractor Joint Chairman, the person then serving as Contractor Advisory Council Chair will automatically be appointed as Contractor Joint Chairman unless the Board determine otherwise at the time of such appointment. For the avoidance of doubt, appointments to the positions of Operator Advisory Council Chair, Contractor Advisory Council Chair and Honorary Treasurer shall at all times be at the Board’s discretion.

PROCEEDINGS OF THE BOARD QUORUM AND VOTING

50 QUORUM AT A MEETING OF THE BOARD

The quorum necessary for the transaction of the business of the Board shall be four Operator Board Members and two Contractor Board Members. Subject to the provisions of these Articles, any person who ceases to be a Board member at a Board meeting may continue to be present and to act as a Board member and be counted in the quorum until the termination

of the Board meeting if no other Board member objects and if otherwise a quorum would not be present. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

51 VOTING AT A MEETING OF THE BOARD

In any meeting of the Board at which a quorum is present, the members of the Board shall endeavour to reach consensus on any matter to be decided as a resolution of the Board. In the event that the Board are unable to reach consensus, the matter shall be put to a vote for which each member of the Board shall be entitled to either cast a single vote or to abstain. In order to pass a resolution:

- 51.1 there must be a majority of three fifths of all votes cast provided that for this purpose any abstention shall be counted as an affirmative vote; and
- 51.2 at least one Operator Board Member must cast an affirmative vote or abstain; and
- 51.3 at least one Contractor Board Member must cast an affirmative vote or abstain.

52 INABILITY TO REACH CONSENSUS AT A MEETING OF THE BOARD

If the Board are unable to agree:

- 52.1 the Proposed Budget for submission to the Members by the end of November in any year;
- 52.2 the incurring of any cost or expense by the Association that is not provided for in the Annual Budget (as amended from time to time in accordance with these Articles),

the Joint Chairmen shall procure that the matter is referred to an Extraordinary General Meeting of the Association duly called in accordance with the provisions of these Articles and in such an event the decision of such Members as are entitled to vote at General Meetings on such matters in accordance with Article 32 shall be final and binding.

MEETINGS OF THE BOARD

53 FREQUENCY OF MEETINGS

The Board will meet together for the despatch of business at least three times in every year. At least one such meeting shall be held on or around 15 November of each year in order for the Board to consider the Proposed Budget. The Secretary, on the requisition of any Board Member shall at any time summon additional meetings of the Board.

54 NOTICE OF MEETINGS

Seven days' notice at the least (inclusive of the day on which the notice is served or deemed to be served but exclusive of the day for which the notice is given) specifying the place, the day and the hour of the meeting and enclosing the agenda of the business to be discussed at the meeting shall be given of every meeting of the Board. If in the opinion of (a) either of the Joint Chairmen in relation to the four normal Board meetings or (b) any of the members of the Board that requisition an additional Board meeting in accordance with Article 53 in relation to such additional Board meeting, it shall be expedient to call a meeting at shorter notice for the discussion of urgent business, such Board meeting may be called on three days' notice if the notice is sent through the post or on twenty four hours' notice if the notice is given by telephone, fax or electronic mail.

55 VALIDITY OF ACTS OF THE BOARD

All acts bone fide done by any meeting of the Board or of any committee or sub-committee of the Board in conformity with the provisions of these Articles, or by any person acting as a member of the Board, shall, notwithstanding it be afterwards discovered that there were some defect in the appointment or continuance in office of any such member or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a member of the Board.

56 MINUTES OF MEETINGS OF THE BOARD

The Board shall cause proper minutes to be made and made available to the members of the Board and to all of the Members of all appointments of officers made by the Board and of the proceedings of all meetings of the Board and of committee or sub committees of the Board and all business transacted at such meetings and any notes of dissention to such resolutions which are to be recorded at the request of any members of the Board in accordance with Article 76, and any such minutes of any meeting, if purporting to be signed by the chairman of such meeting, or by the chairman of the next succeeding meeting, shall be sufficient evidence without any further proof of the facts therein stated.

57 PARTICIPATING IN A BOARD MEETING

All or any of the members of the Board or any committee or subcommittee of the Board may participate in a meeting of the Board or that committee or subcommittee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to each of the others, and to be heard by each of the others simultaneously. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum according, and a meeting of the Board or committee or subcommittee of the Board may be held where each of those present or deemed to be present is in communication with the others only by telephone or other communication equipment as aforesaid. Such a meeting shall be deemed to take place where

the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting then is.

58 WRITTEN RESOLUTIONS OF THE BOARD

A resolution in writing signed by all the members for the time being of the Board or any committee or sub-committee of the Board who are duly entitled to receive notice of a meeting of the Board or of such committee or sub-committee shall be as valid and effectual as if it has been passed at a meeting of the Board or of such committee or sub-committee duly convened and constituted. The resolution may be contained in one document or in several documents in like form each executed by one or more of the members of the Board or the committee or sub-committee concerned.

POWERS OF THE BOARD

59 ASSOCIATION TO BE MANAGED BY THE BOARD

The business of the Association shall be managed by the Board, which may exercise all such powers of the Association, and do on behalf of the Association all such acts as may be exercised and done by the Association, and as are not by statute or by these Articles required to be exercised or done by the Association in General Meeting subject nevertheless, to any regulation of these Articles (including, but without limitation, Article 63), to the provisions of the statutes for the time being in force and affecting the Association, and to the terms of any resolution, being not inconsistent with the aforesaid regulations (other than this Article 59) or provisions, as may be passed by the Association in General Meeting, but no resolution by the Association in General Meeting shall invalidate any prior act of the Board which would have been valid if such resolution had not been passed.

60 POWERS TO BORROW, RAISE MONEY OR GRANT SECURITY

The Board may exercise all the powers of the Association to borrow or raise money, and to mortgage or charge its undertaking and property, and to issue debentures and other securities, and any such debentures and other securities may be issued at par or at a premium or at a discount.

61 MANNER OF SIGNATURE BY THE BOARD

All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments, and all receipts for moneys paid to the Association shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be, in such manner as the Board shall from time to time by resolution determine.

62 PROPOSED BUDGET OF THE ASSOCIATION

The Board shall procure that a meeting of the Board is called in order to consider the proposed annual expenditure budget for the Association for the following year ("Proposed Budget").

The Joint Chairmen will procure that the notice of such meeting (duly issued in accordance with Article 54) includes a copy of the Proposed Budget together with a resolution of the Board that the Proposed Budget be approved by the Board and submitted to the Members for final approval. In the event that the Board is:

- 62.1 able to agree such resolution prior to the end of November, the Joint Chairmen shall procure that the notice issued for the next General Meeting falling before 31 December of that year includes a copy of the Proposed Budget together with a resolution that the Proposed Budget be approved by those Members entitled to vote on such matters in accordance with Article 32; or
- 62.2 unable to agree such resolution prior to the end of November, Article 52 shall apply and the Joint Chairmen shall procure that notice of an Extraordinary General Meeting shall be promptly given by the Board to the Members, such Extraordinary General Meeting to be held prior to 31 December of that year, and such notice to include (i) a copy of the Proposed Budget, (ii) an explanation from the Board as to why the Board have been unable to agree that the Proposed Budget should be submitted to the Members for approval and (iii) a statement that the Extraordinary General Meeting is being convened in order that the Members entitled to vote on such matters in accordance with Article 32 can consider the Proposed Budget and decide whether to approve it in the form provided with the notice of that Extraordinary General Meeting or to approve it in an amended form,

and the Association's annual expenditure budget so approved from time to time by the Members entitled to vote on such matters in accordance with Article 32 shall be referred to as the "Annual Budget" in these Articles. If during the year to which any Annual Budget relates the Association proposes to make adjustments ("Adjustments") to such Annual Budget, a meeting of the Board shall be requisitioned in accordance with Article 53 and the procedure set out in this Article 62 shall apply to such Adjustments as if they were the Proposed Budget (except that the words "prior to the end of November" in 62.1 and 62.2 above shall not apply) and, subject to the approval of such Adjustments by the Members in accordance with these Articles, that year's Annual Budget shall be deemed to incorporate such Adjustments.

63 BUSINESS TO BE CONDUCTED IN ACCORDANCE WITH THE ANNUAL BUDGET

The Board shall in any particular year conduct the business of the Association in accordance with that year's Annual Budget (which for the avoidance of doubt shall incorporate any duly approved Adjustments in accordance with Article 62) and shall not knowingly incur expenditure or liabilities or enter into obligations on behalf of the Association in excess of that which is provided for in that year's Annual Budget.

64 **RIGHT OF MEMBERS TO ACT INDIVIDUALLY WITHIN THE SCOPE OF THE BOARD**

The right of each Member to act individually concerning any matter within the scope of the Board shall not be impaired or restricted by any action of the Board and each Member shall have the right individually to take such action as it deems advisable whether or not such action conflicts with the action of the Board. When taking such action, Members shall have regard to the matters set out in Section 170 to 176 of the Companies Act 2006.

CASH CALL

65 **CASH CALL NOTICE**

The Board may from time to time and at any time give notice of a cash call (“Cash Call Notice”) to:

- 65.1 every Production Member in respect of each such Member’s contribution to such funds as may be required to be expended by the Association pursuant to and in accordance with the terms of the Annual Budget (which for the avoidance of doubt shall incorporate any duly approved Adjustments in accordance with Article 62) (“Cash Calls”) and which is not met by Aggregate Subscription Fee Income (as that amount of such income is known by the Board at the date of the Cash Call Notice); and

66 **MEMBERS LIABILITY IN RESPECT OF A CASH CALL NOTICE**

At the Board’s discretion, a Production Member’s liability in respect of any particular Cash Call may be made payable in whole or by instalments. The Production Members shall pay to the Association the amount(s) required in the Cash Call notice either (a) within twenty-one days of the date of the Cash Call Notice in the event that payment is due from that Member in whole or (b) on the instalment dates set out in the Cash Call Notice. A Member properly in receipt of a Cash Call Notice in accordance with these Articles shall remain liable at all times for all amounts set out in a Cash Call Notice duly issued to it in accordance with these Articles.

67 **EXCESS MEMBER CONTRIBUTIONS**

- 67.1 As soon as practicable following 1 January in any year the Board will compare the Actual Member Contributions for the preceding year against Actual Association Expenditure for the preceding year.

- 67.2 If Actual Member Contributions in any year exceed Actual Association Expenditure in that year by an amount that is equal to or less than the Aggregate Cash Call Income in that year, at the Board’s discretion the Association shall either:

- 67.2.1 repay to each Production Member an amount equal to a pro rata share of such excess (calculable by reference to that Production Member’s relative contribution to the total amount of the relevant Cash Call), or

67.2.2 retain such excess to be treated as an advance Cash Call in respect of the Association's expenditure requirements in the subsequent calendar year.

67.3 If Actual Member Contributions exceed Actual Association Expenditure in any year by an amount that is more than the Aggregate Cash Call Income in that year, the Board shall first comply with the requirements of Article 67.2 in respect of all of the Aggregate Cash Call Income and, in relation to the remaining excess, at the Board's discretion the Association shall either:

67.3.1 repay to each Member an amount equal to a pro rata share of such excess (calculable by reference to that Member's relative contribution to the Aggregate Subscription Fee Income); or

67.3.2 retain such excess to be treated as advance Ordinary Subscription Fee Income in respect of the Association's expenditure requirements in the subsequent calendar year.

CHIEF EXECUTIVE

68 APPOINTMENT OF CHIEF EXECUTIVE

The Board in General Meeting may from time to time authorise the FRANC to appoint any person to the office of Chief Executive for such term and upon such conditions as it may think fit and may at any time revoke such appointment. In particular the Chief Executive shall receive such remuneration as the FRANC may determine from time to time.

69 VOTING AND MEMBERSHIP RIGHTS

The Chief Executive shall be a member of the Board and shall be entitled to vote at meetings of the Board but for the avoidance of doubt the Chief Executive cannot be a Member.

70 POWER CONFERRED BY THE BOARD

The Board may entrust to and confer upon any Chief Executive appointed pursuant to Article 68 any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as they think fit either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary any of such powers.

SECRETARY

71 SECRETARY

The Board shall from time to time appoint some person to the office of Secretary for such term, at such remuneration and upon such terms and conditions as it may think fit, and any Secretary so appointed may be removed by the Board. The provisions of the Companies Acts shall apply and be observed.

FINANCE, REMUNERATION AND NOMINATIONS COMMITTEE

72 APPOINTMENT OF THE FRANC

The Board shall from time to time appoint a sub-committee of the Board to act on specific matters of the Association called the “Finance, Remuneration & Nominations Committee (“FRANC”) for such term and upon such conditions as it may think fit and may at any time revoke such appointment.

73 CONSTITUTION OF THE FRANC

The FRANC shall be comprised of the Operator Joint Chairman, the Contractor Joint Chairman, the Operator Advisory Council Chair, the Contractor Advisory Council Chair and the Honorary Treasurer from time to time.

The Honorary Treasurer will act as the Chair of the FRANC.

74 POWERS ENTRUSTED TO THE FRANC

The Board may entrust to and confer upon the FRANC appointed pursuant to Article 72 any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as they think fit either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary any of such powers.

RECORDING AND DISCLOSING DISSENTING OPINIONS

75 DISSENTING OPINIONS AT GENERAL MEETINGS AND BOARD MEETINGS TO BE NOTED

In the event that a resolution of the Members is passed by the Members at a General Meeting of the Association or a resolution of the Board is passed by the Board at a meeting of the Board, any Members that voted against such resolution of the Members (whether in person or by proxy) and any members of the Board that voted against such resolution of the Board shall, on request made in writing to the Secretary, be entitled to have their dissention noted in the minutes which are required to be taken of such meetings in accordance with these Articles.

76 NOTING OF A DISSENTING OPINION AGAINST A RELEVANT PUBLICATION

Any Member may request in writing to the Board that their dissention from any resolution of the Members and/or the Board be noted against any relevant publication of the Association’s determined position on the subject matter of that resolution. The Board shall act reasonably but retain discretion as to how such dissention is to be noted against such relevant publication.

ADVISORY COUNCILS

77 OPERATORS' ADVISORY COUNCIL

The "Operators' Advisory Council" shall be composed of a singly duly authorised representative of each of the Operator Members and the Small Oil Company Members ("Operators' Advisory Council Member") and for the purposes of the meetings of the Operators' Advisory Council, the duly authorised representative shall ideally be a director or senior executive of the Operator Member nominated by the Operator Member and notified to the Association as soon as practicable after the date of the Operator Member joining the Association. The principal function of the Operators' Advisory Council will be to advise the Operator Board Members and the Small Oil Company Board Member of what the Operator Members and the Small Oil Company Members regard as being in their interests in general or in any particular circumstances. The rules of operation of the Operators' Advisory Council shall be a matter for the Board, with the following exceptions:

- 77.1 the quorum necessary for the transaction of business at a meeting of the Operators' Advisory Council shall at all times be ten percent of the Operators' Advisory Council Members;
- 77.2 in order to pass any matter which is put to a vote at any meeting of the Operators' Advisory Council, there must be a majority of three fifths of all votes cast; and
- 77.3 the Operators' Council shall endeavour to reach consensus on the rules for the operation of the Operators' Council, failing which the Operator Joint Chairman shall procure that the matter is put to a vote for which each member of the Operators' Council Member shall be entitled to cast a single vote.

78 CONTRACTORS' ADVISORY COUNCIL

The "Contractors' Council" shall be composed of a single duly authorised representative of each of the Contractor Members ("Contractors' Advisory Council Member") and for the purposes of meetings of the Contractors' Advisory Council each duly authorised representative of the Contractor Members shall ideally be a director or senior executive of the Contractor Member nominated by the Contractor Member and notified to the Contractor Joint Chairman as soon as practicable after the date of the Contractor Member joining the Association. The principal function of the Contractors' Advisory Council will be to advise the Contractor Board Members of what the Contractor Members regard as being in their interests in general or in any circumstances. The rules of operation of the Contractors' Advisory Council shall be a matter for the Board, with the following exceptions:

- 78.1 the quorum necessary for the transaction of business at a meeting of the Contractors' Advisory Council shall at all times be ten percent of the Contractors' Advisory Council Members;
- 78.2 in order to pass any matter which is put to a vote at any meeting of the Contractors' Advisory Council, there must be a majority of three fifths of all votes cast.

ACCOUNTS

79 BOOKS OF ASSOCIATION TO BE KEPT

The Board shall cause proper books of account to be kept with respect to:

- 79.1 all sums of money received and expended by the Association and the matters in respect of which such receipts and expenditure take place;
- 79.2 all sales and purchases of goods by the Association; and
- 79.3 the assets and liabilities of the Association.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the affairs of the Association and to explain its transactions.

80 INSPECTION OF THE BOOKS OF ASSOCIATION

The books of account shall be kept at the Office or, subject to the Companies Acts, at such other place or places as the Board shall think fit, and shall always be open to inspection by the members of the Board. The Board may from time to time impose reasonable restrictions as to the time and manner of the inspection by the Members of the accounts and books of the Association or any of them, but, subject to such restrictions, the accounts and books of the Association shall be open to the inspection of the Members at all reasonable times during business hours.

REGISTER OF MEMBERS

81 REGISTER OF MEMBERS

A Register shall be kept by the Association containing the names and addresses of all the Members, together with such other particulars as may be required by the Companies Acts.

NOTICES

82 SERVING NOTICE ON A MEMBER

A notice may be served by the Association upon any Member, either personally or by sending it through the post in a prepaid first class letter, addressed to such Member at its registered address as appearing in the register of Members or by fax or electronic mail to a number or address provided by the Member for this purpose or by leaving it at that registered address addressed to the Member or by any other means authorised in writing by the Member concerned.

83 ADDRESS OF MEMBERS FOR SERVICE OF NOTICE

Any Member described in the register of Members by an address not within the United Kingdom, which shall from time to time give the Association an address within the United Kingdom at which notices may be served upon it, shall be entitled to have notices served upon it at such address, but save as aforesaid and as provided by the Companies Act, only those Members that are described in the register of Members by an address within the United Kingdom shall be entitled to receive notices from the Association.

84 DEEMED SERVICE OF A NOTICE

Any notice or other document, if served by post, shall be deemed to have been served on the day following that on which the letter containing the notice is put into the post, and in proving such service or delivery. It shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post as a prepaid letter. Any notice or other document not sent by post but left at a registered address or sent by fax or electronic mail or other instantaneous means of transmission shall be deemed to have been served or delivered on the day at was so left or sent. Any notice or other document served or delivered by any other means authorised in writing by the Member concerned shall be deemed to have been served when the Association has earned out the action it has been authorised to take for that purpose.

DISSOLUTION

85 WINDING UP AND DISSOLUTION OF THE ASSOCIATION

Clause 9 of the Memorandum of Association of the Association relating to the winding up and dissolution of the Association shall have effect as if the provisions thereof were repeated in these Articles.

THE SEAL

86 CUSTODY AND USE OF THE SEAL OF ASSOCIATION

The Board shall provide for the custody of every Seal of the Association. The Seal shall only be used by the authority of the Board. Subject as otherwise provided in these Articles, any instrument to which the Seal is applied shall be signed by at least one Board member and the Secretary or Chief Executive or by at least two Board members. The signatures shall be conclusive evidence of the fact that that Seal has been properly affixed in favour of any purchaser or person bona fide dealing with the Association.

INDEMNITY

87 INDEMNITY IN FAVOUR OF THE OFFICERS OF THE ASSOCIATION OR OF ANY ASSOCIATED COMPANY

Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, the Association hereby provides to every member of the Board, the Secretary and every other officer of the Association or of any associated company an indemnity against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Association or any associated company provided that such indemnity shall not apply to any liability referred to in sub-sections (2) or (3) of section 234 of the Companies Act 2006 (such that the foregoing indemnity shall constitute a qualifying third party indemnity within the meaning of the said section 234), and, subject as aforesaid, the Association may for every member of the Board, the Secretary and every other officer of the Association or of any associated company provide funds to meet expenditure in defending proceedings or in connection with applications of the types referred to in sub-section (1) of Section 205 of the Companies Act 2006, and (b) purchase and maintain insurance against any liability which by virtue of any law would attach to him in respect of any such negligence, default, breach of duty or breach of trust. In this Article “associated company” shall have the meaning given in section 256 of the Companies Act 2006.