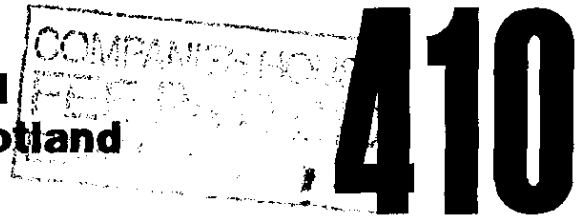


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COMPANIES FORM No. 410(Scot)

Particulars of a charge created by a company registered in Scotland



Please do not
write in
this margin

Pursuant to section 410 of the Companies Act 1985

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

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

For official use

Company number

[T] [4]

SC200459

Name of company

* LEDGE 494 LIMITED ("the Chargor")

*
insert full name
of company

Date of creation of the charge (note 1)

11 May 2000

Description of the instrument (if any) creating or evidencing the charge (note 1)

DEBENTURE ("the Charge")

Amount secured by the charge

All present and future obligations and liabilities of the Chargor to the Chargee and the Banks (or any of them) under the Charge and the Agreement and the other Finance Documents and/or any deed or document supplemental thereto, whether actual contingent, sole, joint and/or several or otherwise, including, without prejudice to the foregoing generality, all obligations to indemnify the Chargee ("the Secured Liabilities")

Names and addresses of the persons entitled to the charge

THE ROYAL BANK OF SCOTLAND PLC, a company incorporated under the laws of Scotland

(registered number SC090312) whose registered office is at 36 St Andrew Square, Edinburgh EH2 2YB

for itself and as agent and trustee for and on behalf of the Banks ("the Chargee")

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

Dundas & Wilson CS
Saltire Court
20 Castle Terrace
EDINBURGH EH1 2EN
Ref: SAB/ADCF/SJP/BOS001.0614

For official Use

Charges Section

Post room



SCT
COMPANIES HOUSE

S77K0QT9

0137

26/05/00

Short particulars of all the property charged.

Please do not
write in
this margin

See Paper Apart 1

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

Statement, in the case of a floating charge, as to any restrictions on power to grant further securities and any ranking provision (note 2)

See Paper Apart 1

Particulars as to commission, allowance or discount paid (see section 413(3))

Nil

Signed

[Signature]

Date *26/5/00*

On behalf of ~~[company]~~ [chargee]†

† delete as
appropriate

Notes

1. A description of the instrument e.g. "Standard Security" "Floating Charge" etc, should be given. For the date of creation of a charge see section 410(5) of the Act. (Examples - date of signing of an Instrument of Charge; date of recording/registration of a Standard Security; date of intimation of an Assignment.)
2. In the case of a floating charge a statement should be given of (1) the restrictions, if any, on the power of the company to grant further securities ranking in priority to, or pari passu with the floating charge; and/or (2) the provisions, if any, regulating the order in which the floating charge shall rank with any other subsisting or future floating charges or fixed securities over the property which is the subject of the floating charge or any part of it.
3. A certified copy of the instrument, if any, creating or evidencing the charge, together with this form with the prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of the creation of the charge. In the case of a charge created out of the United Kingdom comprising property situated outside the U.K., within 21 days after the date on which the copy of the instrument creating it could, in due course of post, and if despatched with due diligence, have been received in the U.K. Certified copies of any other documents relevant to the charge should also be delivered.
4. A certified copy must be signed by or on behalf of the person giving the certification and where this is a body corporate it must be signed by an officer of that body.
5. The address of the Registrar of Companies is: -
Companies Registration Office,
37 Castle Terrace,
Edinburgh EH1 2EB

These are the definitions applicable to the foregoing Companies House Form 410 by Highland Energy Limited in relation a debenture created on 11 May 2000

Agreement means the Facility Agreement dated 11th May 2000 between, inter alia, Highland Energy Limited (registered number 191561), Ledge 494 Limited, name change pending to Highland Energy (Holdings) Limited (registered number 200459), The Governor and Company of The Bank of Scotland and The Royal Bank of Scotland plc as underwriting banks (the "**Underwriting Banks**"), the Banks and The Royal Bank of Scotland plc as agent and security Trustee for the Banks, (in these capacities the "**Agent**" and the "**Security Trustee**" respectively);

Accession Agreement means an Accession Agreement substantially in the form of Schedule 6 to the Agreement;

Approved Fields means the Initial Approved Fields and such other Fields as may become Approved Fields under Clause 5.8 of the Agreement from time to time, in each case subject to Clause 5.9 of the Agreement;

Banks means each of the parties set out in Schedule 1 of the Agreement and each other bank or financial institution which becomes a New Bank under Clause 30 of the Agreement;

Borrowers means each of Highland, and each Debtor Party which enters into an Accession Agreement as a Borrower pursuant to Clause 21.19.3 of the Agreement and **Borrower** shall be construed accordingly;

Debtor Party means the Borrowers, the Parent and each other party from time to time (other than the Agent, the Security Trustee or any Bank) to a Financing Document;

Encumbrance includes any fixed or floating security including, without limiting the generality, any mortgage, standard security, assignment in security, assignation in security, pledge, lien, charge (whether fixed or floating), hypothecation, security interest, title retention, royalty, overriding royalty or production payment or other preferential right having the effect of creating security;

Existing Bank is as defined in Clause 30.5 of the Agreement;

Field means any onshore or offshore North Sea reservoir of Petroleum and/or Gas;

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

- (a) all wells drilled or to be drilled in such Field in terms of the relevant Development Document, including production and injection wells and all equipment and structures installed or to be installed or erected in or at the site of such well;
- (b) all separation and processing plant erected or in proximity to such Field and used to separate and process gaseous and liquid constituents of the Field Petroleum and/or Field Gas;

- (c) all pipeline and ancillary facilities and all loading, pumping and other terminals and stations constructed or to be constructed for the storage and transportation of Field Petroleum and/or Field Gas; and
- (d) all other pipelines, apparatus, machinery, structures, equipment, vehicles and other facilities which from time to time are used or are available principally for use in development or, production, generation, processing, treatment, storage and transportation of Field Petroleum and/or Field Gas;

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

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

- (a) the relevant Licence;
- (b) the relevant Field Agreements;
- (c) the relevant Field Facilities;
- (d) the freehold, heritable and leasehold land and all easements, rights and privileges attaching thereto comprised or situated in the relevant Field or used in connection with the exploration, development or exploitation of oil or gas production, storage, processing or transportation of, Field Petroleum and/or Gas; and
- (e) any and all other contracts, agreements, permits, leases, licences, franchises, consents (including Development Consents), easements, searches, wayleaves, freeholds, leaseholds, tenancies, insurances and other rights and interests (whether tangible or intangible) now or at any time in the future existing which relate to the exploration, development, exploitation or operation of such Field or to the production of Field Petroleum or the construction, equipment, maintenance or use of the Field Facilities or to the carrying out and the completion of any work pursuant to any relevant Development Document or to the production, storage, loading, transportation, processing or marketing of Field Petroleum and/or Field Gas;

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

Finance Document means the Agreement, the Security Documents, each Accession Agreement, each Transfer Agreement and any other document designated by the Agent, the Security Trustee and Highland as a Finance Document;

Finance Party means each of the Chargee and each Bank;

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

Initial Approved Fields means the Chargor's respective interests in the Victor and Anglia offshore gas fields;

Insurances means all contracts and policies of insurance and re-insurance of any kind which have been taken out by a Chargor or will be taken out by the relevant Chargor pursuant to the terms of this Agreement or (to the extent of its interest) in which the relevant Chargor has an interest;

Licence means, in relation to an Approved Field, each licence or other authority granted by the Secretary of State to, or otherwise assigned or transferred with the consent of the Secretary of State to, (inter alia) a Borrower or Target (as the case may be) and required for the exploitation or development of, and for the production of Field Petroleum and/or Field Gas from, such Field and includes, for so long as the relevant Field is an Approved Field (a) in relation to Victor Field: (i) United Kingdom Petroleum Production Licence P.033 granted with effect from 17th September 1964; (ii) Sub-Licence dated 25th 1974 (relating to the southern party of Block 49/17) granted under United Kingdom Petroleum Production Licence P.033; (iii) Sub-Licence dated 25th March 1974 (relating to Block 49/22) granted under United Kingdom Petroleum Production Licence P.025 granted with effect from 17th September 1964, and (b) in relation to the Anglia Field: United Kingdom Petroleum Production Licence P.128 granted with effect from 1st January 1972 relating to Blocks 48.18b and 48/19b;

New Bank means a bank or other financial institution to which an Existing Bank seeks to transfer all or part of its rights and obligations under the Agreement in accordance with Clause 30 of the Agreement;

Petroleum means any mineral oil or relative hydrocarbon and natural gas (other than Field Gas) existing in its natural condition in strata and natural gas liquids but excluding (a) coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation and (b) any substance unavoidably lost in the production thereof or used in conformity with good oilfield practice for drilling and the production operations (including gas injection, fuel, secondary recovery pressure maintenance, re-pressuring or recycling operations) conducted for the purpose of winning and saving such substances but only for the duration of such use;

Security Assets means all assets, rights and property of the Chargor the subject of any security created by the Charge;

Security Documents means each Debenture, the Accounts Pledge, the Shares Pledge, each Floating Charge and each other document executed or to be executed in connection with this Agreement guaranteeing and/or creating or evidencing rights in security for, or otherwise in support of, the obligations of any Debtor Party to any Finance Party;

Target means any company previously approved by the Banks;

Transfer Agreement means an agreement substantially in the form set out in Schedule 7 of the Agreement executed (inter alia) by an Existing Bank and a New Bank whereby:-

- (i) such Existing Bank seeks to assign to such New Bank all or part of such transferor's rights and obligations hereunder subject to and upon the terms and conditions set out in Clause 30 of the Agreement; and

- (ii) such New Bank undertakes to perform those obligations it will assume as a result of delivery of such Agreement to the Agent as contemplated in Clause 30 of the Agreement

In this Form 410, unless the context or the express provisions hereof otherwise require:-

- (1) Unless otherwise stated, terms and expressions defined in the Agreement shall have the same meaning in the Charge.
- (2) References in the Charge to a "fixed security" shall be construed as a reference to a fixed security as defined by Section 486 of the Act as in force at the date of the Charge.
- (3) The expressions "the Chargor", "the Chargee" and "the Banks" shall include the successors, assignees and transferees of the Chargor, the Chargee and the Banks, and, in the case of the Chargee, shall include any person for the time being the Agent under the Agreement.
- (4) Unless any provision of the Charge or the context otherwise requires, any reference to any statute or any section of any statute shall be deemed to include a reference to any statutory modification or re-enactment thereof for the time being in force.
- (5) In the Charge the *singular* includes the *plural* and vice versa. Clause headings are for convenience of reference only.
- (6) Any reference in the Charge to a document of any kind whatsoever (including the Charge) is to that document as amended or varied or supplemented or novated or substituted from time to time.
- (7) Any appointment of a Receiver under Clause 5 of the Charge may be made by any successor or assignee or transferee of the Chargee, and the Chargor hereby irrevocably appoints each such successor or assignee or transferee to be its attorney in the terms and for the purposes stated in Clause 11 of the Charge.
- (8) Except as otherwise expressly provided for above, the provisions of Clause 1 of the Agreement shall apply hereto, mutatis mutandis, as if the same had been set out in full in the Charge.

Paper Apart 1 to a Companies Form 410 in respect of a Debenture by Highland Energy Limited

Short Particulars of all the Property charged

(1) The Chargor, as beneficial owner, as security for the payment of all Secured Liabilities, charges in favour of the Chargee (as agent and trustee as aforesaid):-

(a) by way of first legal mortgage:-

(i) all the property (if any) specified in Schedule 1 of the Charge (a copy of which is annexed hereto) together with all buildings and fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title of the Company and any moneys paid or payable in respect of such covenants;

(ii) all estates or interests in any freehold or leasehold property (other than that specified in Clause (1)(a)(i)) of the Charge wheresoever situate now belonging to it other than any such situated in Scotland and all buildings and fixtures thereon, the proceeds of sale of all or any part thereof and the benefits of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;

(b) by way of first legal mortgage:-

all dividends paid or payable after the date hereof on any shares and all stocks, shares, securities (and the dividends or interest thereon), rights, moneys or property accruing or offered at any time by way of redemption, bonus, preference, option rights or otherwise to or in respect of any of such shares or in substitution or exchange for any of them PROVIDED THAT all such dividends paid or payable as aforesaid may, until the security constituted hereby becomes enforceable, be paid directly to the Chargor; and

(c) by way of first fixed charge:-

(i) (to the extent the same are not the subject of a mortgage under Clause (1)(a)) all present and future estates or interests in any freehold or leasehold property relating to an Approved Field belonging to it other than any such situated in

Scotland and all buildings and fixtures thereon and all proceeds of sale thereof and the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;

- (ii) all plant and machinery relating to an Approved Field now or in the future owned by the Chargor and its interest in any such plant or machinery in its possession;
- (iii) its present and future interest in all stocks, shares (other than the Shares), debentures, bonds and other securities and all rights relative thereto;
- (iv) all moneys (including interest) relating to an Approved Field standing now or in the future to the credit of its present and future accounts with any bank, financial institution or other person and the debt or debts represented thereby;
- (v) all benefits in respect of Insurances relating to an Approved Field, all claims in respect thereof and return of premiums;
- (vi) (to the extent that the same do not fall within any other sub-paragraph of this paragraph (c)) all book and other debts relating to an Approved Field and other moneys due, owing, payable or incurred to it now or at any time and the benefit of all rights, securities and guarantees of any nature whatsoever now or at any time enjoyed or held by it in relation thereto;
- (vii) its present and future goodwill;
- (viii) the benefit of all present and future licences relating to an Approved Field (statutory or otherwise) held in connection with its business or the use of any of the Security Assets the subject of the security pursuant to sub-clause (a) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof. This Clause (1)(c)(viii) shall not apply to any such licence in relation to which consent to the security constituted by this Clause (1)(c)(viii) is required from any party (other than the Company) to such licence, until such consent is obtained. The Company undertakes to use its reasonable endeavours to procure any such consent;

- (ix) its present and future uncalled capital; and
 - (x) (in relation to an Approved Field) all knowhow licences and patents (including applications and rights to apply therefor), copyrights, rights in trademarks, service marks whether registered or not, and rights in confidential information now or at any time belonging to it.
- (2) The Company as beneficial owner, as security for the payment of all Secured Liabilities, assigns and agrees to the Chargee (as agent and trustee as aforesaid) all of the Company's right, title, interest and benefit, present and future, under the Relevant Agreements and undertakes promptly to give such notices of assignment as the Chargee may require provided that to the extent (if any) that such right, title, interest and benefit are not assignable such assignment shall operate as an assignment of any proceeds received by the Company pursuant to the Relevant Agreements. This Clause 3(2) shall not apply to any Relevant Agreement in relation to which consent to the creation of the security constituted by this Clause 3(2) is required from any party (other than the Company) to such Relevant Agreement, until such consent is obtained. The Company undertakes to use its reasonable endeavours to procure any such consent.

Statement, in the case of a floating charge, as to any restrictions on power to grant further securities and any ranking provision

The floating charge created shall, subject to Section 464(2) of the Act, rank in priority to any fixed security which shall be created by the Chargor after its execution, other than a fixed security in favour of the Chargee for itself and/or as trustee aforesaid, and to any other floating charge which shall be created by the Chargor after its execution and, subject as aforesaid, no such fixed security or other floating charge shall rank in priority to or equally with or postponed to the floating charge created by it.

Except with the prior written consent of the Chargee, the Chargor shall not during the Security Period create, incur, assume or permit to subsist any Encumbrance on all or any part of the Charged Assets except for:-

- (a) any Encumbrance arising under or pursuant to or expressly permitted by the terms of any Finance Documents; or
- (b) liens arising solely by operation of law in the ordinary course of the Chargor's trade provided that any such lien must be discharged by the Chargor within seven days of it arising.



**CERTIFICATE OF THE REGISTRATION
OF A CHARGE**

Company number 200459

I hereby certify that a charge created by

LEDGE 494 LIMITED

on 11 MAY 2000

for securing ALL SUMS DUE, OR TO BECOME DUE

in favour of THE ROYAL BANK OF SCOTLAND plc

was delivered pursuant to section 410 of the Companies Act, 1985,
on 26 MAY 2000

Given at Companies House, Edinburgh
31 MAY 2000



C O M P A N I E S H O U S E



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

N.B. Searchers may find it desirable to refer to the documents mentioned in column (2) for more detailed particulars

REGISTER of Charges, Alterations to Charges,

COMPANY: SC200459 CHARGE: 4

(1) Date of Registration	(2) Serial Number of Document on File	(3) Date of Creation of each Charge and Description thereof	(4) Date of the aquisition of the Property	(5) Amount secured by the Charge £	(6) Short Particulars of the Property Charged	(7) Names of the Persons entitled to the Charge
26/05/2000 DEBENTURE		11/ 5/00 FLOATING CHARGE		ALL SUMS DUE, OR TO BECOME DUE	LEGAL MORTGA EOVER PROPERTY; FIXED CHARGE OVER ASSETS; FLOATING CHARGE OVER SAME	THE ROYAL BANK OF SCOTLAND pic

Memoranda of Satisfaction and Appointments etc. of Receivers

N.B. Searchers may find it desirable to refer to the documents mentioned in column (2) for more detailed particulars

COMPANY: SC200459 CHARGE: 4

(8)	(9)	(10)	(11)	(12)		
In the case of a floating charge, a statement of the provisions, if any, prohibiting or restricting the creation by the company of any fixed security or any other floating charge having priority over, or ranking <i>pari passu</i> with the floating charge.	In the case of a floating charge, a statement of the provisions if any regulating the order in which the floating charge shall rank with any other subsisting or future floating charges or fixed securities over the property the subject of the floating charge or any part of it.	Amount or rate per cent of the Commission Allowance or discount	Memoranda of Satisfaction	Receiver		
				Name	Date of Appointment	Date of Ceasing to act
COMPANY ARE EXPRESSLY PROHIBITED FROM CREATING SUBSEQUENT FIXED SECURITY HAVING PRIORITY OVER OR RANKING EQUALLY WITH THE FLOATING CHARGE						