

G

COMPANIES FORM No. 155(6)b

Declaration by the directors
of a holding company in
relation to assistance for the
acquisition of shares

155(6)b

Please do not
write in
this margin

Pursuant to section 155(6) 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

| | | |
|--|--|--|
| | | |
|--|--|--|

| |
|---------|
| 1915605 |
|---------|

Name of company

Note
Please read the notes
on page 3 before
completing this form.

| |
|---|
| * Pentex Energy Limited ("the Company") |
|---|

* insert full name
of company

I/We Jeffrey Gillies Graham, of The Old Barn, Drake Holes, Doncaster,

South Yorkshire, DN10 5DF and Russell Rodger Jordan of 3 Newlands,

Ø insert name(s) and
address(es) of all
the directors

Kirknewton, Midlothian, EH27 8LR

† delete as
appropriate

~~the sole director~~ [all the directors]† of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of the company is:

~~(a) that of a recognised bank (licensed institution) within the meaning of the Banking Act 1979~~

~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom~~

(c) something other than the above§

The company is [the] ~~a~~ holding company of* Pentex Oil & Gas Limited (2275006),

11 Grosvenor Street, London, SW1X 7EE

which is

proposing to give financial assistance in connection with the acquisition of shares

in [this company] [

~~the holding company of this company.]†~~

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

Brodies WS (Ref: AEF)
15 Atholl Crescent
EDINBURGH EH3 8HA

For official use

General

Post room



The assistance is for the purpose of [that acquisition] ~~[reducing or discharging a liability incurred for the purpose of that acquisition]~~.† (note 1)

Please do not
write in
this margin

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

The number and class of the shares acquired or to be acquired is: 331,979,591 ordinary
shares of £0.01 each

The assistance is to be given to: (note 2) Pentex Management Limited (4286539), having its
registered office at The Oil Depot, Ramper Road, Gainsborough, Lincoln-
shire, DN21 2AY.

The assistance will take the form of:

See Paper Apart 1

The person who ~~has acquired~~ will acquire† the shares is:

† delete as
appropriate

Pentex Management Limited (4286539), having its registered office at
The Oil Depot, Ramper Road, Gainsborough, Lincolnshire, DN21 2AY.

The principal terms on which the assistance will be given are:

See Paper Apart 2

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced
by giving it is Nil

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

PENTEX ENERGY LIMITED
COMPANY NO. 1915605
PAPER APART 1

Note: the definitions on the first page of Form 155(6)b and in Paper Apart 2 also apply in this Paper Apart

The assistance will take the form of the grant of the following by the Company in favour of The Governor and Company of the Bank of Scotland, of The Mound, Edinburgh, EH1 1YZ ("the Bank"):-

1. a debenture to be entered into by the Company in favour of the Bank ("the Debenture");
2. a shares pledge to be entered into by the Company in favour of the Bank in respect of the shares held by the Company in the share capital of Pentex Oil Limited ("the Shares Pledge");
3. a group cross guarantee to the Bank in respect of the present and future liabilities of the Group to the Bank ("the Guarantee");
4. a royalty agreement between the Group and the Bank in terms of which the Group agree to pay to the Bank a royalty on revenues received in connection with inter alia oil and electricity production as a condition precedent to the Facility Agreement ("the Royalty Agreement")
5. a guarantee by the Company to Lombard North Central plc ("Lombard") in respect of all of the obligations of the Borrowers to Lombard under any hire, contract hire, leasing, loan, hire purchase, credit sale and conditional sale agreement ("the Lombard Guarantee").

PENTEX ENERGY LIMITED
COMPANY NO. 1915605
PAPER APART 2

(Note the definitions used on the first page of Form 155(6)b and in Paper Apart 1 also apply in this Paper Apart)

- 1 In terms of the Debenture the Company as security for the payment of all Secured Liabilities, charges in favour of the Bank:
- (a) by way of first fixed charge:
- (i) all present and future estates or interests in any freehold or leasehold property now or in the future belonging to it and located in England or Wales;
 - (ii) all plant and machinery now or in the future owned by it and its interest in any such plant or machinery in its possession;
 - (iii) its present and future interest in all stocks, shares (including the Group Shares), debentures, bonds, warrants, coupons and other securities and investments and all rights relative thereto;
 - (iv) all moneys (including interest) standing now or in the future to the credit of the Bank Accounts and any account with any person and the debts represented by them;
 - (v) all benefits in respect of Insurances, all claims in respect thereof and return of premiums in respect of them;
 - (vi) (to the extent that the same do not fall within any other sub-paragraph of this paragraph (a)) all book and other debts 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) all its rights under the Hedging Agreements;
 - (viii) its present and future beneficial interest, claim or entitlement in any pension fund;
 - (ix) its present and future goodwill;
 - (x) the benefit of all present and future licences (statutory or otherwise) held or to be 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;
 - (xi) its present and future uncalled capital;

- (xii) its rights under the agreement or agreements relating to the purchase of the Mortgaged Property by the Company;
- (xiii) 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; and
- (xiv) its present and future interests in the Licences.

A reference in the Debenture to a charge or mortgage of any freehold or leasehold property (including, for the avoidance of doubt, but without prejudice to the foregoing generality, the Properties) includes:

- all buildings and Fixtures on that property;
- the proceeds of sale of any part of that property; and
- the benefit of any covenants for title given or entered into by any predecessor in title of the Company in respect of that property or any moneys paid or payable in respect of those covenants.

- (b) By way of assignment, assigns to the Bank all of its right, title, interest and benefit, present and future, under the Relevant Agreements, 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.
 - (c) By way of a first floating charge (i) all the Company's assets situated outwith Scotland or governed by a body of law other than Scots law and not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage or charge or assignment by paragraph (a) above, and (ii) all its assets situated in Scotland or otherwise governed by Scots law.
- 2 In terms of the Shares Pledge the Company as security for the payment of all Secured Liabilities assigns to the Bank its whole right, title, interest and benefit in and to the Pledged Securities.
 - 3 In terms of the Guarantee the Company unconditionally guarantees the payment or discharge of the Secured Liabilities and shall on demand in writing pay or discharge them to the Bank.
 - 4 In terms of the Lombard Guarantee the Company guarantees the payment to Lombard of all sums that become payable to Lombard by each of the Borrowers under any hire, contract hire, leasing, loan, hire purchase, lease-purchase, credit-sale and conditional sale agreement ("the Agreements") and the due performance and observance by each of

the Borrowers of all the terms and conditions of each of the Agreements. The Company also indemnifies Lombard against any failure by any of the Borrowers to observe and perform their obligations as set out in each of the Agreements and agrees to pay to Lombard any sums which any of the Borrowers have agreed to pay Lombard under each of the Agreements and any sums which may become payable to Lombard as a result of any of the Borrower's said failure.

- 5 In terms of the Royalty Agreement the Company grants to the Bank a royalty on the Gross Oil Revenues and the Gross Electricity Revenues in the terms set out in the Royalty Agreement.
- 6 For the purposes of this Paper Apart, the following terms and expressions shall have the meanings set out beside them below:-

Acceding Company means each company which executes and delivers an Acceding Guarantee to the Bank;

Acceding Guarantee means any Guarantee or Guarantees executed and delivered to the Bank after the date of the Guarantee by any holding company or subsidiary of a Borrower on account of the Secured Liabilities;

Accounts Pledge means a pledge or pledges of the Bank Accounts granted by the relevant Borrower(s) under Scots law in favour of the Bank in the Required Form;

Acquisition Facility means the facility agreement dated 17 May 2002 between Management, Pentex Energy, Pentex, UK, O & G and the Bank relating to the provision of a revolving credit facility and mezzanine facility of US \$7,024,000;

Bank Accounts means the Compensation Account, the Proceeds Account and the Investment Account;

Borrowers means Pentex Management Limited registered number 4286539 (the "Parent") whose registered office is at Ramper Road, Gainsborough, Lincolnshire DN21 2AY, Pentex Energy Limited registered number 1915605 ("Pentex Energy") whose registered office is at 11 Grosvenor Crescent, London SW1X 7EE, and Pentex Oil Limited, registered number 152506 ("Pentex") whose registered office is at 100 Union Street, Aberdeen, Pentex Oil UK Limited ("UK"), registered number 73966 whose registered office is at 100 Union Street, Aberdeen and Pentex Oil & Gas Limited ("O&G") registered number 2275006 whose registered office is at 11 Grosvenor Crescent, London SW1X 7EE and "Borrower" means any one of them;

Compensation Account means the compensation account opened in Dollars by the Company pursuant to Clause 13.3 of the Facility Agreement;

Facility Agreements means the Acquisition Facility and the Refinancing Facility;

Field means any onshore or offshore reservoir of Petroleum;

Fixtures means in relation to any freehold or leasehold property charged by or pursuant to the Debenture all fixtures and fittings (including trade fixtures and fittings other than occupational tenants' fixtures and fittings) and fixed plant and machinery from time to time thereon, the property wherein is vested in any of the Borrowers;

Floating Charges means each of the floating charges in the Required Form to be executed by Pentex and UK on or around the date of the Facility Agreement;

Gross Oil Revenues means all revenues received (directly or indirectly) from the sale or disposal of oil from any Field;

Gross Electricity Revenues means all revenues received (directly or indirectly) by the Borrowers from the sale, disposal, production or generation of electricity from any Field;

Group Shares means (i) the Shares and (ii) all shares in the Subsidiaries and includes all Related Rights;

Guarantor means each Borrower and where any such company is also a Principal the liability under the Guarantee of such party as Guarantor shall have effect only in relation to the moneys and liabilities due or incurred to the Bank by the other party or parties comprising the Principal;

Hedging Agreement means each document evidencing the interest rate hedging facilities entered into from time to time by the Borrowers pursuant to clause 19.18 of each of the Acquisition Facility and the Refinancing Facility;

Insurances means all contracts and policies of insurance or indemnities which are from time to time taken out by or on behalf of the Company or (to the extent of the Company's interest) in which the Company has an interest;

Investment Account means the investment account, Account No: 01566403, Sort Code: 12-17-35, opened by Oil & Gas or any replacement account agreed to be designated as such by the Bank;

Licence means licence P110 (Maureen);

Mortgaged Property means the property legally mortgaged by the Debenture and any other freehold or leasehold property the subject of the Debenture (and shall include, for the avoidance of doubt, and without prejudice to the foregoing generality, the Properties);

Petroleum means any mineral oil or relative hydrocarbon and natural 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 re-cycling operations) conducted for the purpose of winning and saving such substances but only for the duration of such use;

Pledged Securities means the securities described in paragraph (A) of the Schedule to the Shares Pledge which are to be transferred, or which have been transferred, to the Bank or its nominees, and the securities, monies, assets, rights and powers described in paragraphs (B) and (C) of the Schedule to the Shares Pledge and all other securities (if any) which are transferred or delivered to the Bank to be held subject to the terms and conditions of the Shares Pledge; and

Principal means Management, Pentex Energy, Pentex, UK, O & G (other than a Released Principal) or each company who is or becomes a Principal in terms of paragraph (2) of Schedule 1 of the Guarantee by being an Acceding Company. Where more than one company is comprised in the term Principal reference to the Principal shall (where the context admits) mean each and every such company and, where by any agreement with the Principal and the Bank any person assumes all or any part of the liability of the Principal to the Bank in substitution for the Principal, the Guarantor's liability under the Guarantee shall not be discharged, reduced or affected, but the Guarantee shall take effect as if the expression Principal included such person;

Proceeds Account means the proceeds account, Account No: 00676909, Sort Code: 12-17-35 opened by O & G or any replacement account agreed to be designated as such by the Bank and any other account opened by a Borrower pursuant to Clause 13.2 of each of the Refinancing Facility and the Acquisition Facility, the details of which shall be notified to the Bank in accordance with Clause 13.1 of each of the Acquisition Facility and the Refinancing Facility;

Properties means each of the Properties listed in Schedule 1 of the Debenture and **Property** shall mean any of them;

Refinancing Facility means the refinancing facility agreement dated 17 May 2002 between Pentex Energy, Pentex, UK, O & G and the Bank relating to the provision of a revolving credit facility of US \$22,076,000;

Related Rights means, in relation to the Group Shares, (i) all dividends and other distributions paid or payable after the date of the Debenture on all or any of the Group Shares and (ii) all stocks, shares, securities (and dividends or interest thereon), rights, money or property accruing or offered at any time by way of redemption, bonus, preference, costs or rights or otherwise to or in respect of any of the Group Shares or in substitution or exchange to any of the Group Shares;

Released Principal means a Principal released from the Secured Liabilities by the Bank in writing;

Relevant Agreements means (1) the Agreement between Conoco Limited and Pentex Oil & Gas Limited for the purchase of East Midlands crude oil (contract to run from 1 August 1997), (2) the Sale and Purchase Agreement between Pentex Assets Limited (now Pentex Oil UK Limited) and Arco British Limited dated 16 October 1995 for the sale

by Pentex of its entire equity share of the crude oil from Stockbridge, Singleton and Horndean fields, (3) The Offshore Crude Sales Agreement between BP Oil International and Pentex Oil UK Limited (4) the Balmoral Raw Gas Sale and Purchase Agreement between Thomson North Sea plc and BP Petroleum Development Limited dated 24 November 1986 and (5) the Agreement between Yorkshire Electricity Group plc and Pentex (East Midlands) Limited;

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

Secured Liabilities means, in respect of the Company, all of its present and future obligations and liabilities to the Bank under the Facility Agreements and each Security Document, whether actual, contingent, sole, joint and/or several or otherwise, including without limitation, all obligations to indemnify (to the extent expressly contained in a Security Document or the Facility Agreements) the Bank;

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

Security Documents means the Floating Charges, the Accounts Pledge, the Debenture, the Guarantee, the Shares Pledges and each other document executed or to be executed in connection with the Facility Agreement guaranteeing and/or creating or evidencing rights in security for, or otherwise in support of, the obligations of any Borrower to the Bank;

Shares Pledges means (i) a pledge by Pentex Energy over all the issued share capital of Pentex owned by it as at the date of the Facility Agreement in favour of the Bank and (ii) a pledge by Pentex over all the issued share capital of UK as at the date of the Facility Agreement in favour of the Bank;

Shares means the entire issued share capital of Energy and the entire issued share capital of Oil & Gas;

Subsidiaries means each company which is or which may become a subsidiary (within the meaning of Section 736 of the Companies Act 1985) of any of the Borrowers.

The Directors
Pentex Energy Limited
11 Grosvenor Crescent
London
SW1X 7EE

Our Ref: DGC/sab

17 May 2002

Dear Sirs

REPORT OF THE AUDITORS

**TO THE DIRECTORS OF PENTEX ENERGY LIMITED ("THE COMPANY") PURSUANT
TO SECTION 156(4) OF THE COMPANIES ACT 1985.**

We have examined the attached statutory declaration of the Directors dated 17 May 2002 in connection with the proposed financial assistance to be given by your subsidiary, Pentex Oil Limited for the purchase by Pentex Management Limited of 331,979,591 ordinary shares of £0.01 each in Pentex Energy Limited.

We have enquired into the state of affairs of the Company in order to review the bases for the statutory declaration.

We are not aware of anything to indicate that the opinion expressed by the Directors in the attached declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



MAZARS NEVILLE RUSSELL

**The Broadway
West Midlands
DY1 4PY**

Please do not
write in
this margin

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

* delete either (a) or
(b) as appropriate

The date on which the assistance is to be given is 17 May ~~x19~~ 2002

I/We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) [I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

~~(b) It is intended to commence the winding up of this company within 12 months of that date, and I/we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up]* (note 3)~~

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

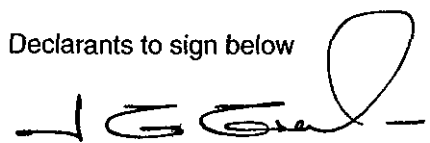


Declared at EDINBURGH

Declarants to sign below

the 17 day of May
~~one thousand nine hundred and~~ 2002

before me ELIZABETH JANETTE SIMPSON

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF4 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB