

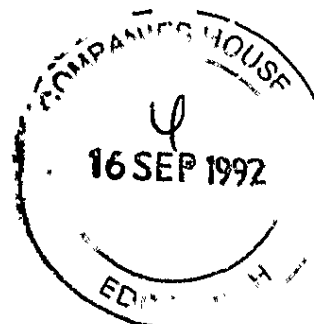
MEMORANDUM  
and  
ARTICLES OF ASSOCIATION  
of  
3D STABILISERS LIMITED

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(Incorporated as Ledge 101 Limited on 9th January 1992 and name  
changed by Special Resolution dated 24th March 1992)

LEDINGHAM CHALMERS  
Solicitors  
1 Golden Square  
Aberdeen

Telephone: 0224 647344  
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Companies Act 1985

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF 3D STABILISERS LIMITED

- \*I. The name of the Company is 3D Stabilisers Limited.
- II. The Registered Office of this Company will be situated in Scotland.
- III. The objects for which this Company is established are all or any of the following (and in construing the following sub-sections the scope of no one of said sub-sections shall in the absence of any express restriction be deemed to limit or affect the scope of any sub-section)
- \*\* (1) To design, patent, develop, manufacture, market, sell, lease and exploit for commercial purposes in any other way a variable downhole stabiliser for use in oil exploration and any related, ancillary or complementary activities or purposes.
- (2) To carry on any other business which may, in the opinion of the Board of Directors, be conveniently carried on in connection with and in order to promote the foregoing business or enhance the assets of the Company.
- (3) To amalgamate with any person, firm or company whose objects are within the objects of the Company, and that either by sale of the whole business, property and assets of the Company, or by purchase of the whole business, property and assets of such other company.
- (4) To enter into any partnership, consortium, joint working arrangement, profit sharing arrangement, or other similar agreement, with others or with any agency for any company, firm or person.
- (5) To promote or concur in establishing or promoting any other company for the purpose of acquiring all or any of the property or rights of the Company, and undertaking all or any of its liabilities or of undertaking any business or operations which may appear likely to assist or benefit the Company.
- (6) To subscribe for, take, purchase or otherwise acquire and hold shares, stock, securities of or other interest in any other company, association or firm having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this/

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\*\*Amended by Special Resolution passed 1st September 1992.

this Company.

- (7) To purchase, lease or otherwise acquire any heritable or moveable property, patents, licences, rights or privileges which the Company may think necessary or convenient for the purpose of its business, and to construct, maintain and alter any buildings or works necessary or convenient for the purpose of the Company.
- (8) To pay for any property or rights acquired by the Company either in cash, bills or promissory notes, or in shares of the Company, or by means of any security or obligation which the Company has power to issue, or in any or all of these modes.
- (9) To sell or otherwise dispose of the whole rights and assets of the Company, or any part thereof, for such consideration as the Company shall think fit, including the shares, stock, debentures or securities of any other company, association, firm or person.
- (10) To subscribe for, underwrite, purchase or otherwise acquire and hold (either absolutely or in security), and to sell, exchange, surrender, convert, dispose of and deal with shares, stocks, bonds, debentures, mortgages, securities, policies, book debts, business concerns and undertakes of all kinds.
- (11) To enter into any arrangements with any governments or authorities (municipal, local or otherwise), or any corporations, companies, firms or persons that may seem conducive to the attainment of the Company's objects or any of them and to obtain from any such government, authority, corporation, company, firm or person, any charters, contracts, decrees, rights, privileges and concessions which the Company may think desirable and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.
- (12) To apply for, take out, register or acquire by purchase or otherwise, any letters patent, patent licences or other patent rights, trade marks or designs or inventions in any part of the world, and to disclaim, alter or modify the same or grant licences in respect thereof, or otherwise turn to account the rights so acquired.
- (13) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.
- (14) To draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants and other negotiable transferable instruments.
- (15) To invest and deal with the monies of the Company not immediately required, upon such securities and in such manner as may from time to time

to time be determined.

- (16) To lend money and to make advances with or without security to any company, firm or person, and in particular to lend and advance money to companies, firms or persons owning or engaging in any business similar to that of the Company, or to customers and others having dealings with the Company, and to guarantee the performance of contracts by any such person.
- (17) To grant undertakings, guarantees and indemnities in respect of the indebtedness or obligations of any person, firm, company or other body connected or associated with the Company in any way or having dealings with the Company and to secure the performance of such undertakings, guarantees and indemnities by a charge or lien upon the whole or any part of the Company's assets whether present or future including its uncalled capital or in any manner of way as the Company shall think fit, with or without consideration and regardless of whether or not the Company derives any benefit therefrom, declaring that the granting of such undertakings, guarantees, indemnities, charges and liens is a principal object of the Company and not merely a power.
- (18) To support and subscribe to any charitable or public object and any institution, society or club which may be for the benefit of the Company or its employees or may be connected with any town or place where the Company carries on business; and to give pensions, gratuities or charitable aid to any person or persons who may have served the Company (including Directors or ex-Directors and other officers of the Company), or to the wives, children or other relatives of such persons; and to form and contribute to provident and benefit funds for the benefit of any persons employed by the Company.
- (19) To distribute any of the property of the Company among the members in specie, but so that no distribution amounting to a reduction of Capital be made except with the sanction (if any) for the time being required by law.
- (20) To increase or reduce the Capital of the Company and to sub-divide or consolidate the shares.
- (21) To do all or any of the above things in any part of the world, as principals, agents, contractors, trustees or otherwise, and by or through trustees or otherwise, and either alone or in conjunction with others, and to do all such other things as are incidental or conducive to the attainment of the objects of the Company or any of them.

IV. The liability of the members is limited.

V. The Capital of the Company is £100 divided into 100 ordinary shares of £1.00 each.

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WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of Shares in the Capital of the Company set opposite our respective names:

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Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
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John Arthur Thomas Rutherford Solicitor 1 Golden Square Aberdeen	One
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Marlene Weston Company Registrar 1 Golden Square Aberdeen	One
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Dated the Twenty-fourth day of December 1991

Names, address and description of witness to the above Signatures:

Susan Anne Moir  
Word Processor Operator  
1 Golden Square  
Aberdeen

COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF 3D STABILISERS LIMITED \*

As adopted by Special Resolution dated 1st September 1992

1. PRELIMINARY

The Articles of Association of the Company consist of the Regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 as amended by The Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter referred to as "Table A") as hereinafter modified and varied, and reference herein to "Table A" shall, unless otherwise stated, be construed as referring to Table A in the Companies (Tables A to F) Regulations 1985 as amended.

2. LIEN

Regulation 8 of Table A shall apply as if the words "not being a fully paid share" were deleted therefrom. The lien conferred by Regulation 8 shall attach to all shares registered in the name of any person indebted or under liability to the Company, whether such person is the sole holder thereof or one of two or more joint holders thereof.

3. FORFEITURE OF SHARES

Regulation 18 of Table A shall apply as if there were inserted at the end of the first sentence the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

4. APPROVAL OF TRANSFERS

- A. For the purposes of this Article 4, the expression "Shareholders' Agreement" means an agreement among The Red Baron (Oil Tools Rental) Limited, Hugh Keir, David Wade Webster, and the Company dated of even date with the adoption by the Company of these Articles of Association.
- B. The first sentence of Regulation 24 of Table A shall be deleted and the words "The Directors may" substituted for "They may also" in the second sentence of Regulation 24.
- C. The Directors may in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully paid share, unless it is a transfer of a share pursuant to Clauses 8, 9, 10 or 11 of the Shareholders' Agreement or paragraph (D) or (E) of this Article 4 in which event they shall register the same.

D./

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- D. (i) Notwithstanding the provisions of Articles 4(C) and 4(E), holder of shares in the capital of the Company shall be entitled at any time to transfer his shareholding or any part thereof to such person, whether or not that person is a member of the Company, and for such consideration, as the Company by unanimous resolution of the whole members of the Company may agree.
- (ii) Subject to Article 4(D)(i) above, a holder of shares in the capital of the Company shall not be entitled to transfer his shareholding or any part thereof for a period of six months from the date of entry into of the Shareholders Agreement.
- E. Subject to Article 4(D) above and to transfers of shares pursuant to the provisions of the Shareholders Agreement, the right to transfer shares in the Company shall be subject to the following restrictions:-
- (i) Before transferring any shares the person proposing to transfer the same (hereinafter called "the proposing transferor") shall give a notice in writing (hereinafter called "the transfer notice") to the Company that he desires to transfer the same. The transfer notice shall constitute the Company his agent for the sale of the shares therein mentioned (together with all rights then attached thereto) at the prescribed price during the prescribed period to any member and shall not be revocable except with the consent of the Directors.
- (ii) If not more than one month before the date on which the transfer notice was given the proposing transferor and the Directors shall have agreed a price per share as representing the fair value thereof or as being acceptable to the proposing transferor and not more than the fair value thereof then such price shall be the prescribed price (subject to the deduction therefrom of any net dividend or other distribution declared or made after such agreement and prior to the said date). Otherwise upon the giving of the transfer notice the Directors shall request the Auditors for the time being of the Company to determine the sum per share considered by them to be the fair value thereof as at the said date and the sum per share so determined shall be the prescribed price. The Auditors shall not, in determining the fair value, take account of the size of the holding, the subject of the transfer notice or of any other interest of the proposing transferor of the Company. The Auditors shall act hereunder at the cost and expense of the Company as experts and not as arbiters and their determination shall be final.
- (iii) If the prescribed price was agreed as aforesaid prior to the said date the prescribed period shall commence on such date and expire one month thereafter. If the prescribed price was not so agreed the prescribed period shall commence on such date and expire one month after the date on which the Auditors shall have notified the Directors of their determination of the prescribed price pending which the Directors shall defer the making of the offer hereinafter mentioned.
- (iv)/

- (iv) All shares included in any transfer notice shall by notice in writing be offered by the Company to all members holding Ordinary Shares (other than the member to whose shares the transfer notice relates) for purchase at the prescribed price on the terms that in case of competition the shares so offered shall (in accordance with but subject to the provisions of the next following paragraph) be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of Ordinary Shares. Such offer shall limit a time (not being less than fourteen days) within which it must be accepted or in default will lapse.
- (v) If the Company shall within the prescribed period find members (hereinafter called "purchasers") to purchase the shares concerned or any of them and give notice in writing thereof to the proposing transferor he shall be bound, upon payment of the prescribed price, to transfer such shares to the respective purchasers. Every such notice shall state the name and address of the purchaser and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than ten days after the date of such notice. Provided always that if the transfer notice shall state that the proposing transferor is not willing to transfer part only of the share concerned this paragraph shall not apply unless the Company shall have found purchasers for the whole of such shares.
- (vi) If a proposing transferor shall fail or refuse to transfer any shares to a purchaser hereunder the Directors may authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the proposing transferor and cause the purchaser to be registered as the holder of such shares. The receipt of the Company for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof) and after the purchaser has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.
- (vii) If the Company shall not within the prescribed period find purchasers willing to purchase all the shares and give notice in writing thereof to the proposing transferor or if the Company shall within the prescribed period give to the proposing transferor notice in writing that the Company has no prospect of finding purchasers of such shares, or any of them, the proposing transferor at any time thereafter up to the expiration of two months after the prescribed period shall be at liberty to transfer those shares for which the Company has not within the prescribed period given notice that it has found (or has given notice that it has no prospect of finding) purchasers to any person on a bona fide sale at any price.

5. REGISTRATION OF TRANSFERS

Notwithstanding the provisions of Article 4 the Directors may decline to register any transfer of any share over which the Company has a lien.



6. TRANSMISSION OF SHARES

The provisions of Regulation 29 of Table A shall apply, in the case of transmission on the death of a member, subject to the provisions of Article 4.

7. ALLOTMENT OF SHARES

(A) The power of allotment of unissued shares is exercisable by the Board of Directors acting in good faith and in accordance with the powers set out in the Memorandum of Association, and the provisions of Sections 89(1), and 90(1) to 90(6) inclusive of the Companies Act 1985 are excluded from applying to the Company.

(B) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors, may after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

8. PROCEEDINGS AT GENERAL MEETINGS

Regulation 51 of Table A shall apply as if the words "or on any other question" were inserted after the word "adjournment" in the first sentence and as if the second and third sentences were deleted. Regulation 52 of Table A shall not apply.

9. QUORUM AT GENERAL MEETINGS

Regulations 40 and 41 of Table A shall not apply and the following is substituted therefor:-

"Subject as aftermentioned no business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum. If such a quorum is not present within half an hour from the time appointed for the meeting or if during a meeting such a quorum ceases to be present then those present shall be a quorum".

10. POLLS

Regulations 46 and 47 of Table A shall not apply, and the following is substituted therefor:-

"At/

"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 is demanded by a least one member; and unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against the resolution".

11. VOTES OF MEMBERS

Paragraphs (b) and (c) of Regulation 62 shall not apply.

12. NUMBER OF DIRECTORS

Regulation 64 of Table A shall not apply and the following is substituted therefor:

"The number of Directors shall be not less than one or more than five but the Company may by Ordinary Resolution in General Meeting increase or reduce the maximum and minimum number of Directors from time to time."

13. DURATION OF DIRECTOR'S OFFICE

Subject to the provisions of Regulation 79 every Director shall be a permanent director of the Company not subject to retirement by rotation unless the resolution of his appointment provides otherwise. A permanent director shall, subject to the provisions of Regulation 81 of Table A as varied by Article 16 hereof be entitled to hold office until the Annual General Meeting next following after his seventieth birthday. Accordingly Regulations 73 to 78 inclusive, and Regulation 80 of Table A shall not apply to any permanent director.

14. DIRECTORS' INTERESTS

Subject to the provisions as to disclosure contained in Regulations 85 and 86, a Director may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising therefrom and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration. Regulations 94 to 97 inclusive of Table A shall not apply.

15. DIRECTORS' BENEFITS

In addition to the powers conferred upon them by Regulation 87 of Table A the Directors may exercise the powers of the Company conferred by Clause III (18) of the Memorandum and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

16. REMOVAL OF DIRECTORS

Regulation 81 (c) of Table A shall be deleted and the words "he becomes incapable by reason of mental disorder of managing and administering his property and affairs," shall be substituted therefor.

17. DIVIDENDS AND RESERVES

Regulation 105 of Table A shall not apply and the following is substituted therefor:-

"Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or in part by the distribution of specific assets, and in particular of paid-up shares in the Company, or in any other Company, and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payment shall be made to the members on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the person or persons entitled to the dividend or bonus as may seem expedient, and where requisite a proper contract shall be filed in accordance with Section 88 of the Companies Act 1985, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or bonus and such appointment shall be effective".

18. WINDING UP

Regulation 117 of Table A shall not apply and the following is substituted therefor:-

"If the company shall be wound up the liquidator shall divide amongst the members in specie or in kind the whole or any part of the surplus assets of the company (whether they shall consist of property of the same kind or not) and shall, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

The liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as he shall think fit but so that no member shall be compelled in any circumstances to accept any share or other securities whereon there is any liability".

19. INDEMNITY

Regulation 118 of Table A shall not apply and the following is substituted therefor:-

"Insofar as consistent with Section 310 of the Companies Act 1985 every director, auditor, secretary and other officer of the Company/

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Company and their respective representatives and administrators, shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of that office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether criminal or civil, in which he is acquitted or judgement is given in his favour, or in connection with any application made under Section 727 of the Companies Act 1985 in which he is granted relief by the Court, and no Director or other officer of the Company shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of that office or in relation thereto".

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Names, Addresses and Descriptions of Subscribers

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John Arthur Thomas Rutherford  
Solicitor  
1 Golden Square  
Aberdeen

Marlene Weston  
Company Registrar  
1 Golden Square  
Aberdeen

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Dated the Twenty-fourth day of December 1991

Names, address and description of witness to the above Signatures:

Susan Anne Moir  
Word Processor Operator  
1 Golden Square  
Aberdeen