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CAIRNTOUL WELL EQUIPMENT SERVICES LIMITED

COMPANY NUMBER: 159191

WRITTEN RESOLUTION OF SHAREHOLDERS PURSUANT TO SECTION 381A OF THE COMPANIES ACT 1985

We, the undersigned, being the whole members of Cairntoul Well Equipment Services Limited entitled to attend and vote at general meetings of the Company, in terms of the power available to us and contained in Section 381A of the Companies Act 1985 DO HEREBY RESOLVE as follows and hereby declare that such Resolution shall be deemed to be a Special Resolution of the Company:-

1. (A) "That the authorised share capital of the Company be hereby altered by virtue of the 364 'B' Ordinary Shares of £1.00 each registered in the name of Petroleum Engineering Services Limited being converted into and re-classified as a like number of 'C' Ordinary Shares of £1.00 each all such shares having the rights and restrictions attaching thereto as set out in the Articles of Association of the Company as amended by the immediately following parts of this resolution;"

(B) "That Article 3 of the Company's Articles of Association be deleted in its entirety and the following be substituted therefor:-

"3.1 The Share Capital of the Company is £50,000 divided into 48,500 'A' Ordinary Shares of £1.00 each and 1136 'B' Ordinary Shares of £1.00 each and 364 'C' Ordinary Shares of £1.00 each.

3.2.1 The A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares shall be different classes of shares, but, save as provided in this Article 3.2 shall rank *pari passu* in all respects.

3.2.2 The holders of the B Ordinary Shares and the C Ordinary Shares shall not be entitled to receive notice of, or to attend or vote at, general meetings of the Company.

3.2.3 The profits which the Company may determine to distribute in respect of any of its accounting reference periods shall be distributed by way of dividend among the holders of the A Ordinary Shares and/or the B Ordinary Shares and/or the C Ordinary Shares rateably within each class according to the number of such shares held in such sums per class as the holders of the A Ordinary Shares shall, by ordinary resolution, determine; and it shall be at the absolute discretion of the holders of the A Ordinary Shares (by ordinary resolution aforesaid) as to whether any said dividend be so paid or not so paid to the holders of the A Ordinary Shares and/or the B Ordinary Shares and/or the C Ordinary Shares and, if so paid, the extent of any such dividend per class; for the avoidance of doubt, nothing shall limit or restrict in any way the discretion of the holders of the A Ordinary Shares (by ordinary resolution aforesaid) to determine to pay dividend(s) from the aforesaid profits in respect of any accounting reference period of the Company in respect of any one or more class(es) of shares and not in respect of any one or more other class(es) of shares."



- (C) "That Articles 25 and 26 of the Company's Articles of Association be deleted in their entirety and the following be substituted therefor:-

- "25.1 (a) The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
- (b) All transfers of shares must
- (i) be lodged at the Office or such other place as the directors may appoint and be accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, and
 - (ii) be in respect of one class of shares only, and
 - (iii) be in favour of not more than one transferee.

Any direction (by way of renunciation, nomination or otherwise) by a member entitled to an allotment of shares to the effect that such shares or any of them be allotted or issued to or registered in name of some person other than himself shall for the purpose of these Articles be deemed to be a transfer of shares.

25.2.1. Notwithstanding any other provision of these Articles

- (a) (i) Any holder being an individual may at any time transfer all or any shares held by him:
 - (a) to a privileged relation; or
 - (b) to trustees to be held up on family trusts;but may not transfer any share or interest in any share to any infant bankrupt or person of unsound mind;
- (ii) Where shares are held by trustees upon family trusts:
 - (a) such shares may on any change be transferred to the new trustees;
 - (b) such shares may at any time be transferred to any person to whom under paragraph (c)(i) of this article the same could have been transferred by the settlor if he had remained the holder of such shares; and
 - (c) if and whenever any such shares cease to be held upon family trusts (otherwise than in consequence of a transfer authorised by sub-paragraph (b) of this paragraph (ii)) the trustees shall forthwith give a Transfer Notice (as defined below) in respect of

the shares in question and such shares may not otherwise be transferred.

(iii) For the purpose of this article;

- (a) "privileged relation" in relation to a holder means the spouse of the holder and such holder's children and grandchildren (including step and adopted children and grandchildren);
- (b) "family trusts" in relation to such holder means trusts under which no immediate beneficial interest in the shares in question is for the time being vested in any person other than the holder or his privileged relations and no power of control over the voting powers conferred by such shares is for the time being exercisable by or subject to the consent of any person other than the trustees of such holder or his privileged relations; and
- (c) "settlor" includes a testator or an intestate in relation to family trusts arising respectively under a testamentary disposition or an intestacy.

25.2.2 The directors shall register a transfer made in accordance with the foregoing provisions of this article but, save as aforesaid, and unless in any particular case all the members holding 'A' Ordinary Shares for the time being shall otherwise agree in writing, none of the shares of the Company shall be transferred except in accordance with article 26.

26. The following provisions shall apply to all transfers of shares except transfers permitted under Article 25.2:-

- (a) Any member proposing or desiring to transfer any shares must give prior written notice to the Company specifying the proposed transferee (if there be one), the number of shares proposed to be transferred and in the case of a sale the proposed price per share, or in the case of any other transfer, the amount which in his opinion constitutes the value per share. The holders of the remaining shares of the same class shall have the right to purchase all (but not only some of) such shares either at the said proposed price or stated value per share or the value per share fixed by an independent expert as specified in paragraph (c) below.

For the purposes of these Articles the member proposing to transfer any shares is called "the Vendor"; the prior written notice he must give is called a "Transfer Notice"; the shares the Vendor proposes to transfer as specified in a Transfer Notice are called "the Offered Shares", and the other member or members purchasing such shares is/are called "the purchasing Member(s)".

A Transfer Notice authorises the Company as agent of the Vendor to sell all (but not only some of) the Offered Shares to the purchasing Member(s) either at the price or value per share specified in the Transfer Notice or at the value per share fixed as specified in paragraph (c) of this Article. Unless all the other members holding shares in the capital of the Company so agree, a Transfer Notice cannot be withdrawn.

- (b) The Offered Shares shall first be offered by the Company to the members (if any) (other than the Vendor) holding shares of the same class as nearly as may be in proportion to the number of shares held by them respectively. If there are no other members holding shares of the same class as the Vendor the Offered Shares shall immediately first be offered to the holders of shares of the other classes as nearly as may be in proportion to the number of shares held by them respectively. Such offer shall be made by notice in writing (hereinafter called an "Offer Notice") within seven days after the receipt by the Company of the Transfer Notice. At the same time as despatching the Offer Notice(s) the Company shall give notice of the proposed sale to all other members of the Company (if any) excluding the Vendor (hereinafter called a "Notification Notice").

The Offer Notice and Notification Notice shall state the proposed transferee and the price or value per share specified in the Transfer Notice. The Offer Notice shall be open for written acceptance only for a period of twenty one days from its date, provided that (i) if a certificate of valuation is requested under paragraph (c) of this Article the offer shall remain open for such written acceptance for a period of twenty one days after the date on which notice of the value certified in accordance with that paragraph is given by the Company to the members and (ii) if by the expiry of the said relevant period, acceptances have not been received for some of the Offered Shares so that under paragraph (d) of this Article they are to be offered to the holders of shares of the other classes, such shares shall be offered to the holders of the other classes within seven days, and such offers shall be open for acceptance for similar periods of 21 days.

For the purpose of this Article an offer shall be deemed to be accepted on the day on which the acceptance is received by the Company.

The Offer Notice shall further invite each member to state in his reply the number of additional shares (if any) in excess of his proportion which he desires to purchase and if all such members do not accept the offer in respect of their respective proportions in full the shares not so accepted shall be used to satisfy the claims for additional shares as nearly as may be in proportion to the number of shares already held by the claimants respectively, provided that no member shall be obliged to take more shares than he shall have applied for.

If any shares shall not be capable without fractions of being offered to the members in proportion to their existing holdings, the same shall be offered to the members, or some of them, in such proportions or in such manner as the directors may think fit.

- (c) Any member may, not later than seven days after the date of receipt of the Offer Notice or Notification Notice (as the case may be) by him, serve on the Company notice in writing requesting that the value of the Offered Shares be fixed by the auditor or auditors of the Company. The value of the Offered Shares shall in the case of 'B' Ordinary Shares and 'C' Ordinary Shares be their par value and in the case of 'A' Ordinary Shares shall be calculated from and based upon the price per share of shares in the Company as determined by the net asset value of the Company as shown in an audited balance sheet of the

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Company prepared as at a date not more than 3 months prior to the date of service of the Transfer Notice. Such auditor (hereinafter called "the Valuer") shall be deemed to act as an expert and not as an arbiter and his determination of the value shall be final and binding for all purposes hereof. The Valuer shall certify his opinion of the value of the Offered Shares by certificate in writing signed by him. The Valuer's costs shall be borne equally between the Vendor and the member in question. On receipt of the Valuer's certificate the Company shall by notice in writing inform all members (including the Vendor) of the value of all the Offered Shares and of the price per share (being the lower of the price or value specified in the Transfer Notice and the value of each share as determined in accordance with this paragraph) at which the Offered Shares are offered for sale. For this purpose the value of each of the Offered Shares shall be the value of the Offered Shares certified as aforesaid divided by the number of the Offered Shares.

- (d) If purchasing Member(s) shall not be found for all the Offered Shares among the holders of shares of the same class, the remaining shares shall be offered to the holders of shares of the other classes on the same terms and conditions mutatis mutandis as herein provided.
- (e) If purchasing Member(s) shall be found for all (but not only some of) the Offered Shares within the relevant period specified in paragraph (b) above, the Company shall not later than seven days after the expiry of such period give notice in writing (hereinafter called a "Sale Notice") to the Vendor specifying the purchasing Member(s) and the Vendor shall be bound upon payment of the price due in respect of all the Offered Shares to transfer the same to the purchasing Member(s).
- (f) If the Vendor shall fail to sign and deliver a valid transfer of any of the Offered Shares which he has become bound to sell pursuant to the foregoing provisions the Secretary of the Company or if the Secretary shall be the Vendor, any director of the Company other than the Vendor, shall be deemed to have been appointed agent of the Vendor with full power to complete, execute and deliver in the name and on behalf of the Vendor, transfers of the shares to be sold by him pursuant to these provisions, and to receive payment of the price on his behalf, and to give a valid receipt and discharge therefor. The Secretary of the Company, or any director, as the case may be shall forthwith pay the price into a separate bank account in the Company's name and shall hold such price in trust for the Vendor.

The directors shall register any transfer granted in pursuance of these powers notwithstanding that the Certificate or Certificates for the Offered Shares may not be produced with such transfer or transfers and after the purchasing Member(s) has/have been registered in exercise of these powers, the validity of the proceedings shall not be questioned by any person.

- (g) If no Sale Notice shall be given by the Company to the Vendor within the time limit specified in paragraph (b) of this Article, or if purchasers are not found for all the Offered Shares, the Vendor shall be entitled, for a period of thirty days after the expiry of such time limit, to transfer the Offered Shares (or that number of the Offered Shares for whom purchasers have not been found) to the

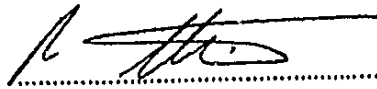
proposed transferee specified in the Transfer Notice or any other party, but in the case of a sale, at not less than the lower of the price stated in the Transfer Notice and the value if this has been fixed by the Valuer, and the directors shall register such transfer(s).

- (h) Any purported transfer of shares by any member not preceded by a Transfer Notice given in accordance with the foregoing provisions, shall be of no effect unless the other members shall have validly waived their rights in writing, and no such purported transfer shall be registered by the directors."
- (D) "That a new article be inserted immediately after existing article 26, and exist on articles number 27 to 112 be re-numbered as 28 to 113, as follows:-
 - "27.1 This is Article applies when a member holding B Ordinary Shares (the "Departing Shareholder") ceases for any reason to be a director of the Company or suffers a change in or to the identity of his regular and normal full-time employer.
 - 27.2 In such event the existing 'A' Ordinary Shareholder(s) may (by ordinary resolution of such class of shareholders) require within a period of three months after the change to such employment or cessation as a director, the Departing Shareholder (or his personal representatives in case of death) (the "Compulsory Transferor") to transfer his (or their) entire holding of 'B' Ordinary Shares (unless the same shall already have been transferred within such period in accordance with Article 26) free from all liens, charges, encumbrances and third party rights whatsoever and together with all rights then attaching thereto to such person or persons as the existing 'A' Ordinary Shareholders shall nominate.
 - 27.3 The price at which such transfer shall be made shall be either the price agreed between the 'A' Ordinary Shareholder(s) and the Departing Shareholder or, if no agreement is reached within 14 days of the exercise by the existing 'A' Ordinary Shareholders of the right set out in Article 27.2, the price certified by the auditor or auditors of the Company to be the fair value of the 'B' Ordinary Shares to be transferred at the date of change or cessation and the provisions of Article 26 shall apply to the determination of fair value for these purposes.
 - 27.4 The Compulsory Transferor shall deliver a duly executed stock transfer form and the relative share certificate to the Company within 14 days of agreement or certification of the price in accordance with Article 27.3 in exchange for payment of such price.
 - 27.5 If the Compulsory Transferor fails to transfer any 'B' Ordinary Shares in accordance with Article 27.4 the Directors may authorise any person to execute and deliver on his/her behalf the necessary stock transfer form and the Company shall receive the purchase money in trust for the Compulsory Transferor and cause the purchaser nominated under Article 27.2 to be registered as the holder of such shares (subject to payment of any stamp duty). 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 of the purchase money) 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. Each Compulsory Transferor shall in such case be

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bound to deliver up his certificate for his 'B' Ordinary Shares to the Company whereupon he shall be entitled to receive the purchase price without interest."

Dated this 11th day of November 1997.


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R WATTERSON


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PETROLEUM ENGINEERING SERVICES LIMITED