

OPEN PERMISSION (OPERATING AGREEMENTS)

Open Permission granted by the Secretary of State on 26 April 2012

- 1) This Open Permission is made by the Secretary of State in exercise of powers conferred under the Petroleum Act 1998, and comes into force on 27 April 2012.
- 2) Subject to paragraphs 3 to 8, the Secretary of State approves a Relevant Action concerning an Operating Agreement, with respect to the entitlement of the parties to it, to:
 - a) the benefit of rights (not being obligations imposed on the Secretary of State by the Licence) granted by a Licence;
 - b) any petroleum won and saved from the area to which the said Licence applies;
 - c) any proceeds of the sale of such petroleum.

Conditions

- 3) The approval under paragraph (2) applies only where –
 - a) the Licensee notifies the Secretary of State, within two weeks of the said Relevant Action and in a manner approved by the Secretary of State, of:
 - i) the interest held by each Party in each piece of acreage subject to that Agreement, and the geographical coordinates of each of those pieces of acreage;
 - ii) the full name and registered number of every Party;
 - iii) the date of the Relevant Action;
 - b) the Operating Agreement does not assign or re-assign any rights granted by the Licence to any person who is not a party to the Licence; and
 - c) the Relevant Action does not give any Party a Controlling Interest in any acreage to which the Operating Agreement relates (or is intended in future to relate) where that Party does not already have a Controlling Interest; and where two or more Connected companies are each a Party, for the purposes of this subparagraph they shall be treated as a single Party.

Exclusions

- 4) The approval under paragraph (2) applies solely for the purposes of the relevant model clauses made pursuant to the Petroleum Act 1998 and attached to the Licence.
- 5) Nothing in this Open Permission conveys any permission, approval or permission for the purposes of:
 - a) any function of organising or supervising all or any of the operations of searching or boring for or getting petroleum; or
 - b) any Licence Assignment or any purported Licence Assignment.

Definitions

- 6) For the purpose of this Open Permission:
 - a) “the Act” means the Petroleum Act 1998;
 - b) “Connected”, as regards the relationship of one company to another, shall be construed in accordance with section 839 of the Income and Corporation Taxes Act 1988;
 - c) “Controlling Interest” means, as regards a Party, that that Party has the power to secure that, subject to the constraints of law and equity, the matters that are subject to the Operating Agreement are conducted in accordance with his wishes;
 - d) “Licence” means any licence to search and bore for, and get, petroleum in strata in the areas of Great Britain and beneath the waters adjacent thereto which lie on the landward side of

lines drawn in accordance with the provisions of Schedule 1 to the Petroleum (Production) (Landward Areas) Regulations 1995 (S.I. 1995/1436);

- e) "Licence Assignment" means a change approved by the Secretary of State of the persons who are the licensee of the Licence;
- f) "Operating Agreement" means an agreement made in respect of a Licence with respect to the entitlement of any of the parties to the Licence to:
 - i) the benefit of any right granted by the Licence; or
 - ii) any Petroleum won and saved from the licensed area; or
 - iii) any proceeds of sale of such Petroleum,

except for:

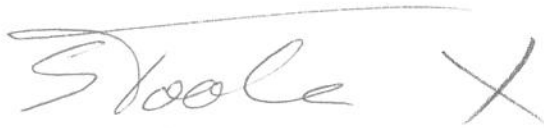
- iv) any agreement for the sale of such Petroleum under which the price is payable after the Petroleum is won and saved; and
- v) any agreement in so far as it provides that, after any Petroleum has been won and saved from the licensed area, it shall be exchanged for other Petroleum.
- g) "Operator" means the party authorised under the terms of the Operating Agreement to exercise any function of organising or supervising all or any of the operations of boring for or getting Petroleum;
- h) "Party" means a party to the Operating Agreement;
- i) "Relevant Action", in relation to an Operating Agreement, means its creation, novation or amendment;

7) Subject to paragraph (10), words and expressions used in this Open Permission have the same meaning as in the Act or the Licence.

Revocation

8) The Open Permission dated 22 September 2010 is revoked but not so as to affect any Approval given by it before the date mentioned in paragraph (1).

Signed by

A handwritten signature in black ink, appearing to read 'S. Stoele', followed by a large 'X' mark.

an official of the Department of Energy and Climate Change.

Date: 26 April 2012

Explanatory Note

This Open Permission is granted under the Petroleum Act 1998, and in particular the Model Clauses of each Landward Licence granted under that Act. It permits the several companies that together constitute the Licensee to make an agreement about the benefit of Licence rights, to petroleum won and saved and to the proceeds of sale of petroleum (to the extent required by the Model Clauses). It does not convey approval of anything else, including anything else controlled under the Model Clauses. For example, it is not a consent to or approval of the appointment of an operator, any licence assignment or anything to do with wells; it has no bearing on the decommissioning provisions of the Petroleum Act; and it does not affect any "Licensee rights" (being obligations imposed on the Secretary of State, including the confidentiality of data). It grants permission only in respect of Landward Production Licences, such as Petroleum Exploration and Development Licences; not in respect of Seaward Production Licences.

In cases where the Open Permission does not apply, a Licensee may apply to the Secretary of State for individual consent.

