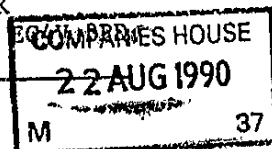


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UNITED KINGDOM OIL PIPELINES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER, 1989

KPMG PEAT MARWICK McLINTOCK
1 Puddle Dock, Blackfriars, London EC4A 3DF



UNITED KINGDOM OIL PIPELINES LIMITEDDIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31st December, 1989.

PRINCIPAL ACTIVITY

The principal activity of the company during the year, as agents for the members, was the operation of pipeline systems for the carriage of petroleum products in the United Kingdom and activities related thereto. The directors expect the company to continue to be engaged in the management and operation of pipeline systems for the foreseeable future.

RESULTS

The company has not traded during the year on its own account and accordingly has made neither a profit nor a loss. No profit and loss account has therefore been prepared. All expenses have been met by the members of the company.

DIRECTORS

The present directors of the company are:

M.J. Carter	(appointed 1st April, 1990) (alternate J Richardson - appointed 20th April, 1990)
F. Garrino	(alternate B.T. Clark)
C.G. Harvey	(appointed 1st January, 1989)
P.H.W. Johnson	(alternate J.A.W. Bond)
J.M.T. Greensmith	(appointed 25th June, 1990)
L.P. Magrill	(alternate A. Mack - appointed 1st February, 1989)
R.G. Reynolds	
D.G. Turner	

Unless otherwise indicated, all the above named directors (and alternates) held office for the whole of the year. The following were also directors for the whole of the year.

W.B. Smith	(resigned 5th April, 1990)
T.M. Lazenby	(resigned 25th June, 1990)
T.A. Lighting	(resigned 25th June, 1990)

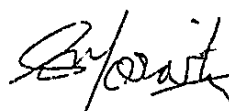
DIRECTORS' INTERESTS

The directors of the company and their families had no interests in the shares of the company at 1st January, at the date of appointment where later, or at 31st December, 1989.

UNITED KINGDOM OIL PIPELINES LIMITEDDIRECTORS' REPORTAUDITORS

On 1st January, 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


Secretary

3 Savoy Place
London WC2R 0DX

REPORT OF THE AUDITORS TO THE MEMBERS OF
UNITED KINGDOM OIL PIPELINES LIMITED

We have audited the financial statements on pages 4 to 5 in accordance with Auditing Standards.

There were no transactions on the revenue account during the year and in our opinion the balance sheet gives a true and fair view of the state of the company's affairs at 31st December, 1989 and has been properly prepared in accordance with the Companies Act 1985.

KPMG Rent. Maxwell Mcintosh

LONDON

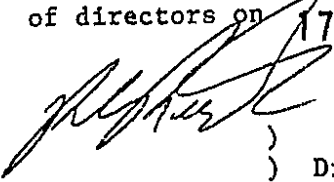
18 July 1990

Chartered Accountants

UNITED KINGDOM OIL PIPELINES LIMITEDBALANCE SHEET AS AT 31ST DECEMBER, 1989

	<u>Note</u>	<u>1989</u> <u>£</u>	<u>1988</u> <u>£</u>
CURRENT ASSETS			
Cash at bank and in hand		200 ---	200 ---
 CAPITAL AND RESERVES			
Called up share capital	3	200 ---	200 ---

These accounts were approved by the board
of directors on 17 JUL 1990


)
) Directors
)

The notes on page 5 form part of these accounts.

Page 5

UNITED KINGDOM OIL PIPELINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with Section 228 of, and Schedule 4 to, the Companies Act, 1985.

No changes in accounting policies have taken place during 1989. The company has acted during the year ended 31st December, 1989 only as agent for the members of the company. It has not traded on its own account and accordingly has made neither a profit nor a loss. No profit and loss account has therefore been prepared. All expenses have been met by the members.

2. EMOLUMENTS OF DIRECTORS

None of the directors received any fees or other emoluments from the company.

3. SHARE CAPITAL

Authorised allotted and fully paid ordinary shares of £1 each:	31st December 1989	31st December 1988
BP Oil UK Limited *	35	35
Chevron International Oil Company Limited	5	5
Mobil Oil Company Limited	30	30
Petrofina (UK) Limited	7	7
Shell UK Limited	93	93
Texaco Limited	30	30
	200	200
	===	===

* Name changed from BP Oil Limited to BP Oil UK Limited with effect from 1st February, 1989.