


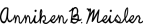







Well Expertise Verification Report

Mitsui Delivery Process – Well Management

AUDITEE						
Mitsui						
AUDIT NO.						
SCHW-WLSLY-S-RA-0618 Verification of Mitsui						
APPROVAL						
Rev. no:	Date:	Auditor:	QA by:	Approved by:	Auditee:	Comments:
01	08.09.20	M. Laget  H. Hamre  Å. Pettersen 	A. B. Meisler 	C. Smyth  S. Næsheim 	J. A.E. Erlandsson 	

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1 Introduction

Wellesley Petroleum AS (Wellesley) is planning to drill the well 6204/11-3 Schweinsteiger in production license 829 using Dolphin Drilling's semi-submersible drilling unit Borgland Dolphin. WellExpertise have entered into an agreement with Mitsui to supply conductors, surface casing and tubulars for this well and forthcoming wells.

Mitsui deliverables are assessed as critical for the operation and is therefore included in the Schweinsteiger audit, review and verification plan.

1.1 Purpose

The Purpose was to verify that Mitsui is in compliance with contractual requirements (Contract No. WE-DP-023), relevant regulations and standards. The verification was also a visit to make sure that Mitsui is ready for the Schweinsteiger operation with regards to equipment and resources.

1.2 Scope

The scope for the verification were:

- Quality Management system
 - Risk Management
 - Incident reporting
 - Continuous improvement (Non-conformance handling, MOC, Audits, Experience transfer, etc)
- Competence and training
- Management of Covid 19
- Tubular management and quality assurance
- Project personnel and follow up in operation. Offshore crew and workload
- Site visit

1.3 Abbreviations

ARV	Audit, Review, and Verification
DNV GL	Det Norske Veritas Germanischer Lloyd
HR	Human Resources
HSEQ	Health, Safety, Environment and Quality
IMP	Improvement Point
ISO	International Organization for Standardization
JQS	Joint Qualification System
KPI	Key Performance Indicator
N/A	Not applicable
NC	Non-Conformance
O	Observation
QHSE	Quality, Health, Safety, and Environment
VP	Vice President
WE	Well Expertise



1.4 Definitions

Improvement point	Non-fulfilment of a requirement related to an intended or specified use (opportunities for improvement)
Non-Conformance	Non-fulfilment of a requirement
Verification	Systematic, independent, and documented process for obtaining evidence and evaluating it objectively to determine the extent to which given criteria are fulfilled

2 Summary

The verification was held at Mitsui premises in Florø 10 of August, and relevant personnel from Mitsui Management, SCMS, Wellesley and WE were present

All persons involved from Mitsui and SCMS were helpful and positive during the verification.

The verification started with an opening meeting where Wellesley/presented the Schweinsteiger project and scope for the verification. Then, Mitsui presented the different topics requested in the notification letter, followed up by questions from Wellesley/WE. A site visit at the Fjordbase was then carried out after the meeting. The verification was summarised and findings presented in the closing meeting at the end of the day.

The verification team identified four (4) findings, which included two (2) observations and two (2) improvement points. The findings are described in chapter 4 and summed up in an action list for follow up in chapter 5. The overall impression of the verification was positive and none of the findings were considered critical for the Schweinsteiger operation.

3 Method

3.1 General

A notification letter (Appendix A) was sent to Mitsui 7th of July 2020. The verification date was accepted, and relevant documentation sent to Well Expertise before the verification meeting.

The meeting was held at Mitsui premises in Florø 10 of August, and relevant personnel from Mitsui Management, Wellesley and WE were present (see [section 3.2 Participants](#) and “Signatures” in [Appendix B – Participant list](#)).

At the end of the meeting, an action list was presented to Mitsui with the findings from the verification. This was also sent to Mitsui after the meeting. The verification team identified zero (0) non-conformances, two (2) observations and two (2) improvement points. They are presented in this report and will be followed up through WE and Wellesley’s ARV Registers.

3.2 Participants

3.2.1 Verification team

Role	Name	Position	Company
Lead Auditor	Åse Pettersen	QHSE Coordinator	Well Expertise
Auditor	Helge Hamre	Op. and HSE Advisor	Wellesley
Auditor	Morten Laget	Drilling Superintendent	Well Expertise

3.2.2 Mitsui/SCMS

Role	Name	Position	Company
Auditee	Masahiro Yasukawa	Managing Director	Mitsui
Auditee	Johan A.E. Erlandsson	Manager	Mitsui
Auditee	Christian Paus	QHSE Manager	Mitsui
Auditee	Egil Bjørkedal	Managing Director	SCMS
Auditee	Amalie Hopkinson	Material Coordinator	SCMS
Auditee	Marianna Myklebust	Material Coordinator	SCMS

3.3 Final timetable

Time	Topic	Speaker
09:00 – 09:15	Opening meeting and presentation of attendees	Participants
09:15 – 09:45	Introduction to Schweinsteiger project	Morten/Helge
09:45 – 10:15	Presentation of Management system/Company	C. Paus/ M. Yasukawa
10:15 – 10:30	Break	
10:30 - 11:30	Presentation of equipment, operational preparation, and execution. Handling of Covid 19	J. Erlandson/E. Bjørkedal
11:30 – 12:00	Lunch	Participants
12:00 – 12:30	General presentation on specialized services for exploration/appraisal and development projects	Johan Erlandson
12:30 – 13:30	Site visit	Participants
13:30 – 15:30	Review of documentation and follow up	Verification team
15:30 – 16:00	Closing meeting	Participants

4 Findings

4.1 Categories of findings

Findings are categorised as:

- Non-conformance (NC)
- Improvement Suggestion (IMP)
- Observation (O)

Non-conformances are classified as:

- Major (MA)
- Significant (S)
- Minor (M)

The reported non-conformances, improvement suggestions and observations shall be followed up as soon as possible. All relevant actions and/or mitigating measures shall be identified (including action owner and due date) **within 14 days** after receipt of this report.

4.2 General

Mitsui has been a provider of Energy-related steel products in Norway since 1973. Mitsui is a trading house, which supplies conductors, casing, OCTG and services to Wellesley for the Schweinsteiger operation. Supply Chain Management Services (SCMS) has a framework agreement with Mitsui Norway where they take responsibility for technical support as well as logistics and supply services related to Mitsui's customers within the Oilfield Country Tubular Goods (OCTG) activity. The coordinators for the Schweinsteiger operation are supplied by SCMS. A bridging document between Mitsui and SCMS has not been prepared.

The pipes supplied are new but have been stored for a while at the base. The pipes are stored on H-beams, see picture 1. Below. The pipes are inspected and counted every 6 months by Turboscope, ref. section 14 in the contract. Mitsui has a standard quality plan but have not prepared a specific quality plan for Wellesley according to section 2 in the contract. All pipes come with a certificate that includes:

- Test & examination
- Visual material certification
- Drift test
- Wall thickness,
- Straightness checks
- Ultrasonic tests
- MPI
- NDT

Mitsui presented the management system and how risk is managed. The main risk for the project was presented as supply from Japan and Supply of goods in Norway related to the Covid 19. Mitsui/SCMS has introduced several measures to manage Covid 19 and a business continuity plan for is prepared for tactical and critical people. One of the measures is to have only 1/3 of the workforce at the office at the same time.

Mitsui is certified 9001:2015, however, the Quality Management System (QMS) appears a bit unstructured. BSI is the certification company and carried out two audits of Mitsui last year. Normally they carry out three audits per year. The procedures have no company name or document number and there are comments made in the

procedures. There are no procedures that describes how changes shall be managed (MOC procedure). Landax is used for incident reporting and non-conformances.

The continuous improvement part of the QMS seems to be well functioning. Regular quality meetings are held, audits are carried out internally and externally of sub-contractors. One planned audit of ITM (trading and bucking services) has been postponed to 2021, due to Covid 19. VAM field services provide offshore support personnel, this company has not been verified and is not a part of the 5-year audit plan.

4.3 Non-conformances

Zero (0) non-conformances were identified during the verification.

4.4 Observations

Two (2) observations were identified and are presented in [Table 4-1](#). The references are listed in [Chapter 6](#).

Table 4-1 Observations

No.		Ref.	Responsible
1	A QMS bridging document between Mitsui and SCM was not prepared	/1/	Christian Paus
2	A Quality Plan for the contract was not prepared	/2/	Christian Paus

4.5 Improvement suggestions

Two (2) improvement suggestions were identified and are presented in [Table 4-2](#). The references are listed in [Chapter 6](#).

Table 4-2 Improvement suggestions

No.		Ref.	Responsible
1	A procedure for handling changes should be prepared (MOC)	/3/	Christian Paus
2	The quality manual and some other procedures received does not have proper identification, such as Company name and document no.	/4/	Christian Paus

4.6 Other Actions

Non identified.

5 Follow up

5.1 Actions

Mitsui is requested to reply with a response on how the identified observations and improvement suggestions will be followed up, including timeline for corrective measures.

The following actions should be followed up in a traceable system, for instance Landax.

Ref.	Finding	Description	Suggested action
1	Observation	A QMS bridging document between Mitsui and SCMS was not prepared	Prepare a QMS bridging document between Mitsui and SCMS
2	Observation	A Quality Plan for the contract was not prepared	Prepare a Quality plan for the contract
3	Improvement suggestion	A procedure for handling changes should be prepared (MOC)	Prepare a MOC procedure for how to handle changes
4	Improvement suggestion	The quality manual and some other procedures received does not have proper identification, such as Company name and document no.	Prepare a document coding procedure that describes how document should be identified

6 References

Ref. No	Doc. Name
1.	Mitsui: HSE Annual Report 2019
2.	Mitsui: HSE Annual Report 2018
3.	Mitsui: HSE Annual report 2017
4.	Mitsui: 5-year Inspection Plan 2017-2021
5.	Mitsui: QM01 Quality Manual, rev. 19, 04.02.2020
6.	Mitsui: Maxtube QA audit 2017
7.	Bsi: Assessment Report 22.08.2019
8.	Bsi: Assessment report 14.02.2019
9.	Mitsui: HSE Manual, rev.06, 29.08.2019
10.	Mitsui: Polarbase Inspection June 2018
11.	Mitsui: QOP.010 Training
12.	Mitsui: Quality plan index, rev. 10 April 2020
13.	Mitsui: Quality System Audit of SCMS, April 2017
14.	Mitsui: Tuboscope Audit Report, August 2017
15.	Mitsui: Notification procedure, February 2019
16.	Mitsui: Wellconnection HSE system and QA audit, December 2018
17.	Mitsui: Asco inspection Hammerfest, June 2018
18.	Mitsui: Drillquip Quality Assurance system and HSE inspection, October 2019
19.	Mitsui: QSF.020 Competence requirements, Rev. 01, October 2017
20.	Mitsui: QOP.015 Internal Quality Systems Audits, rev. 02, May 2018
21.	Mitsui: QOP.011 Service Quality Review (non-conformances), rev. 05, November 20115
22.	Mitsui: HSE Programme 2020
23.	EPIM: HSE Audit, May 2018
24.	Mitsui: Training program
25.	SCMS: Guideline for sub-contractors regarding KPI reporting and incident reporting to SCMS
26.	SCMS: Handling of Mom-conformance reports
27.	SCMS: Description of management system
28.	SCMS: Covid 19 guideline
29.	ISO9001:2015 certificate



7 Appendices

Appendix No.	Description
1	Notification Letter
2	"Participant list"
3	Pictures

Appendix A – Notification letter



Verification notification

DATE and TIME : 10.08.2020, at 09:00-16:00
WHERE : Mitsui premises in Florø
TO : Mitsui & Co Norway AS
ATT. : Christian Paus
E-MAIL : c.paus@mitsui.com
OUR REF. : Well delivery verification
COPY TO : Helge Hamre, Callum Smyth, Morten Laget, Sigve K. Næsheim, Linn Bjørnstad, Anniken B. Meisler, Lars Lilledal; Beathe Schjoldager, Johan Erlandsson, Egil Bjørkedal
FROM : Åse K. Pettersen
E-MAIL : aase@wellexpertise.com
MOBILE : +47 928 13 959

NOTIFICATION OF WELL DELIVERY VERIFICATION - MITSUI SUPPLY OF CONDUCTORS, SURFACE CASING AND OCTG TO BORGLAND DOLPHIN

Dear Christian.

With reference to the Audit, Review and Verification Plan for the Schweinsteiger operation and information given in supplier Kick-off meeting 3rd April 2020, Wellesley Petroleum AS is planning to perform a verification of Mitsui & Co Norway AS (Mitsui) to verify that Mitsui is in compliance with contractual requirements (Contract No. WE-DP-023), relevant regulations and standards.

We plan to perform the verification 10th of August 2020 according to scope and timing given below.

Scope:

Mitsui is asked to present information to cover the topics listed below. The verification team will ask questions and may require checks of records and documentation during or after the presentation.

1. Short company information/presentation (Wellesley, Mitsui)
2. Introduction to Mitsui Management System
 - a. Risk Management and main risks for the project
 - b. Continuous improvement process (non-conformances, MoC, incident reporting and follow up)
 - c. HSE Statistics (last three years)
 - d. HSE Program 2020
 - e. External audits (last three years and status)
 - f. Management of Competence & Training
3. Corona/Covid-19 risk assessment(s)
4. Tubular management and quality assurance
5. Project personnel and follow up in operation. Offshore crew and workload.
6. Site visit



Verification notification

Timing:

10th August at Mitsui's premises in Florø

Indicative time plan:

09.00 - 09.15	Opening meeting and presentation of attendees (Wellesley)
09:15 - 09:45	Introduction to the Schweinsteiger project (Wellesley)
09.45 – 10:15	Presentation of Management System (Mitsui)
10:15 – 10:30	Short break
10:30 – 11:30	Presentation of equipment, operational preparation, and execution. Handling of pandemics (Covid 19) (Mitsui).
11:30 – 12:00	Lunch
12:00 – 12:30	General presentation on specialized services for exploration/appraisal and development projects.
12:30 – 13:30	Site visit (Mitsui/Wellesley)
13:30 – 15:30	Review of documentation and follow up of findings (Wellesley)
15:30 – 16:00	Closing meeting

Please invite relevant Mitsui personnel.

Request for information:

Prior to the verification, and within 03.08.2020, the verification team would like to receive the following documentation:

- Non- Conformance procedure
- HSEQ Program/Plan
- Reporting Procedure
- Risk Management Procedure
- MoC procedure
- HSE statistics last 3 years
- Audit plan 2020
- Procedure for experience transfer
- Relevant Safety Alerts
- Verification reports
 - External audits (last 3 years)
 - Internal reports (last 3 years) - Mitsui Audits/verifications of sub-contractors and internal audits
- Organogram
- Competence and training procedure and matrix (Status)
- Open non-conformance reports in reporting system
- Quality plan



Verification notification

The verification team:

Åse K. Pettersen	QHSE Coordinator (WE)	Verification Team Lead
Helge Hamre	Sr. Operations & HSEQ Advisor (Wellesley)	Team member (HSEQ)
Morten Laget	Drilling Superintendent (WE)	Team member Technical

Reporting:

The verification team will present a summary with observations and/or improvement items in a closing meeting at the end of the verification. The formal report will be issued within one (1) week after the verification.

Please confirm by e-mail (aase@wellexpertise.com) that date and timing for this verification is OK for required Mitsui personnel.

If need for clarifications related to this notification or the verification activity, please contact the undersigned. We look forward to meeting the Mitsui personnel and hope that this verification will be to our mutual benefit.

Kind Regards

Åse K. Pettersen
Verification Team Lead
Well Expertise AS
aase@wellexpertise.com
Mob. 928 13 959

Appendix B – Participant list

PARTICIPANT LIST			
NAME	POSITION	COMPANY	EMAIL
Ale Pettersen	QHSE Coordinator	Wellesley	
Christian Paus	QHSE Manager	Mitsui	
Johan Erlandsson	Manager	Mitsui	
Masahiro Yasukawa	Managing Director	Mitsui	
Egil Bjørkedal	Managing Director	Mitsui / SCMS	
Amalie Hopkinson	Material coordinator	SCMS	
Marianne Myklebust	Material coordinator	SCMS	
Helge Hamre	HSE & OP. Manager	Wellesley	
Morten Laset	DEL Supt.	WE (WELLESLEY)	

Appendix C – Pictures



Picture 1 – Clean and tidy layout and storage areas on base



Picture 3 - Wellesley Casing