
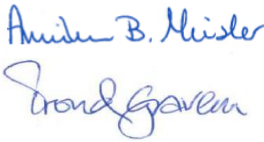


Well Expertise Verification Report

Saga Fjordbase

Service Delivery Process – Well Management

AUDITEE				
Saga Fjordbase_Florø				
AUDIT NO.				
EX-2017-07				
APPROVAL				
Rev.no	Date:	Auditor:	QA by:	Comments:
0.0	05/07/2017	R. Sandve/A. Meisler	S. Gjøse	
1.0	07/07/2017	R. Sandve	A. Meisler T. Gravem	
				

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1. Summary

Reference is made to agreement by phone and notification sent to Saga Fjordbase 16th June 2017 with regards to the Well Expertise and Wellesley Petroleum Verification at Saga Fjordbase premises in Florø.

The verification was conducted 28th June. Well Expertise and Wellesley were impressed by the attention and preparation given to the verification. All responses met, or were above, our expectations.

There were no non-conformances, two observations and four improvement points recorded.

The commitment from managerial positions and project coordinators being “hands on” to deliver a first-class logistics setup is something we can only encourage continues.

2. Introduction

The scope of the verification was built on the basis of securing a high level of quality for the Goanna Project to Wellesley Petroleum AS. Focus was setting expectations and ensuring correct level of preparedness for logistics and supply base services.

Main focus areas for the Saga Fjordbase verification were:

1. Set expectations and ensure operational preparedness for the upcoming Goanna Operations.
2. Get an insight in how the Security Plan and Vulnerability Assessment comply with ISPS harbour approval and NOG-091 'Security and supplies of material in the oil and gas industry'.
3. See to that the management system (MS) is designed to manage the planned operation, i.e. that relevant procedures are in place and working sufficiently.
4. Ensure that Saga Fjordbase adhere to NOG 116 'Recommended guidelines for packing, safeguarding and transporting cargo, as well as user control of load carriers'.
5. Verify that a document control system is in place and followed up.
6. Secure that the Management of waste handling is in accordance with NOG-093 'Recommended waste management guidelines in offshore operations' and to get an understanding of the cooperation between Saga Fjordbase and SAR (the waste contractor for the Goanna well).
7. Tour of the base and the well specific site. Ensure that it is suited for our needs.

The verification was based on the following documentation received from Saga Fjordbase:

- Beskrivelse styringssystem SF
- HMSK plan 2017, id 2079
- Dokumentstyring, id 0744
- Kompetansematrise SF, id 2144
- Kontinuerlig forbedring, id 0586
- Avviksbehandling, id 0783
- Sikring i Saga Fjordbase, id 1825
- Sikringsavtale for leverandører
- Avfallshåndtering SF, id 0628
- Mottak og kontroll materiell, prosess id 1185
- Lagerdrift, id 1822
- Pakking/klargjøring, id 0994
- Lasting, prosess id 1517
- Returbehandling, id 0984
- Bulk, prosess id 1347

2.1. Deviations

The verification was performed according to plan. No deviations.

2.2. Warrant

The verification is warranted in the Wellesley Petroleum Audit Plan for 2017. The audit plan is based on Wellesley's service supplier criticality matrix which requires a verification of Saga Fjordbase services prior to start-up of operations.

2.3. Participants

Role	Name	Position	Company
Lead Auditor	Raymond Sandve	Marine/Logistics Coordinator	Well Expertise
QHSE Auditor	Anniken B. Meisler	Environmental Manager	Well Expertise
QHSE Auditor	Trond Gravem	Sr. Operations HSEQ Advisor	Wellesley Petroleum
Auditee	Leif A. Stavøstrand	CEO/Adm. Direktør	Saga Fjordbase
Auditee	Ingvild Hovland	KS Koordinator	Saga Fjordbase
Auditee	Jan Ove Grindheim	Logistikk koordinator	Saga Fjordbase
Auditee	Trond Hegrane	Sikringsleder	Saga Fjordbase
Auditee	Annbjørge Hestdal	Operativ leder farlig avfall	SAR
Auditee	Geir Westbø Olsen	Operativ leder næringsavfall og transport	SAR

2.4. Verification Process

Short description of process, as relevant

- Notification – sent 16th June 2017
- Verification – Saga Fjordbase premises, Florø. 28th June 2017. 09.30 – 15.30
- Report – issued 7th July 2017
- Saga Fjordbase to **respond within 30 days** of receiving this report

3. Findings

3.1. Categories of findings

Findings are categorised as:

- Non-conformance
- Observation
- Improvement Suggestion

Non-conformances are classified as:

- Major
- Significant
- Minor

Saga Fjordbase is requested to **respond within 30 days** of receiving this report on how they intend to handle the observations and improvement suggestions.

3.2. Non-conformances

There were no non-conformances registered.

The verification team appreciates Saga Fjordbase's openness, positivity, and cooperation. And we were impressed by the systems, the focus and proactivity.

3.3. Observations

There was one observation that needs further attention:

- Saga Fjordbase have two procedures for the receipt and handling of materials and CCUs. According to the "NOG-091 Appendix 4 Decision table" a certain percentage of CCUs shall be randomly selected and checked. The Saga Fjordbase procedures differ in the named percentage (5 % and 10 %). *The verification team suggests Saga Fjordbase revise their procedures to reflect the correct number 5 %. Wellesley do not have any requirements for a higher percentage randomly selected CCUs.*

There was also one observation related to SAR and waste management:

- On previous operations waste declarations have been changed/reclassified by SAR on www.avfallsdeklarering.no after waste has been received onshore at supply base. (E.g. waste re-declared to Oil Based Mud on operations where OBM hasn't been used.) *The verification team suggests SAR look at their procedures for declaring waste and secure that deviations or changes are discussed with the operator before changes are made at avfallsdeklarering.no. Then the operator is given the chance to discuss and check the declaration. If the waste is incorrectly reported from offshore, a deviation report must be written and sent to operator before the time limit for doing changes (10 days) is exceeded at avfallsdeklarering.no.*

3.4. Improvement suggestions

Based on the information and procedures Saga Fjordbase sent over prior to the verification, the verification team has some improvement suggestions:

- The fact that Saga Fjordbase is ISO 14001 certified does not come clearly across in the submitted documentation.

The verification team suggests that Saga Fjordbase review the description of their Management system and include ISO 14001 reference and environmental focus. For future verifications, submitting the ISO certificates may be smart when sending requested information.

- Ref. HMSK Plan 2017, page 8: How does Saga Fjordbase secure achievement of objectives (måloppnåelse)?

The verification team thinks that achievement of goals/objectives should be part of the agenda under 'Forbedringsprosjekt'. It is important that status on goals and objectives are communicated to ensure that the personnel is aware of the goals and how each of them can contribute. It seems like this is covered through meetings and also in personnel appraisals ('medarbeidersamtaler'), so the improvement suggestion is to update the HMSK Plan.

- Saga Fjordbase do not have any procedures other than a written handover when going from normal working hours and dedicated logistics coordinator, to duty personnel.

The verification team suggests Saga Fjordbase set up procedures where personnel overlap or have a formal check list to ensure all personnel are familiar with upcoming operations.

- Saga Fjordbase to consider audit/verification of Bring.

The verification team suggests Saga Fjordbase perform an audit/verification of Bring to ensure transport for the Goanna well is performed in a safe and efficient manner. Wellesley to provide estimated tonnage, information on CCUs and potential special transport for the coming operations.

4. Conclusion

The verification team is pleased to find Saga Fjordbase well prepared for the Goanna operations. Quays planned for Goanna are well within "NOG-091 Baseline security requirements" and ISPS guidelines. Procedures are in general informative and fit for purpose. Personnel have extensive experience with drilling operations and a high level of service can be expected. Both outdoor and indoor areas are found to be in a clean and tidy state.

5. Appendices

Appendix 1 – Agenda

09:30 – Presentasjon og introduksjon Well Expertise/Wellesley og kommende brønn Goanna

10:00 – Styringssystem

11:00 – Sikringsplan og sårbarhetsanalyse

12:00 – Lunsj

12:30 – ISPS og NOG-091

13:15 – Avfallshåndtering – Fra mottak til endestasjon

14:00 – Material og bulkhåndtering - Fra ankomst til utlast

14:15 – Gjennomgang av baseanlegg

15:30 – AOB /Takk for i dag