
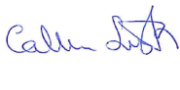




WELLESLEY
PETROLEUM

Verification Report

Well Expertise – Management System

| | | | | | |
|--|------------|---|---|---------------------|------------------|
| AUDITEE | | | | | |
| Well Expertise AS | | | | | |
| AUDIT NO. | | | | | |
| EX-2020-01 / SCHW/HEMI-WLSLY-S-RA-0108 | | | | | |
| APPROVAL | | | | | |
| Rev.no | Date: | Auditors: | QA by: | Auditee: | Comments: |
| 00 | 25/02/2020 | Trond Gravem | Callum Smyth | Well Expertise team | Draft for review |
| 01 | 02/03/2020 | Trond Gravem  | Callum Smyth  | Well Expertise team | Issued for use |

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1. Introduction

Wellesley signed a contract with Well Expertise in April 2017 for the provision of well management services. The original scope of work consisted of:

- a) Well Planning operational supervision and reporting
- b) Management of Operations
- c) Logistic Planning
- d) HSEQ Services
- e) Marine Planning
- f) 3rd Party Contracts for assignment, RfQ/ITT, Tendering
- g) Coordination with 2nd line Emergency Preparedness

Since then Wellesley and Well Expertise has jointly delivered 6 wells. Well Expertise has also over that period developed and changed both organizationally and with regards to the services delivered such as:

- h) Marine supervision
- i) Marine traffic surveillance

This verification was conducted to ensure that Well Expertise has a fit-for-purpose management system reflecting current services and organisation.

1.1. Objectives

Verify that Well Expertise has an updated management system reflecting services delivered and roles and responsibilities in the company.

1.2. Deviations

The verification was performed as planned.

1.3. Warrant

The verification is warranted in the Wellesley audit, review and verification plan for the 2020 drilling campaign (exploration wells Schweinsteiger and Hemispheres).

1.4. Participants

| Role | Name | Position | Company |
|--------------|-----------------------------|-----------------------------|---------------------|
| Lead Auditor | Trond Gravem | Sr. Ops&HSEQ Advisor | Wellesley Petroleum |
| Auditor | Callum Smyth | Ops&HSEQ Manager | Wellesley Petroleum |
| Auditee | Karen Maria Thaulé-Pedersen | QHSE Manager | Well Expertise |
| Auditee | Sigve Krohn Næsheim | COO | Well Expertise |
| Auditee | Stig Seland | Commercial Manager | Well Expertise |
| Auditee | Stein Hogstad | Interim CEO | Well Expertise |
| Auditee | Morten Laget | BDM/Drilling Superintendent | Well Expertise |
| Auditee | Per Thomsen | Sr. QHSE Advisor | Well Expertise |
| Auditee | Anniken B. Meisler | Environmental Manager | Well Expertise |
| Auditee | Rune Smenes | Marine Manager | Well Expertise |

1.5. Audit Process

Short description of process:

- Notification – sent Nov 2019
- Verification Meeting – Well Expertise Office Randaberg Feb 21st 2020 09:00 – 14:00
- Summary verbal feedback – immediately after audit
- Draft report sent for comments within a week of the audit
- Report – issued 2nd March 2020

2. Summary

Agenda – ‘Well Expertise management system – How WE’

| | |
|---------------|---|
| 09:00 - 09:15 | Presentation of participants, Wellesley present intention |
| 09:15 - 10:00 | WE general update |
| 10:00 - 11:00 | How WE – Status and project management |
| 11:00 - 11:45 | How WE – Quality management |
| 11:45 - 12:30 | Lunch |
| 12:30 - 13:15 | How WE – Organizational robustness |
| 13:15 - 14:45 | How WE – Support and specialized services (Environmental, Marine and WIT) |
| 14:45 - 15:05 | Summary by the Audit team (Callum and Trond) |
| 15:05 - 15:30 | Close out meeting |

No Non-conformances were identified

Improvement Suggestions

1. Processes to Improve Capture and Use of Lessons Learned
 - Start documenting lessons learned from when the project planning starts
 - Increase the focus on positive lessons overall in project, state it clearly
 - Ensure all disciplines are covered, well engineering, well operations, rig, services, suppliers, logistics, environment, safety, reporting, overall projects etc
 - Document vessel performance and MSC performance included lessons learned
 - Introduce a lesson learned quick log to be update during operations in/after morning meetings
 - Include post Balcom ideas on EOW to ensure capture of lessons learned across project disciplines and to ensure positive lessons also are highlighted.
2. Clarify the Operators Overall Responsibility in Marine Operations Manual
 - Define and include how vessel performance shall be documented in a structured, consistent way.
 - Ch 2.2 – approval and associated signature, Operator – clarify Operator responsibility, delegated authority and sign-off
 - Ch 4 – ‘...consulted prior to final decisions’ – change to Operator approves as the Operator has the overall responsibility ref. WWVS where it is states that pre-lay programme and rig move program will be verified and approved by Operator.
3. Marine Surveillance Centre Manual – MSC operator and Job Performance Summaries
 - Describe the MSC operator role and clarify who does what. There is a mentioning of the onshore operator desk in the WE office.
 - Include description of post-job/monthly job performance summaries (system uptime, onshore-offshore link uptime, alerts, notifications, general feedback from users, lessons learned, etc)
 - MSC – competence and know-how to set up system offshore – where is it defined how it is done
4. How WE Resource Projects
 - Propose to include interfaces to Operator organisation for fig. 7.1, 7.2 and 7.3. Could be done by example organograms.

- Propose to include description of authority/signature matrix – example of sign off matrix and likewise MoC
5. Offshore Supervision – Role Model and Culture
- Two subchapters in these procedures touches into how softer issues of the offshore supervision shall be approached. Ch 1.1 ‘..are run and administrated in a comparable way.’ & 1.5 Role and Role Model We propose that this important cultural part is further detailed and described. The Drilling Supervisor is very key part of the offshore team and the Operator’s main representative offshore. An important factor in the success of offshore supervision is the cultural part – how to build teams, share information, ensure ownership, communicate openly, ‘open-door’, positive mindset, etc. This could clearly describe how WE would like the DSV’s to act by supporting WE (and Operators) values and focus on strengthening the cultural aspects.
6. How WE Manage Risk and Changes.
- Include more information on risk management and barrier management. Referencing the PSA Risk Management Memorandum, Barrier Management Memorandum and the PSA description of Uncertainty in risk management is recommended. Example of actual use of the Uncertainty element in risk management would also be beneficial.
7. Finding from Last Year’s NEA Audit on Balcom
- Include verification that no well specific chemicals from the last well is present when starting new well. Include not only in rig intake procedures, but also in handover document template in between wells.
8. Consistent Use of Titles & Roles

Correspondence between the management systems different processes descriptions and organograms

Examples: D&W Manager in organogram, Environmental specialist, MSC duty vs MSC watch, QHSE coordinator vs QHSE coordinator, Offshore Drilling Engineers vs Offshore Drilling/Logistics Engineer

In addition, minor findings such as wrong references, typos, need to clarify, cross-references between documents has been sent in separate mail.

Well Expertise has a Letter of Intent with Ridge to mutually be each other’s preferred partner. Wellesley would appreciate if we will be updated on the content of the Specialist Operations Support setup between Well Expertise and Ridge for support towards Long Lasting Incident ref. Well Incident Team, capping stack support in due time prior to startup of Wellesley operations.

Our impression is that overall Well Expertise management system in place is well functioning and describes the roles, requirements, responsibilities and the services delivered by the company.

The verification objective ‘to ensure that Well Expertise has a fit-for-purpose management system reflecting current services and organisation.’ has been met.

3. Documents Reviewed and Presentations

| | Document name |
|----|---|
| 1 | Marine Operations Manual WE-M-LM-MA-01 Rev 04, Jan 2020 |
| 2 | How WE Manage Logistics WE-M-LM-MA-02 Rev 02 Jan 2020 |
| 3 | Marine Surveillance Centre Manual WE-M-LM-MA-03 Rev 06 Jan 2020 |
| 4 | How WE Manage Well Incidents WE-M-PDP-MA-03 Rev. 4 Jan 2020 |
| 5 | How WE Resource Projects WE-M-PDP-MA-01 Rev.02 Jan 2020 |
| 6 | How WE Supervise Offshore WE-M-PDP-MA-02 Rev02 Jan 2020 |
| 7 | How WE Deliver Well Management Projects WE-M-PDP-P-01 CH. 1 Rev.03 Dec 2019 |
| 8 | How WE Well Design WE-M-PDP-P-01 Ch 2 Rev 05 Dec 2019 |
| 9 | How WE Operate WE-M-PDP-P-01 Ch. 3 Rev.03 Jan 2020 |
| 10 | How WE Rig Intake WE-M-PDP-P-03 Rev03 Dec 2019 |
| 11 | Staff Resourcing & Robustness Strategy WE-S-HR-PY-01 Jan 2020 |
| 12 | How WE Manage Risk and Change WE-M-QHSE-P-01 Dec 2019 |
| 13 | How WE Manage Chemicals in Well Projects – WE-M-QHSE-P-04 Jan 2019 |
| 14 | Well Expertise Guiding Principles rev 3 WE-M-QHSE-PY-01 |
| 15 | Presentation from verification meeting 'Well Expertise Company Presentation for Wellesley Feb 2020' |