



OILREACH

QUALITY MANAGEMENT SYSTEMS

1.0 Overview

The OilReach Quality Management System (OQMS), in conjunction with our QHSE Policy, define the expectations of executive management regarding how we will conduct our operations focusing on the quality of our services and products. The phrase “quality” in this document applies to the quality of both services and products.

The QHSE Policy and Quality Management System (QMS) shall be communicated to all employees, customers, contractors and third parties associated with our business.

The Quality Management System is based on the Petrocove Guidelines for Management Systems, and comprises eight interrelated elements as shown in the graphic below:

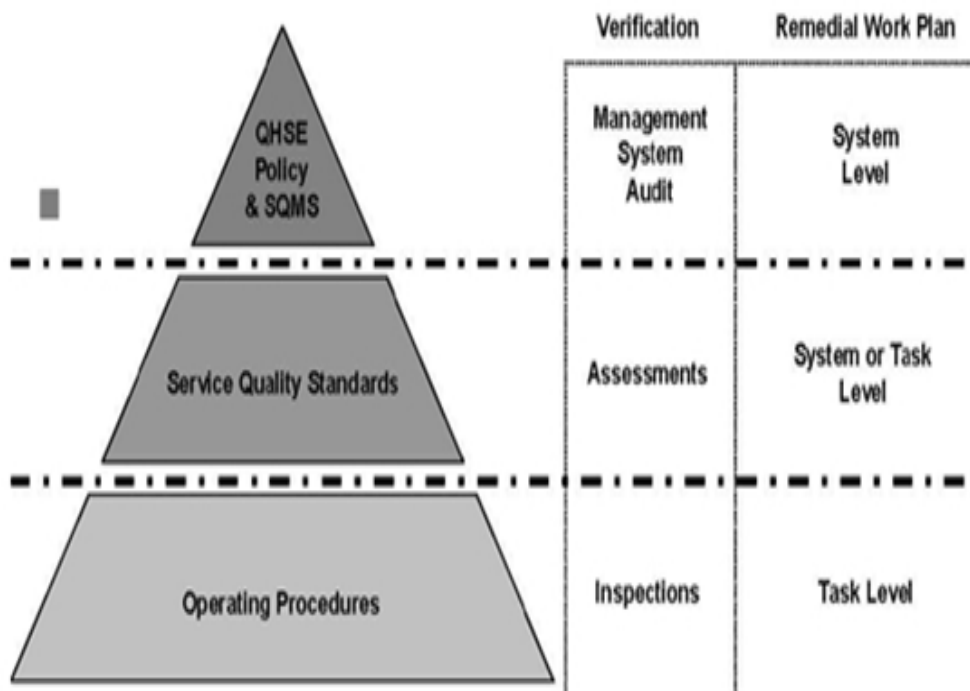
- Commitment, Leadership, and Accountability
- Policies and Objectives
- Organization and Resources
- Contractor and Supplier Management
- Risk Management
- Business Processes
- Performance Monitoring and Improvement
- Audits and Reviews

These are continually improved:

- By conformance checks on day-to-day standards and procedures (control);
 - By conformance checks on the management system (correction);
 - Through modifications to the management system (improvement.)
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1.1 OilReach QMS Hierarchy:

Hierarchy



1.2 Management System Audit

An evaluation of a location's implementation of a management system, by a multi disciplinary external or internal team, using specific protocol tools and produces a RWP addressing system or task level actions.

1.3 Management System Self Audit

An evaluation of allocation's implementation of a management system by location staff, using specific protocol tools. Produces an RWP addressing system or task level actions

Assessments

Petrocove assessments are evaluation of a location's compliance with specific company standards, by an external or internal team, using specific protocol tools. This Produces an RWP addressing system or task level actions.

Self Assessment

An evaluation of a location's compliance to specific company standards by location staff using specific protocol tools and Produce a RWP addressing system or task level actions.

Inspections

Petrocove inspections are a formal verification to measure compliance with a procedure or a specification. Generally done using a checklist and often producing an RWP addressing task levels for improvement.

Quality Standards

Includes applicable Corporate Quality and Segment Service Quality Standards

1.4 Operating Procedures

These include corporate and Segment standard operating procedures, local working instructions and best practices. Inspection and job checklists are used to verify compliance with Service Quality standards, Quality Standards, procedures, and work instructions.

Objective

Management shall provide strong, visible commitment, leadership; accountability and personal involvement in delivering quality service and products. Management shall make available the resources necessary to achieve Company objectives. Management shall ensure that all employees are held accountable for their actions and responsibilities.

Mechanisms

2.1 Commitment and Leadership

Our proactive Quality culture must be understood, shared and practiced by all employees as an integral part of everyday business. Fundamental to this culture is our belief that excellence in Quality in all areas of our business is essential to our business success, and that most losses are preventable and results from quality management system failure.

Managers shall demonstrate visible commitment and leadership to Quality, and actively participate in the continuing drive towards a culture that places Quality equal in importance to other critical business objectives.

Visible leadership includes setting a personal example in everyday work and actively contributing to implementing the Quality Management System.

Managers are responsible for maintaining a culture of Quality awareness so that prevention of all non conformance areas recognized as integral part of our daily activities.

Managers shall inspire all employees to be actively involved in developing and implementing solutions pertinent to internal process improvement and Quality issues in their operations.

2.2 Accountability

Managers are responsible and accountable for providing the resources required to continuously evaluate and improve all aspects of Quality at the well site and for the processes that maintain high service Quality performance throughout the organization. All employees are individually responsible and accountable for Quality within their area of activity, and for adhering to company policies, standards, procedures, and work instructions

3.0 Organization and Resources

Objective

Organizational responsibilities shall be defined and the necessary resources provided to achieve Quality objectives.

Mechanisms

3.1 Organizational Responsibilities

Managers are responsible for the quality of service delivered to our customers, including analysis of problems that occur and the development of quality improvement plans to address the problems. Managers are responsible for the performance of the processes that affect Quality including analysis of problems that occur and the development of quality improvement plans to address the problems.

Managers shall ensure that all employees have job descriptions that define their individual quality responsibilities, and match actual responsibilities, and ensure that these job descriptions are clearly communicated.

Segments shall have responsibility and authority that includes:

- Ensuring the Quality Management System processes are established, implemented and maintained;
- Reporting to top management on the performance of the Quality Management System and any need for improvement;
- Ensuring the promotion of the awareness of customer requirements throughout the organization.

3.2 Organizational Structure

An operations support organization shall be in place in each Segment as required to support line management roles and responsibilities concerning Quality. This organization and the related job descriptions shall be kept current in the Segment's web pages.

The organization in each business Segment shall be clearly defined, communicated to and understood by all concerned personnel, and shall match operational requirements.

3.3 Training and Competence

Recruiting and training programs shall be implemented to ensure that employees are competent to fulfill their responsibilities. The competence requirements of all employees and positions shall be regularly assessed and updated as necessary. This shall include re-certification as required.

Orientation:

During the initial training period all newly hired personnel shall receive orientations in Quality.

Employees transferring to new positions or locations shall receive formal orientation about specific Quality and internal Quality issues related to their new operational responsibilities.

Training

Each Segment shall have a training program for all employees to fulfill the competence requirements of all related job functions.

All training programs shall be periodically assessed for quality and effectiveness. The latest technology shall be continuously monitored, and employed when appropriate to ensure that training programs remain best in class and are available to employees in all Segments. Up-to-date training records for all employees shall be validated and maintained. Where ever possible, these records shall be stored in a common, web based electronic system.

3.4 Information Management

Effective communication processes shall be in place to ensure proper circulation of Quality related information throughout the organization. Critical information on products, services and customers shall be captured, validated, stored and maintained in knowledge databases that are available to relevant employees.

Verification and validation processes will be implemented to ensure that designs of the products and services meet the design input requirements and customer requirements. Up-to-date documentation shall be available to allow all employees to conduct the activities for which they are responsible. Control and confidentiality of information shall be maintained according to related Petrocove policies and standards.

The organization shall establish and maintain Quality documentation that describes the scope of the Quality Management System. This documentation shall include:

- All relevant definitions;
 - Details of and justification for any exemptions
 - Any procedures established to implement the Quality Management System, or references to them;
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- A description of the interaction between the processes of the Quality Management System.

3.5 Standards and Guidelines

Segment standards shall be defined for all business activities that could significantly impact their service quality. Managers are responsible for knowing and implementing corporate and Segment standards relevant to their operations.

4.0 Contractor and Supplier Management

Objective

Contractors and Suppliers (C&S) that could have a significant impact on our quality delivery to the clients must be identified and managed. The supplier's quality control processes shall be evaluated, monitored and managed to ensure that their products and services meet with the applicable corporate and segment quality standards.

These include, in particular, local manufacturers, consultants, and equipment vendors, including both internal organizations (e.g. integration centers, technology centers, and product centers within Petrocove) and external out sourced vendors (including rental.)

Mechanisms

4.1 C&S Evaluation, Qualification and Selection

Contractors and suppliers shall be evaluated, qualified and selected based on their ability to deliver a quality product or service with minimum down time in a safe, healthy, and environmentally acceptable manner, and at a competitive price.

Criteria for selection, evaluation, and re-evaluation shall be established as per the requirements set out in the company standard for contractor and supplier management. Where established, contractor and supplier conformance to industry standards shall also be taken into consideration during the selection process.

Results of evaluations and any required actions shall be recorded and communicated to the

contractor or supplier, who shall implement the required corrective actions before a contract is signed. Once selection is complete, formal contractual agreements with Performance indicators shall be created and signed by an appropriate signing authority before the start of the work.

4.2 C&S Management

Suppliers and contractors shall be managed to ensure that their performance conforms to contractual requirements. Product and service quality requirements shall be clearly communicated to contractors and suppliers. These shall include any requirements in regard to the Quality Management System and particular personnel competencies.

Products purchased from suppliers shall be verified against the specific Petrocove quality standards, processes, and/or procedures to ensure compliance with specified requirements.

The products received from Petrocove Engineering, Manufacturing, and Sustaining (EMS) groups and product centers should be verified and validated by the PLMP (Product Lifecycle Management Process).

4.3 C&S Performance

Mechanisms for monitoring contractor and supplier performance shall be implemented. Performance that meets or exceeds company standards shall be expected and recognized. Contractors and suppliers shall be actively involved in the continuous improvement process. Best practices identified shall be promoted throughout the company. Poor performance shall not be tolerated and may result in early termination.

5.0 Risk Management

Objective

The company and employees shall maintain a process of risk analysis to monitor the exposure to service quality non-conformance. Comprehensive risk management provides the necessary information to prevent or reduce the risks of service quality non-conformances, and to mitigate their impact on our operations.

Mechanisms

5.1 Hazard Analysis and Risk Control

A hazard analysis and risk control standard that addresses quality shall be defined and implemented. Fit for purpose tools shall be developed and used to assist in the implementation of the service quality risk management process, depending on the complexity of the task or process.

All employees shall receive appropriate training from their Segment in quality risk management.

Before any operation begins, employees, customers, contractors and all relevant third parties shall be informed. This communication shall include the products and services to be utilized, the conditions of their use, the resulting hazards that could affect service quality, and any required prevention and mitigation measures. This shall be achieved, in particular, through pre-job meetings among the parties and knowledge sharing within the company. Systems shall be in place to communicate the assessed risks to the appropriate, accountable level of Area and Segment management, commensurate with the magnitude of the assessed risk. All related decisions shall be clearly documented.

5.2 Prevention and Mitigation Measures

Required prevention and mitigation measures shall be documented, implemented, and then verified. These measures shall be based on the use of competent personnel, proper contingency planning, and authorized approvals. They shall be verified by customer acceptance, job debriefs, audits, and an analysis of recorded service quality information.

5.3 Management of Change

A management of change and exemption standard shall be defined and implemented to manage any significant change introduced by deviation from:

- Contractual terms and conditions, work-scope, procedures, work instructions;
- Policies and standards.

Any increase in the level of risk introduced by these deviations, including the impact on resulting product or service quality, shall be analyzed and documented by line management in conjunction with appropriate competent personnel and/or the customer as required. Appropriate approvals and

authorizations will be in place before any prevention and mitigation measures are implemented and operations resume.

For any deviations that could have significant impact on quality and/or customers assets, personnel shall be empowered to halt the operation.

e-QHSE shall be used to manage the management of change process, and to record all deviations, their cause, the alternative measures taken, and their formal approval.

6. Business Processes

Objective

Business processes for all essential activities impacting Quality shall be put in place and properly managed.

Mechanisms

6.1 Assets, Products and Systems Integrity

Quality requirements shall be systematically incorporated into the design, selection and purchasing criteria of equipment, software, products, services, and facilities used in company operations. Facilities, equipment, software, products, and services shall be suitable for the required purpose and shall comply with their design specifications.

Ongoing compliance to design specifications shall be implemented and tracked via applicable corporate and Segment standards and procedures. This shall apply, in particular, to the maintenance, adjustment, calibration and integrity of monitoring and measuring devices.

Technology/Product/Integration Centers or EMS and Segment Engineering Groups shall be used as aids for adequate product selection and design. Repair and preventive maintenance programs appropriate to expected operational conditions shall be implemented. They shall comply with industry, corporate and Segment standards.

A computerized or WEB based system for managing preventive maintenance shall be in place in all Segments. Asset tracking shall be defined and implemented in all Segments.

No unauthorized modifications to equipment, software or products shall be permitted. Modifications shall be controlled and authorized by the Technology Centers through the technical support system, and, once implemented, shall be recorded in the equipment file.

6.2 Processes

All essential service and product delivery processes shall be supported by documented procedures and work instructions as necessary. Critical processes shall be identified, mapped and regularly reviewed to assess quality implications. Operational processes and product documentation shall reside in the relevant knowledge management systems. Where simultaneous and/or combined operations are undertaken, the impact of one operation upon another shall be assessed and recorded.

Simultaneous Operations (SIMOPS) plan shall be implemented, and safeguards shall be in place to mitigate cumulative effects. To assure the quality of products, design and development shall be conducted using the appropriate Product Life cycle Management Process (PLMP) and other engineering processes as applicable. The Technology Centers and other design groups shall implement the appropriate PLMP, and maintain the records required to document these processes.

Operational plans shall be developed and shall systematically incorporate quality requirements. When planned results are not achieved, appropriate corrections and corrective actions shall be taken to ensure conformity of products and services.

A formal assessment shall be conducted prior to initiating any new start-up to ensure that all quality aspects have been addressed as planned. Planning activities shall involve all concerned parties, including, in particular, customers, contractors and third party personnel.

Resources shall be continually reviewed against current and projected activities to ensure that they will be available to satisfy quality requirements. These include personnel, facilities, inventory of products and parts, and service equipment.

6.3 Business Continuity

Segment plans for coping with all aspects of business continuity shall be created and regularly evaluated to ensure that all parties charged with emergency preparedness, emergency response and business recovery activities are aware of their roles and responsibilities.

Business Continuity plans shall be developed to handle emergencies that could potentially impact quality such as facility shutdowns, late equipment deliveries, product defects, wellsite, failures, or disclosure of confidential information.

7. Performance Monitoring and Improvement

Objective

Quality standards, processes, procedures, work instructions & manuals, audits & assessments and documentation systems shall be put in place to ensure the compliance of Petrocove QHSE Policy and objectives and also for external governmental and regulatory requirements., The QMS will continue to grow, evolve and benefit from the results of continuous improvement efforts.

To ensure that quality objectives are met, activities shall be conducted in accordance with defined requirements, and continuous improvement shall be promoted through active employee participation

Mechanisms

7.1 Customer Satisfaction and Performance Review

A company Standard for measuring and reporting quality issues or events shall be defined and implemented. Key Performance Indicators (KPIs) shall be identified, targeted, measured and reviewed to monitor continuous service quality performance and improvements. KPIs shall be representative of the perception that our customers have of our performance. Segment management shall define the methods for obtaining and using these measurements. Reviews of Quality performance shall involve all concerned parties, including, in particular, our customers.

Any remedial actions required as a result of periodic Quality performance reviews or meetings shall be entered into e-QHES and monitored to closure.

7.2 Event Reporting and Management

A company Standard for the reporting and investigation of quality non-conformances shall be defined and implemented, including the determination of the make-up of investigation teams based on the severity of the non-conformance. Each location shall report and record all Quality non-conformances and near misses into e-QHSE.

Service or product non-conformances shall be investigated and analyzed to determine root causes, considering their potential impact on Quality. No investigation shall be considered complete until a main root cause has been identified. Investigation teams shall include line management, the local staff organization and appropriate internal or external resources. Segment Operations Management shall prioritize the remedial actions recommended in a nonconformance investigation, assigning responsibilities and monitoring the progress of remedial actions within defined time frame.

Remedial Work Plans shall be documented and corrective actions prioritized to prevent future recurrence of non-conformances, or reduce the risk to ALARP:As Low as Reasonably Practical. Closure results shall be reviewed by line management and as applicable with the customer for agreement. Lessons learned from these investigations shall be documented via the relevant knowledge management system.

7.3 Compliance Monitoring

Regular and systematic assessments and inspections shall be conducted in all locations to verify compliance of activities against defined Schlumberger and Segment policies, standards, procedures, and work instructions. This includes pre-job briefings, job checklists, and post-job debriefings. Any Remedial Work Plans resulting from assessments and inspections shall be entered into e-QHSE.

7.4 Corrective Actions and Continuous Improvement

Preventive/corrective action and continuous improvement programs shall be in place in all company locations. All our employees, contractors, and suppliers shall be actively involved.

A continuous improvement culture shall be promoted to encourage everyone to:

- Proactively identify hazards that have the potential to create Quality non-conformance, and implement appropriate control measures;
- Report problems and compliance issues with the QMS standards and procedures;
- Make Quality related suggestion reports;
- Share lessons learned and best practices.

Lessons learned and best practices shall be shared via the relevant knowledge management system.

All Quality non-conformance reports and suggestions shall be reviewed, analyzed and closed out by Segment line management in a way that builds trust and demonstrates commitment to Quality performance improvement.

Action items come from several sources: Quality performance reviews, both internal and with customers; inspections and audits; and incident or near miss reports and the resulting investigations. Action item closure rate percentages shall be reported periodically as a proactive metric for Quality continuous improvement. Regular feedback from the field and from our customers on Quality shall also be encouraged, reviewed by management, captured, and acted upon to ensure continuous improvement. Quality, Operations Support, and HSE functions shall support line management in analyzing problems and developing quality improvement plans.

7.5 Recognition Programs

Recognition and reward programs shall be established to encourage personnel involvement in improving Quality.

7.6 Records

Records shall be maintained to allow management to effectively track Quality performance and improvements, and share lessons learned

8.0 Audits and Reviews

Objective

Audits and reviews shall be conducted at a regularly scheduled frequency to verify the implementation and effectiveness of the Quality Management System and assure a culture of continuous improvement.

Mechanisms

8.1 MS Audits

Compliance with the Quality Management System shall be evaluated through regular audits using Segment defined protocols that include defined responsibilities and documented requirements for implementing the audit process. Audit types and frequency shall be adapted to the nature of the activity and continually revised to meet changing requirements.

Audit findings, recommendations for improvement, and Remedial Work Plans shall be entered into e-QHSE and monitored to closure. Key lessons learned shall be disseminated via the relevant knowledge management system.

8.2 MS Reviews

Periodic corporate and Segment management reviews of the Quality Management System shall be conducted and documented to ensure the effectiveness of the system, and to identify and implement management system improvements. The input to the management review shall include information on audit results, customer feedback, process performance, product and service conformity, status of preventive and corrective actions, follow up actions from previous management reviews, changes that could affect the Quality Management System and recommendations for improvement.

The output from the management review shall include any decisions and actions related to improvement of the effectiveness of the Quality Management System and its processes, improvement of products and services related to customer requirements, and resource needs
