

SAFETY PERMIT
Reference Number: SP 04

under Section 13P of the Electricity Regulation Act 1999, as amended

granted to

Shell E&P Ireland Limited
Statoil Exploration (Ireland) Limited; and
Vermilion Energy Ireland Limited

on

16th April 2014

in respect of the carrying on of certain designated petroleum activities related to well work

under or in connection with

the Petroleum Lease granted under section 13 of the Act of 1960 dated 15th November 2001;
the consent granted under section 5 of the Act of 1968 dated April 15th 2002

in accordance with

Non-Production Safety Case (COR-11-SH-016) (31st January)
Well Work Safety Case (COR-11-SH-015) (31st January)

PART I: Safety Permit

The Commission for Energy Regulation (the "Commission") in the exercise of the powers conferred by Section 13P of the Electricity Regulation Act, 1999, as amended, (the "Act"):

HAVING CONSIDERED:

1. the Well Work Safety Case COR-11-SH-015; and
2. the Non-Production Safety Case COR-11-SH-016;

in each case submitted by or on behalf of Shell E&P Ireland Limited, Statoil Exploration (Ireland) Limited and Vermilion Energy Ireland Limited (each a "Grantee") on 31st January 2014 as supplemented by the Additional Information furnished by or on behalf of the Grantee and in connection with the following petroleum authorisations:

1. Petroleum Lease granted under section 13 of the Act of 1960, dated 15th November 2001;
2. Consent granted under section 5 of the Act of 1968, dated 15th April 2002;

(the "Safety Cases").

BEING SATISFIED THAT—

1. the information contained in the Safety Cases complies with the requirements of section 13M(4) of the Act;
2. the Grantee is capable of implementing the safety management system described in the Safety Cases; and
3. the Grantee is, subject to the conditions (the "General Conditions") set out in Part II, and the special conditions (the "Special Conditions") set out in Part III of this safety permit (together the "Conditions"), capable of carrying on the designated petroleum activities described in the Safety Cases in compliance with its duties under section 13K of the Act;

HEREBY APPROVES the Safety Cases (each an "Approved Safety Case" and together the "Approved Safety Cases") subject to the Conditions; and

HEREBY GRANTS to the Grantee a safety permit in respect of the Well Work Activities, subject to the Conditions.

This safety permit shall come into force on 16th April 2014 and, subject to the Conditions, shall continue in full force and effect until it is revoked by the Commission or replaced by a new safety permit.

Sealed with the common seal of the Commission for Energy Regulation on 16th April 2014



Chairman
Commission for Energy Regulation

PART II: General Conditions

1. Definitions and Interpretation

1.1 Unless the context otherwise requires or unless otherwise defined in this safety permit, words or phrases defined in the Act shall have the meanings given to them in the Act.

1.2 Unless the context otherwise requires, in this safety permit:

“Act” means the Electricity Regulation Act 1999, as amended;

“Approved Safety Case” has the meaning given in Part I of this safety permit;

“Levy Order” means an order made under paragraph 16 of Schedule I to the Act;

“Petroleum Authorisations” means those authorisations listed in Part I of this safety permit;

“Petroleum Infrastructure” means all or any part of the facilities, structures and installations described in the Approved Safety Cases;

“Well Work Activities” means those designated petroleum activities in respect of which the Approved Safety Cases have been prepared which fall within the class of designated petroleum activity described in Regulation 4(1) of the Petroleum Safety (Designation of Certain Classes of Petroleum Activity) Regulations 2013 and which are carried on within the Well Work Window;

“Well Work Window” means the period specified in Condition I of Part III of this safety permit; and

“Relevant Authority” means an authority listed under section 13H(3)(c) of the Act.

1.3 In this safety permit

(a) “Grantee” refers to the person or each person to whom this safety permit is granted and any reference to “the Grantee” refers to each Grantee severally.

(b) a reference to:

(i) a Part, Condition or paragraph, unless otherwise specified, is a reference to a Part, Condition or paragraph of this safety permit;

(ii) the singular includes the plural and vice versa and references to one gender include all genders;

(iii) any other document referred to in this safety permit is a reference to that document as amended, varied, novated or supplemented at any time.

(c) a reference to a statute or statutory provision shall be construed as a reference to the laws of Ireland unless otherwise specified and includes:

(i) any subordinate legislation made under it including all regulations, by-laws, orders and codes made thereunder;

- (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and
- (iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it.
- (d) any phrase introduced by the terms "including, "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- (e) The headings are inserted for convenience only. They are to be ignored in the interpretation of this safety permit.

2. Compliance with the Conditions

2.1 The Grantee shall comply with the Conditions.

2.2 Notwithstanding anything else in this safety permit, but subject to Condition 2.3, the Conditions shall cease to be binding on the Grantee following the expiry of the Well Work Window.

2.3 If an obligation:

- (a) falls to be discharged during the Well Work Window or in respect of an activity carried on during the Well Work Window; and
- (b) has not been so discharged at the end of the Well Work Window;

that obligation shall continue until such time as it is discharged.

3. The Safety Case

The Grantee shall at all times act in accordance with the Approved Safety Case(s).

4. Safety Performance Requirements

The Grantee shall comply with such safety performance requirements as may be specified by the Commission from time to time.

5. Program of Work and Daily Reporting

5.1 The Grantee shall submit or procure the submission to the Commission of an up-to-date program of work in a form satisfactory to the Commission prior to commencement of the Well Work Activities.

5.2 Not later than noon on each day immediately following a day on which any Well Work Activity is carried out the Grantee shall submit or procure the submission of a report to the Commission, in the manner and form specified by the Commission, which shall specify:

- (a) the date and reference time of the report, where the reference time shall be a time in the last 6 hours;
- (b) the Safety Permit Reference Number and well identification;
- (c) the names of the Grantee(s) and operator as appointed by the Grantee(s);

- (d) the Grantee(s) on whose behalf the report is submitted;
- (e) the total number of days since commencement of the Well Work Activities, to include days ahead/behind the final program of work;
- (f) a short chronological description of activities during the 24 hours preceding the reference time, including a note of any functional/pressure tests carried out on well control equipment, with their results (including BOPs and Sub Sea Test Tree);
- (g) the number of persons on board the petroleum infrastructure from which the Well Work Activities are carried out at the reference time;
- (h) Operation at the reference time of the report and description of activities forecast for the next 24 hours following the reference time; and
- (i) weather and sea conditions at reference time.

6. Audits and Reporting Requirements

- 6.1 The Grantee shall furnish to the Commission, in such manner and at such times as the Commission may require, such information and shall procure and furnish to it such reports as the Commission may consider necessary or appropriate to enable the Commission to monitor the Grantee's compliance with the Conditions or as it may require for the purpose of performing its functions under the Act.
- 6.2 Without prejudice to the generality of paragraph 6.1 of this Part II the Grantee:
 - (a) shall comply with any reporting and / or audit requirements specified by the Commission under any compliance assurance system published by it from time to time; and
 - (b) shall submit (or procure the submission of) a report on its safety performance in a form satisfactory to the Commission:
 - (i) on the dates specified by the Commission; and
 - (ii) on the date that is two (2) weeks following of the cessation of the Well Work Activities.
- 6.3 The power of the Commission to request information under paragraph 6.1 of this Part II is without prejudice to any other power of the Commission to request information whether pursuant to any other Condition of this safety permit, the Act or any other enactment or otherwise.
- 6.4 The Grantee shall furnish to the Commission, within seven days of receipt, a copy of any report, notice, direction or censure issued by a Relevant Authority detailing any non-compliance with a regulatory requirement.
- 6.5 In this Condition, "information" shall include any books, documents, records, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Commission) of any description and in any format specified by the Commission.

7. Transfer of Petroleum Authorisation

7.1 In the event that all or any of the Petroleum Authorisations, or the benefits thereof, are proposed to be assigned, novated or otherwise transferred, in whole or in part, such that:

- (a) [all or any of] the Grantee(s) will cease to carry on all or any of the Well Work Activities; and/or
- (b) a new petroleum undertaking which is not the holder of a safety permit in respect of the Well Work Activities wishes to carry on those Well Work Activities,

and provided that no material alteration is proposed to be made to the Approved Safety Case, the Grantee(s) shall apply to the Commission to have this safety permit replaced with a new safety permit in the names of the new petroleum undertakings.

7.2 Nothing in this Condition 7 shall prejudice the obligations of any Grantee or any other petroleum undertaking in respect of any material alteration to an Approved Safety Case.

8. Review and revision of the Approved Safety Case

8.1 The Grantee shall procure that an independent review of each Approved Safety Case be carried out in accordance with the reasonable requirements of the Commission when directed to do so by the Commission.

8.2 Where, as a consequence of such review, or otherwise, it is necessary to make a material alteration to an Approved Safety Case, the Grantee shall submit a revised safety case to the Commission for its review as soon as is reasonably practicable after completion of the review pursuant to 8.2.

8.3 The Grantee shall not be permitted to make a material alteration to an Approved Safety Case until such material alteration is approved by the Commission.

8.4 Any failure by the Grantee to submit a satisfactory required material alteration to a safety case to the Commission in accordance with the requirements of Condition 8.2 shall be considered a breach of this Condition 8 of Part II.

8.5 In this Condition 8 a 'satisfactory required material alteration' is a material alteration which is (1) sufficient to address any risk to safety identified by a review carried on pursuant to paragraph 8.1; and (2) is capable of being approved by the Commission having regard to the requirements of the Act.

9. Notices

9.1 The relevant notice details for the Grantee shall be as specified in the Special Conditions, provided that the Grantee may notify the Commission of any changes to the notice details specified on not less than two (2) clear weeks' prior written notice.

9.2 The Grantee (the "Appointor") may authorise another Grantee to act as agent for service of notices under this safety permit. In such case the Appointor agrees that that any notice and / or request for information under this safety permit shall be effectively served on it in connection with this safety permit if such notice or request is properly served on its agent.

9.3 A copy of any notice served on an agent shall be sent by post to the Appointor. Failure or delay in serving such a copy shall not prejudice the effectiveness of the notice.

10. Revocation

10.1 The Commission may at any time revoke this safety permit by not less than 21 days' notice in writing to the Grantee:

- (a) if the Grantee fails to comply with the Conditions of this safety permit;
- (b) if the Grantee fails to comply with an Improvement Notice issued under section 13Z of the Act
- (c) where, in the opinion of the Commission, the petroleum undertaking is not complying with its duties under section 13K of the Act; or
- (d) in accordance with section 13T(2)(iv) of the Act.

11. Petroleum Safety Levy

The Grantee shall pay to the Commission any amounts specified in, or determined under a Levy Order, in accordance with the provisions of such Levy Order.

PART III: Special Conditions

1. Definitions and Interpretation

1.1 Unless the context otherwise requires, in this safety permit,

"Additional Information" means:

- (a) Responses to Additional Information Request 1 of 27th February 2014 and subsequent follow up clarification requests dated 14th March, 03rd April, 8th April, as follows:
 - (i) 10th March 2014/COR-01-SH-GM-1992;
 - (ii) 31st March 2014/COR-01-SH-GM-1998;
 - (iii) 8th April 2014/COR-01-SH-GM-2004;
 - (iv) 10th April 2014 /COR-01-SH-GM-2005; and
- (b) Response to Additional Information Request 2 of 14th March 2014 of 31st March 2014/COR-01-SH-GM-1998; and
- (c) Responses to Additional Information Request 3 of 03th April 2014 and subsequent follow up clarification requests dated 08th April as follows:
 - (i) 8th April 2014/COR-01-SH-GM-2004;
 - (ii) 10th April 2014 /COR-01-SH-GM-2005; and
- (d) Response to Additional Information Request 4 of 08th April 2014 of 10th April 2014 /COR-01-SH-GM-2005;

"Well Work Window" means 16th April 2014 to 30th September 2014.

2. Prohibition on Use of Methods, Systems, Equipment or Components without ALARP Demonstration

- 2.1 This safety permit does not permit the carrying on of petroleum activities using alternative methods, systems, equipment or components noted in the Safety Cases where an ALARP demonstration has not been furnished for such methods, systems equipment or components.
- 2.2 Without prejudice to the generality of the foregoing, the use of coiled tubing or heavy duty wireline is not permitted by this safety permit

Reason: Each petroleum undertaking is required to demonstrate that it has reduced risks to a level that is ALARP in respect of each petroleum activity undertaken. Where alternative methods, systems, equipment or components are flagged in the Safety Cases, they will nevertheless require a full ALARP Demonstration prior to their employment.

3. Safety Case Fees

The Grantee shall pay to the Commission any outstanding safety case assessment fee, where the costs incurred by the Commission in the assessment of the Safety Cases and matters directly pertaining to the Safety Cases including the costs and expenses incurred in

determining conditions relating to issue of this safety permit, exceeded the initial safety case fee paid.

Reason: To secure the recovery by the Commission in accordance with Section 13R of the Act of costs associated with the review of the Safety Cases and the issue of the safety permit. This provides for the recovery of the difference between the initial (estimated) fee and the final (actual fee) in respect of the safety permit.

4. Notices

The notice details for each Grantee are as follows:

Shell E&P Ireland Limited

[REDACTED]

Statoil Exploration (Ireland) Limited

[REDACTED]

Vermillion Energy Ireland Limited

[REDACTED]