

Guidelines for application for Acknowledgment of Compliance (AoC) for mobile facilities intended for use in the petroleum activities on the Norwegian Continental Shelf (Unofficial translation),
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1 Introduction

An AoC is a decision made by the PSA to the effect that the technical condition of a mobile facility and the applicant's organisation and management system are considered to be in compliance with relevant requirements in Norwegian shelf legislation.

A voluntary arrangement with Acknowledgment of Compliance (AoC) for mobile drilling facilities was implemented 1 August 2000. The arrangement was evaluated in 2002 and made mandatory from 1 January 2004, with a transition period until 1 January 2005.

From 1 July 2006 the arrangement was expanded to comprise mobile facilities that are registered in a national ship's register and that are used for drilling, production, storage and offloading (FPDSOs and FPSOs), well intervention and living quarters (flotels).

The arrangement is pursuant to the Regulations relating to Material and Information in the Petroleum Activities (the Information Duty Regulations) section 6 first paragraph letter m, and described in the guidelines to section 17 in the Regulations Relating to Health, Environment and Safety in the Petroleum Activities (the Framework Regulations).

2 General

The applicant may be the owner of a mobile facility, or anybody else who will be in charge of the daily operations of such a facility when it takes part in petroleum activities subject to Norwegian shelf legislation.

An applicant may be any legal body that has entered into or is planning to enter into an agreement with an operating company on conduct of activities in areas covered by Norwegian shelf legislation. Such applicant may be the owner or any other organisation or person, e.g. owner of the facility, operating enterprise or contractor, who, according to agreement, will be in charge of the operation of the mobile facility on behalf of the owner.

An AoC is of importance as a basis of documentation for the authorities when they take the matter up

for consideration later on. An AoC is of special importance as a basis of documentation for that part of an application for consent that relates specifically to the facility.

An AoC must be applied for in connection with a concrete application for consent to certain petroleum activities which implies the use of a mobile facility, unless an AoC has already been obtained. Such application will consist of two parts: One part which encompasses the location and activity specific matters, and one part which encompasses the facility specific matters, i.e. technical condition and the applicant's organisation and management system.

An AoC may also be applied for on an independent basis.

It may be relevant with a joint AoC for a facility if the facility is to be used for various types of activities, and each activity requires an individual AoC. A drilling facility also servicing as a flotel, is an example of this.

3 The purpose of the AoC arrangement

The purpose of the AoC arrangement is to contribute to improved predictability for the actors of the industry, in matters concerning a mobile facility's suitability for activities on the Norwegian Continental Shelf (NCS) when measured against the legal requirements to health, environment, safety and emergency preparedness. Furthermore, the arrangement shall constitute a basis for more efficient processes, i.e. applicant, operator and authority processes related to the application for consent to petroleum activities on the NCS.

An application for an AoC is a request for the authorities' decision, related to a specific mobile facility's technical condition, the applicant's organisation and management system, measured against the legal requirements that apply to the use of such a facility on the NCS.

An AoC is granted on basis of the authorities' assessment of the condition, measured against the legal requirements that apply to use of mobile facilities on the NCS at the time of the acknowledgement or decision. Use of such a decision in connection with a later application for consent to put the facility into service, must be seen in the context of changes in the legal requirements or the facility's technical condition and the applicant's organisation and management system, after the decision was made.

An AoC encompasses technical conditions, relevant parts of the applicant's management system, analyses carried out, maintenance programme and plans for upgrading.

An AoC is given on basis of the authorities' follow-up of the applicant and information that the applicant has provided concerning the facility and organisational matters.

An AoC does not imply any right to commence activities on the NCS. An AoC shall, however, as mentioned in chapter 2, form part of the documentation basis related to application for consent to petroleum activities on the NCS.

4 Rights and duties in connection with the conduct of petroleum activities

All actors in the petroleum activities have a duty to comply with the legislation within their area of responsibility and to establish a most adequate management system in order to achieve this in a controlled

and systematic manner.

Within the requirements laid down in relevant legislation, one may organise the enterprise in the manner one finds suitable. Tasks can be delegated to other actors, provided that those doing this have ensured that these actors are competent and fully understand the extent of the task and applicable requirements. Thereafter, those delegating these tasks shall conduct audits to ensure that the actors or suppliers of such services conduct the tasks in compliance with the given requirements. An applicant for an AoC that does not have any obligation towards this formal system at the time of application, may similarly assume such sharing of tasks and responsibilities. If this is the case, the applicant becomes

- supplier of premises with regard to defining what type of petroleum activities is intended to be conducted by the facility, and thereby which products that need be generated in order to carry out the activities within the framework of an AoC,
- responsible for the further following up of the AoC.

In case the applicant wishes to undertake an enterprise later on, thereby assuming an independent future responsibility, certain preconditions need to be in place in order to be capable to manage, lead and conduct this operation (enterprise) within the framework laid down by acts and regulations. Furthermore, the applicant shall have to adhere to the agreement entered into with the operator. Essential preconditions are the following:

- the applicant must realistically be capable of conducting the task,
- the applicant must have a most adequate management system for his activities,
- the applicant must have at his disposal the required resources and competence by means of his own or contracted personnel and equipment,
- sufficient and competent personnel must be available at all levels and used throughout all phases of the task,
- operational responsibility, including the right or duty to undertake necessary technical upgrading of the facility, shall be clearly and unambiguously described. An AoC implies a continuous duty to follow the maintenance programmes. This also applies if the facility accepts and undertakes operations on foreign continental shelves or is laid up.

5 Application procedure

The applicant should contact the PSA in ample time. In consultation with the NMD the PSA will agree on further work, contact and time plans.

6 Contents of the application

To be able to start handling an AoC application, the applicant must submit a summary of what has been done until now to qualify the facility in question, account for the most essential decisions that have been made to cater for health, environment, safety and emergency preparedness and explicitly describe the system that has been established to maintain the condition and the systems the AoC is based on, after said

acknowledgement has been granted.

The application may be structured as follows:

A Introduction

A description of the subject for application, with reference to the current guidelines.

B Purpose and plans

Including

- name of the facility,
- purpose of the facility,
- prerequisites for use,
- general description of the facility,
- overview of planned activities and milestones,
- plan for maintenance of the condition described.

C Management system

Including description of

- relevant parts of the applicant's basis organisation and organisational matters during normal operation and in emergency situations,
- management and control system that have been established in order to manage the activity with respect to the facility, possibly by means of references to relevant manuals, handbooks, etc.,
- governing documents for the facility,
- quality assurance requirements that the applicant has laid down for possible contractors and sub-vendors (including third party),
- arrangement or system for work force participation.

A statement from the organisations of the employees or their representatives regarding the application, must be attached to the application for an AoC.

If an organised safety service (working environment committee and safety delegates) has been established, this should be used. On a facility where such safety service has not been established, a statement from the applicant's safety service on another of the applicant's facilities, the applicant's workers' representative or relevant organisations of the employees, may be attached to the application.

The industry, by means of a co-operation between the Norwegian Shipowners' Association (NR), the Norwegian Confederation of Trade Unions (LO/NOPEF) and the Union for Workers in the Energy Sector (SAFE), may offer consultation and support in preparing such a statement to new applicants that have not established a safety service,

D Assessments

Including

- safety and working environment objectives, as well as the acceptance criteria for risks to people, environmental and material values,
- the most important presumptions for the defined acceptance criteria to be met,
- relevant assessments on basis of results from conducted risk analyses, as well as related decisions with relevance for safety and working environment,

- safety and working environment challenges connected to the use of the facility and measures (probability reducing and consequence reducing measures, including emergency preparedness measures of both technical, operational and organisational nature) that are to be implemented in order to meet these.

E Technical conditions

A statement saying that all technical conditions of relevance to safety and working environment have been assessed and taken a stand on.

F Non-conformities

A description of identified non-conformities related to requirements in acts and regulations that apply to conduct of petroleum activities at the time of the application, including non-conformities related to maritime legislation that are relevant to the safe conduct of the petroleum activities, and possible planned handling of these. The application shall contain an assessment of the non-conformities' relevance to safety and working environment, a description of possible compensating measures and deadlines for their implementation.

In case the facility has been used on the NCS previously, and exemptions have been granted then are considered relevant to the actual AoC application, too, this shall be clarified.

G The applicant's own supervision

Including description of

- conclusions from the applicant's internal and external audit and verification activities conducted prior to the application,
- activities that are to be carried out in order to verify that health, environment, safety, and emergency preparedness requirements are maintained during the conduct of the scheduled activities with the facility,
- objectives and priorities that form the basis of the applicant's internal and external supervisory activities,
- principles of independence laid down as basis for the applicant's planned internal and external supervisory activities.

H Document references

Including

- list of documents that are used for managing the activities intended to be carried out with the facility. In his governing documents, the applicant may make use of the documents and the documentation systems that have been established already by the various contractors and vendors, provided that these are verified and accepted by the applicant.

As a recognised norm for qualification and documentation of a mobile facility in connection with the application for an AoC, reference is made to OLF/NR "Handbook for application for Acknowledgment of Compliance (AoC)", rev. 03, dated 1.7.2006, or later revisions as may be the case. Furthermore, reference is made to OLF/NR "Guidelines for acceptance and operation of mobile facilities holding, or in the application process for, an Acknowledgement of Compliance (AoC)".

Reference is also made to the International Association of Drilling Contractors (IADC) "North West European HSE Case Guidelines for MODUs", rev. 01, dated February 2003, or later revisions as may be

the case.

7 The authorities' handling of applications

Applications will, depending on their contents, be dealt with by the PSA and other relevant authorities and institutions. The PSA will, in consultation with other authorities that the authority co-operates with in connection with AoC, decide the extent of the consideration in each case. The PSA or authorities that the authority co-operates with in connection with AoC, may also carry out verification of the documentation, e.g. by audits etc.

The PSA and the NMD have entered into a co-operation agreement in connection with the AoC arrangement. The current revision of this agreement will be available in the PSA on request from interested actors, companies, organisations and others.

An application for AoC will normally be handled within three months in the case of facilities that are going to conduct *drilling* activities, under the condition that the contents and quality of the application are as expected. In the case of facilities that are going to conduct other types of activities, handling may take longer. With regard to applications for an expanded or joint AoC, where the same facility is to be used for a new type of activity that requires an AoC, cf. chapter 2 above, handling of applications may take less time.

The above-mentioned expectation implies that the applicant, inter alia, has carried out a fully satisfactory comparison against relevant requirements in the acts and regulations, with relevant analyses and verifications. A complete list of non-conformities, with references to regulatory requirements, shall be attached to the application.

The PSA grants an AoC when the facility is ready and commissioned as such, and when the technical condition and the applicant's organisation and management system are considered to be in compliance with relevant requirements in Norwegian shelf legislation. The work of the authorities in connection with the AoC will be charged the applicant according to the same fees per hour/day (24 hours) that at any time appear from the regulations relating to refunding of expenses in connection with regulatory supervision of safety, working environment and resource management in the petroleum activities, laid down by Royal Decree 12 June 1998.

An AoC will be given on basis of the information provided by the applicant in his application in order to document compliance with the basis for the acknowledgement. If given conditions or presumptions are not satisfied or complied with, the basis for the AoC no longer applies.