



PROJECT NEWSLETTER



Status Summary

The Delta House Facilities construction activities continue to forge ahead at a very steady pace. Large portions of the hull and production deck are starting to take shape and the true scale of the floating production platform can start to be appreciated.

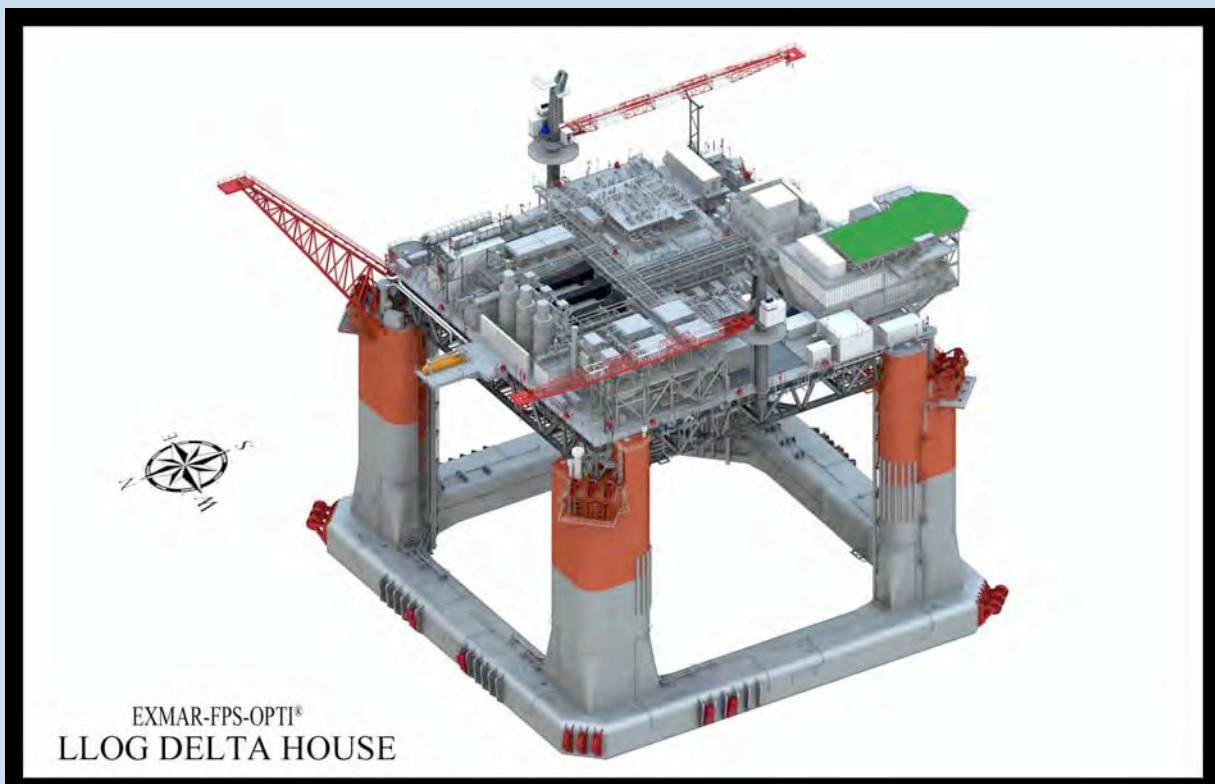
Representatives from LLOG and Exmar’s Houston Office visited the Hyundai shipyard in South Korea on July 15th for the Keel Lay Ceremony. Laying the keel is the formal recognition of the start of a ship’s construction. It is one of the four celebrated events in the life of a ship. The others are launching, commissioning and decommissioning. For our hull, keel lay was when the first “block” or subassembly of our hull was set into the dry dock. Hyundai now has 7 out of a total of 84 blocks placed in the dry dock. The second photo in the hull fabrication section shows this stage of fabrication.

Fabrication of the pressure vessels and production equipment is well underway. This work is taking place in Texas, Oklahoma, Louisiana and California...just to name a few. Some of this equipment is starting to arrive at the Kiewit Yard in south Texas to be integrated into the production deck.

Below is a 3D model of the Delta House FPS. It offers another glimpse of the magnitude and scale of this project. In a little less than one year from now, we will be able to look at the real thing.

Thank you for being a part of the Delta House project.

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EXMAR-FPS-OPTI®
LLOG DELTA HOUSE

Drilling for Delta House continues to be very successful. Rig and well performance was excellent in all three critical categories of HSE, subsurface results, and cost. The success of this well brings the number of Delta House subsea wells ready for completion operations to 5 wells. This will be the last Delta House well in the current EnSCO 8502 program. The next Delta House wells will be drilled by the Sevan Louisiana.

LLOG and Sevan are progressing the mobilization and commissioning plans for the Sevan Louisiana. Rig QA International continues with the rig systems commissioning and acceptance. Lloyd's Register (formerly West Engineering) has initiated the commissioning and acceptance testing of the BOP and BOP systems. LLOG Engineering and Operation's staff are now onsite in Qdong, China and are integrating into the Sevan/Seadrill Rig Team's work on the final construction of the rig and then on to the commissioning and mobilization of the rig to the Gulf of Mexico.

The rig is currently in the dry-dock phase for the installation of the heave reducing skirt extensions. Once the dry-dock work is complete, the rig will leave dry-dock and then head out to deeper waters for installation of the thrusters and sea trials. After load-out the rig will head to Singapore for a 14 day stay to receive additional equipment for the riser system. In November, the rig will depart Singapore for the GOM, with arrival expected in mid-February. This schedule represents a 4 week delay from our prior schedule due to the equipment delivery delays for riser system components.

Once in the GOM, LLOG has allocated 14 days for systems testing including the full deployment of the riser and BOP systems. Integration testing of the pipe handling system, mud and cementing systems will take place in transit as well as during the GOM systems testing and deployment. The first well activity for Delta House by the Sevan Louisiana should be in March 2014.

LLOG Drilling is also moving forward with the commissioning plans for the Seadrill West Neptune. We will also use Rig QA and Lloyd's register as our main commissioning contractors for the West Neptune. Rig QA has successfully commissioned other Seadrill rigs of similar class from the same shipyard in Korea, and can apply those learnings to our rig the West Neptune.

Construction of the West Neptune is ongoing in Korea, and LLOG Engineering and Operations staff are scheduled to tour/review construction of sister rigs scheduled for delivery prior to the West Neptune this fall. The initial operations focus of the West Neptune will be the efficient completion of the 5 Delta House wells drilled to date. The dual BOP rig should efficiently complete these wells as its first GOM operations enabling a quick production ramp up of the Delta House facility.



Seadrill West Neptune



Sevan Louisiana in Dry-Dock Phase

Hull Fabrication

HHI has expended 346,662 man hours to date. Overall progress is 54.4%.

Major Events:

Steel Cutting	March, 4 2013	Launching	December 26, 2013
Keel Laying	July 15, 2013	Sail Away	March 1, 2014

Major Equipment delivered to shipyard:

- . GRE piping for Hull
- . CCTV equipment
- . All 12 Fairleader brackets
- . Riser Piping
- . Sliding Watertight doors
- . Fairlead Wheels
- . Riser Porch Installation Jig
- . Transformer and Telecom equipment

Fabrication Tracking:

Total Number of blocks = 84

- . Dry Dock = 7
- . Panel Shop = 23
- . Assembly Shop = 33
- . Finished Assembly (in Pre-Outfitting) = 20
- . Panels not started (steel cut only) = 1

Keel Laying Ceremony took place July 15th.

Site team continues to coordinate with USCG. Next meeting is scheduled for mid August.

12 sets of 120m of 137mm diameter messenger chain have completed fabrication at DiaHan and ready to begin heat treatment, load tests and mechanical tests.

Riser Adapter construction is underway at UNEX and Taesang (Riser Bushing).

Fairlead bracket installation is on-going.

Inspection of piping spools at Sung-IL (SIM) is on-going. 2,940 spools have been fabricated and inspected. Final delivery of remaining spools is set for the mid August.

Site team continues safety walk-downs on a weekly basis and the site team reports any discovered safety concerns to HHI for corrective action.

First Safety Award is scheduled for mid August. (400,000 man hours)



Keel Laying Ceremony



SW Node Blocks in the Dry Dock



LLOG PM Craig Mullett visiting the Sanmar Chain Facility in China



Fabrication shop tour in Ulsan, South Korea with Glen Authement from Exmar, Site Team Members Tom Bare & Blair Kirkland, and LLOG Representatives Bruce Cooley & Craig Mullett

Exmar Offshore Houston is working closely with the Hull Fabrication Site Team in Ulsan, South Korea and also coordinating the Hull owner furnished equipment (OFE).

The following are recent and ongoing activities:

- . Hull DNV comments – All comments closed
- . Mooring Chain fabrication – Ongoing
- . Mooring Messenger Chain fabrication – Ongoing
- . Mooring Polyester Rope fabrication – Ongoing
- . Mooring Fairleads fabrication – Complete
- . Mooring Chain Jacks and Associated Equipment fabrication - Ongoing
- . Mooring Subsea Connector – Forging complete
- . DNV approved the Polyester Rope Thimble design



Mooring Jacking System HPU Heat Exchangers

Exmar representatives are witnessing fabrication and testing of Hull OFE in China, Korea and Europe.

Production Systems Engineering



Engineering/Design:

- . Overall progress for Engineering Topsides through July is approximately 85% complete.
- . Continuing Kick-Off meetings with fabricators.
- . Meeting with vendors either weekly or bi-weekly if necessary to ensure that equipment deliveries are still on time.
- . Ongoing reviews of Vendor Data Packages.
- . Issuing Piping & Instrumentation Diagrams for Design/Construction.
- . Closing out HAZOP items.
- . Issuing Plate Penetration Drawings to Kiewit.
- . Producing Issued for Construction Isometric Drawings. Approximately 2566 out of 2927 (88%) have been issued.
- . Incorporating vendor packages into the 3D model as they are received.
- . Facilitated Meeting between Risknology and DNV.
- . Coordinating with BP for the Gas Pipeline Requirements.
- . Coordinating with Shell for the Oil Pipeline Requirements.
- . Continued HMI/PLC development.
- . Receiving Automation hardware and packaging for delivery to panel vendor.
- . Ongoing submittals to DNV.
- . Continue Interfaces between Kiewit, Exmar, and Pinnacle.

Procurement:

- . Approximately 103 Topsides Purchase Orders will be completed at the end of the project.
- . 88 Purchase Orders (84%) have been issued (3 issued in July).
- . 10 Request for Quotation Packages are out for bid (3 issued in July).
- . 5 Packages are in Technical Development.

Below is a snapshot of current activities that our inspectors are overseeing:

At **General Marine Leasing**, the 38 Man Quarters Building continues to progress. On Level 1, electrical work continues on cable tray, conduit, receptacles and switch boxes. HVAC installation is progressing. Currently, ducts in quarter offices and galley area are being installed. Plumbing continues on the potable, gray and black water piping within walls, roof and floor areas. GML is fitting and welding plumbing supports and cheek plates on beam penetrations under side Level 1 in structural framing beams. Also, work continues on framing interior walls, exterior wall insulation, and building and welding exterior stairs. On Level 2, installation and welding of interior bulkhead wall plate and exterior wall plate continues. The Roof continues to see fabrication and welding on exterior stairways and access landings to heliport.



38 Man Living Quarters

The Storage and Workshop Building has been fabricated at **Stallion Offshore**. The exterior has a few areas of top coat touch-up before the A/C unit and all other exterior components can be installed.

At **Powell Electrical Systems**, the fireproofing to the north side on the MCC Building has been completed. Also, the top coat and finish coat application is complete.



Storage/Workshop Building

Fabrication on the Structural Skids is near completion. Welding continues on the 4002 Launcher/Receiver skid at **Dynamic Industries**.

NOV Petrex has received additional valves, instrumentation and 2 major pieces of equipment for the Condensate Stabilization Skid, the Reboiler Bottoms Cooler and the Overhead Condenser. On the Gas Dehydration Skid, all lifting lugs, containment curbs and penetrations are welded out and await the installation of the Glycol Contactor and Inlet Filter Separator. The 66" OD Glycol Contactor cylinder passed final inspection and is scheduled to be shipped to NOV Petrex. The 42" OD Inlet Filter Separator has 15 out of 17 nozzles tacked up and awaiting weld-out. Separator 1, Separator 2, Separator 3, IP Separator, and Test Separator are still in fabrication. All the Division 2 Separators are between 60 – 75% complete. The Degasser 1, Degasser 2, Treater 1, and Treater 2 were loaded out to Kiewit on July 24, 2013.

The Suction/Discharge Scrubbers were fabricated at **Honiron**. The final inspection is complete and the vessels are ready for shipment to Kiewit.

At **Mclver & Smith**, fabrication of the LP Separator/Degasser and Oil Separator vessels is complete and await shipping. Fabrication of Dry/Wet Oil Tank is complete and coatings are in progress. The internals need installation and vessel weighed prior to shipment.



Suction/Discharge Scrubbers—
Ready for Shipment

The Deluge Manifold Skid is in the midst of structural fabrication and welding. The skid is approximately 60% complete. Most of the skid's components have arrived at **Blanchard Contractors** and will be completed in September.

The RO Mid Frame Skid that is part of the Potable Water System has been fabricated and painted at **H2O**. This skid will be outfitted once the components are all present.

At **Heat Recovery Solution**, the fabrication and welding of the Waste Heat Recovery Units are still on going.

The Omnipure Unit at **Severn Trent de Nora** is in the assembly stage (70% complete). The unit has recently finished the coating phase.

At **Airdyne**, the skid base of the Instrument Air Skid is in the assembly stage (95% complete). It is ready for weld out.

The Fuel Gas Skid is currently receiving valves at **Moore Controls**. The general arrangements have been approved.

The Kingpost for the Pedestal Crane was fabricated at **Wagner Plateworks** and delivered back to **Seatrax**. It will be fitted with its Slewing Ring Gear and have the electrical conduit installed. The Pedestal Cranes are on schedule to deliver on time.



Waste Heat Recovery Units

Production Deck Fabrication



Lower level framing:

The South end and East and West sides have been removed from the center box and blasting and painting is in progress. These units will be re-installed after the float. Blasting and painting of the center box and North end is taking place in preparation for the float. Light supports and stanchions have been installed and welded.

Upper level framing:

Continued installing tertiary beams, deck plate, combing, pipe supports, and drain troughs. The last plate girder has been fitted into place. Light supports and stanchions have been installed and welded.

Piping:

Laying out and installing pipe supports below the lower and upper levels.

Miscellaneous:

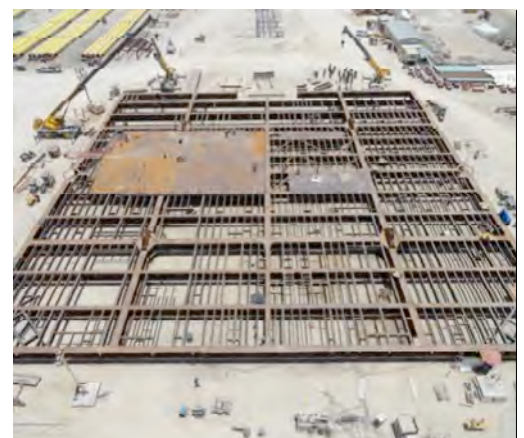
The production module is being framed and welded. Pipe racks 1 and 3 have been fabricated and painted. Pipe rack 4 is in the paint yard being painted and pipe rack 5 is being fabricated. The compression module beams are being cut & ready for fabrication. Handrails have been fabricated, galvanized and painted. Studs have been shot on the outer perimeter of the lower and upper levels for electrical cables. Pipe supports continue to be fabricated, blasted and painted. Valves and vessels continue to arrive at the Kiewit site weekly. The skid ways and shoes have been set in place and are ready for the float of the lower level. The set up cans to hold the lower level are also in place for the float.

Coatings:

Blasting and painting the lower level framing, pipe racks, pipe supports valves, and the ADCP skid.



Lower Level Framing



Upper Level Framing

TOPSIDES

Chemical Injection Module:

Fabrication of the Methanol Distribution Panels is in progress.

Reviewed and commented on preliminary drawings and structural analysis from AGI Industries for the Chemical Tank. They have begun ordering materials.

Tech-Quip is currently working on approval drawings for the Chemical Storage Tank Level Gauges and Transmitters.

Received bids for the Chemical Injection Module and issued Purchase Order to Omega Natchiq on 7/24/13. Issued structural and I&E drawings to Omega.

Projected delivery for the Chemical Injection Skid is 12/15/13.

Hydraulic Power Unit (HPU) and Topsides Umbilical Termination Assembly (TUTA):

Received bids for the HPU & TUTA and issued Purchase Order to Omega Natchiq on 7/29/13.

Working on getting hydraulic system information package together to send to DNV for approval.

Projected delivery for the HPU and TUTAs is 12/15/13.

VK 817 Receiver and Launcher:

Held meeting with Shell to review design of the launcher and receiver. Making minimal revisions to P&ID, then we will send P&ID's and SAFE chart to LLOG and Audubon for review. Upon approval, a HAZOP meeting will be scheduled.

Enterprise did not have any comments on receiver and launcher drawings. They kicked off the structural analysis and riser drawings.

SUBSEA

Received final hazard surveys and revised plats for the infield lines from Fugro. Submitted permit attachments and final hazard survey reports for the infield lines to LLOG for BSEE submittal.

Beginning to prepare the Deepwater Operations Plan (DWOP) submittal, and plan to issue to LLOG by mid-August 2013.

Sumitomo has completed fabrication of the 8" x 0.970 wt line pipe, 8" x 1.130 wt SCR pipe, and the 12" x 0.813 wt SCR pipe. This pipe was shipped out on the M/V Bright Ocean III on 7/17/13, and is scheduled to arrive at Bayou Pipe on or around 9/15/13. As of 7/27/13, Sumitomo has completed 85% (32,865.7') of the 6" x 1.125 wt SCR pipe, 92% (191,960.1') of the 6" x 0.750 wt line pipe, and 92% (12,9497.9') of the 16" x 1.000 wt SCR pipe.

V&M began production of the 12" and 16" line pipe on 7/16/13. As of 7/26/13, they have completed 35% (28,342.70') of the 16" x 0.710 wt line pipe. Production of the 12" line pipe has not begun.

Finalizing Master Construction Contract amendment between LLOG and contractor for the pipeline installation.

RTI executed the Purchase Order for the titanium sections of the riser stress joints. Delivery date of 6/30/14 has been agreed upon.

Versabar, Exmar and pipeline installation contractor held meeting on 7/18/13 to review latest version of proposed pull-in system. All parties continue to work out final details of pull-in and steering winch layouts and load design.

Issued Purchase Orders to Louisiana Supply and Bernard Specialties for the hull riser fittings and flanges. All materials were shipped via air freight to Korea on 8/7/13.

Kicked FMC off on the hydraulic and electrical analysis. They are currently determining quad sizes, then the umbilical fabrication award date can be forecast.

Clarifying terms and conditions of the VIV Strake award with AIMS. Expect to issue Purchase Order in mid August.

Began preparing Umbilical and Subsea Controls Installation RFQ. Plan to issue the RFQ in mid August.



16in Line Pipe at V and M in Germany



Methanol Distribution Skid