



PROJECT NEWSLETTER



Inside This Issue:	
Drilling & Completions	2
Hull Engineering/Fabrication	2
Production Systems Engineering	3
Production Equipment Fabrication	3
Production Deck Fabrication	4
Subsea Systems & Pipelines Engineering	4
Regulatory & Permitting Update	5

Status Summary

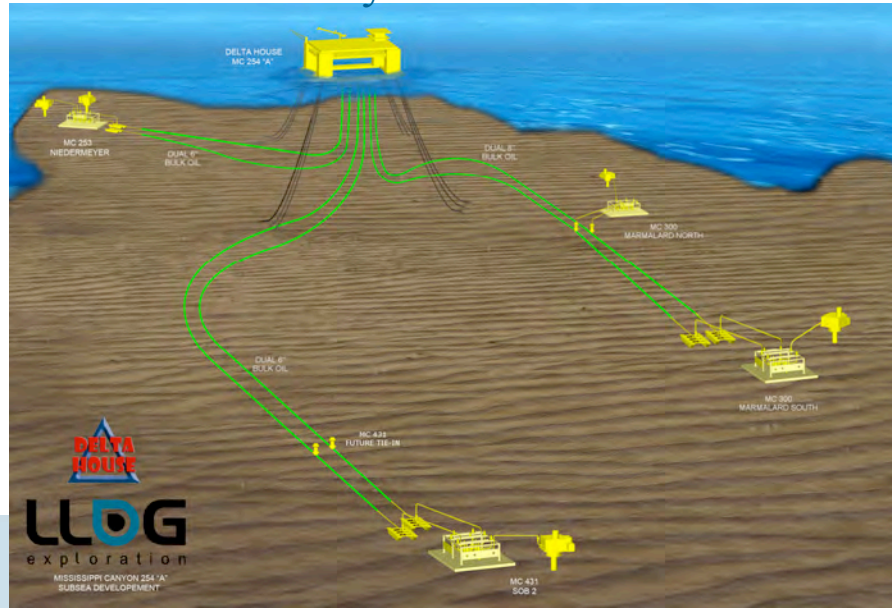


Illustration of Mississippi Canyon 254 "A" showing the FPS and three separate subsea systems.

Welcome to the first edition of the monthly Delta House Project Newsletter. This publication is designed to keep you updated on the progress of the drilling and completion efforts and the construction of the LLOG operated Delta House field production facilities.

This exciting project is a "world class" offshore development that is being designed and built from the reservoirs up by a capable group of LLOG personnel, drilling contractors, service companies, design engineers and numerous fabrication companies around the world. None of this would be possible without the financial support of our partners and their willingness to pursue a very aggressive construction schedule.

The core project team has been working on this project for almost one year. So, it is easy for me to lose sight of the fact that most people in our company don't know exactly what we have been up to. In summary, the core of the Delta House field development will be a new, semi submersible floating production system (FPS) located in Mississippi Canyon. This FPS will be similar to the Who Dat facility, but about 40% larger in size and production handling capacity. Bulk oil and gas production from three separate subsea systems that can support up to 16 wells (more with future expansion capabilities) will flow to the FPS for separation and processing. Plans are to drill and complete 6 subsea wells prior to start up. Oil and Gas export pipelines that will both be over 31 miles in length will transport production from the field to existing pipeline infrastructure. All of this work will happen over the next two and one half years. We should all be proud that our private company is in this unique position to aggressively execute a project of this magnitude.

The following articles will update you on the progress of the various parts of the project: ongoing drilling and completion of the wells.

Enjoy and please let us know how we can improve.

Bruce Cooley

We are progressing well and expect to have the well drilled (and hopefully cased in the success case) by mid February 2013. This will be the third Delta House well drilled.

LLOG Drilling is also working on a rig strategy that will enable two additional wells to be drilled and completed in early 2014, followed by a “Completion Batch-set” of the five existing wells starting in Q3 of 2014. The goal is to provide ~7 wells drilled and completed once the Delta House structure is onsite and ready to produce in Q1/Q2 2015.



Enso 8502 DP Semi-Submersible Drilling Rig

Hull Engineering/Fabrication

The following are recent activities:

- Hull and Topsides Deck Truss Engineering Tasks – 75% to 80% Complete
- Submitted Hull and Topsides Deck Truss Approved For Construction Structural Drawings to HHI and Kiewit Offshore on 12/3/12
- Continuing to Submit Engineering Design Documents to DNV for approval
- Main Scantling Approval Received from DNV
- Wind Model Basin Testing Complete
- Wave Model Basin Testing Complete
- Mooring Chain Purchase Order Issued
- Mooring Polyester Rope Purchase Order Issued
- Mooring Fairleads Fabrication Ongoing
- Mooring Chain Jacks Fabrication Engineering Ongoing
- Mooring Hawse Pipe Weathertight Enclosure Engineering Ongoing
- Fabrication Kick-off Meeting with HHI, LLOG and Exmar was held in Korea the first week of November 2012
- Fabrication Kick-off Meeting with Kiewit, LLOG and Exmar was held in Ingleside the first week of December 2012
- Working with Intermoor to finalize mooring line installation schedule and mooring suction pile design
- Exmar site office to open in HHI’s yard on 1/14/13



Mooring Fairlead Steel Material



Mooring Fairlead Wheel



Mooring Fairlead Wheel—
Chain Wrap Test



Hull Model—Wave Model Test Basin

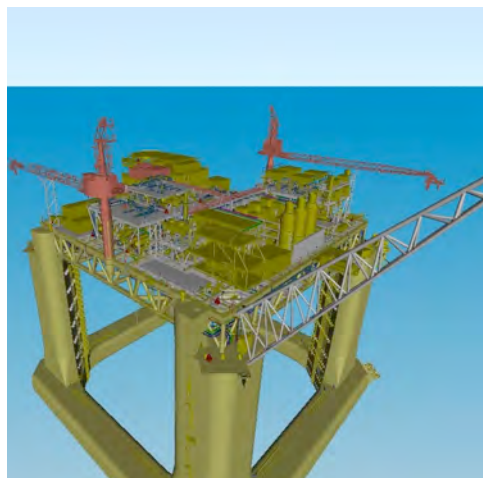
Production Systems Engineering

Engineering/Design:

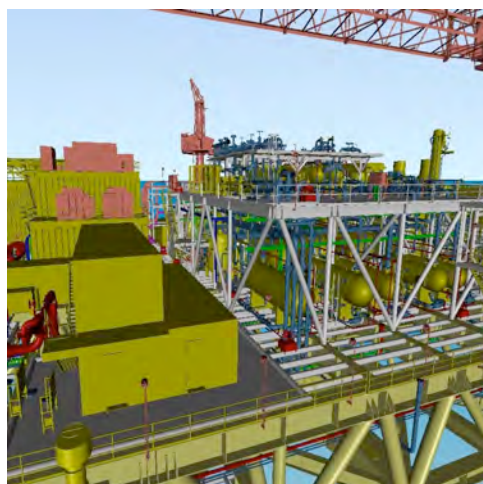
- Overall progress for Engineering Topsides through December is approximately 46% complete. In December, emphasis was placed on completing the Issued for Design General Arrangement drawings and completing over 60% of the HAZOP for the Piping & Instrumentation drawings.
- Significant progress has been made towards 3D modeling of the platform including the lower deck and the production module.
- Interfaces with Exmar for the ongoing structural tertiary steel are continuous and is on schedule.

Procurement:

- A total of 38 Purchase Orders have been issued. In December, emphasis was placed on ordering all long lead items with 19 Purchase Orders issued. Currently, all key long lead items and items to be installed on the lower deck before upper deck pancake lift have been purchased including the Living Quarters and Heliport, Generators, Compressors, MCC Building, Separators, Flowline Launcher/Receiver Skids, Survival Crafts, Heat Exchangers, Pipeline Pumps, Emergency Generator Building & Storm Generator Set, Flare Scrubber Vessels and Cranes.
- A total of 16 Request for Quotation Packages are out for bid, with 6 issued in December.
- A total of 34 Packages are in Technical Development.



View of the Platform from Northeast corner. The Flare Boom is in the forefront, Production Module on the North side with the manned areas on the South side.,



View of Platform Upper Deck looking from the East showing Storage/ Workshop, Living Quarters and the Production Module.

Production Equipment Fabrication

Materials were received for structural skid construction on 11/20/12. Started cutting beam for structural skid frame on 12/10/12 and was completed on 12/20/12. After which the main skid joint at the perimeter of the skid and the equipment supports beams were NDE tested. Installation of lifting eyes began on 12/14/12 and was NDE tested on 12/26/12.

The deck plate installation started on 12/20/12, followed by the fabrication and installation of the drain troughs which was completed on 12/29/12. The installation of the gussets that support the lifting eyes and the coaming that spans the perimeter of the skid began on 12/29/12 and is ongoing.

Once completed, the structural skid will support the LP & HP Flare Scrubbers. Both scrubbers were built by Southland Construction and have been received.



Completed Structural Skid Frame



Structural skid with drain troughs, deck plate, lifting eyes & coaming installed

Production Equipment Fabrication Continued...

Finished rolling and welding degassers 1 & 2. Degassers were shipped on 1/2/13. Treater 1 is rolled and long seams welded, waiting for fit up of girth seams. Treater 2 is rolled, waiting for welding of long seams and fit up of girth seams.

Inspection of rolling and welding processes started 1/3/13.

Production Deck Fabrication



Degasser 1 completely rolled and welded 72"x20'



Treater 2 rolled awaiting fit up of girth seams 120"x30'

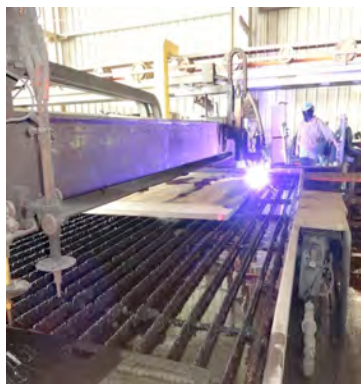
Kiewit ordered material for primary and secondary steel in June of 2012. The first material barge arrived at the Kiewit dock side in Houston and offloading of the 271 plates began on 10/9/12 and stored in a project specific area.

Kiewit ordered all the brace material to be fabricated and coped. The braces were shipped by sea to Houston, offloaded and then trucked to Kiewit. The first of the braces arrived at the Kiewit yard on 11/27/12. As of 1/3/13, all braces have been delivered.

Approved for construction drawings for special, primary and secondary steel was received from Exmar on 12/3/12. Kiewit cut first steel on 12/19/12. The first material being cut is for the node sections of the primary plate girders. Welding began on 12/28/12. Due to the size, the node sections were cut into 2 pieces. These pieces are being fitted together and welding is in progress using FCAW for tacking and stringers with SAW fill and cap. Kiewit is also cutting and beveling flange plates for the primary plate girders.

A DNV kick off meeting was held on 12/4/12 with a DNV audit of the Kiewit facility on 12/19/12 with the LLOG construction management team present.

A LLOG/Kiewit kick off meeting was held on 12/5/12 with Audubon and Exmar present.

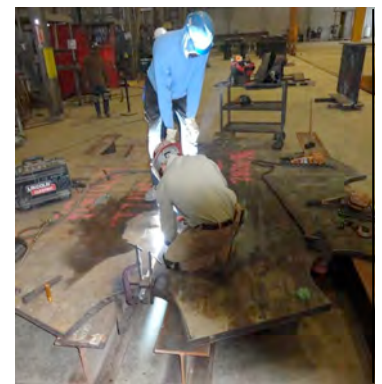


10/9—Offloading primary steel plate for plate girders at Kiewit yard

12/19—Kiewit started cutting steel plate



12/19—First shape cut by Kiewit



12/28—Welding 2 node half sections together with FCAW

Subsea Systems & Pipelines Engineering

- Issued purchase orders for hazard surveys for infield, oil and gas pipelines. Surveys should begin shooting in early January with an expected duration of 15 days. Reports will be delivered 8 weeks after survey completion
- Issued purchase orders for SCR design, fabrication and installation
- Issued weight report for chemical injection module
- Kicked off DNV to begin preparing CVA nomination
- Issued detailed schedules to LLOG
- Preparing Request for Bid for chemical injection pumps, and expect to issue second week of January
- Prepared and submitted subsea tie-in drawings to Shell and BP for review
- Preparation of pipeline and steel catenary riser line pipe Request for Bid is in progress
- Preparation of pipeline, manifold and jumper installation Request for Bid is in progress

Regulatory & Permitting Update



LLOG will submit over 65 permits that will go to various government agencies during the course of the Delta House Project. These agencies include the Bureau of Safety and Environmental Enforcement (BSEE), Bureau of Ocean Energy Management (BOEM), Coast Guard and the LA, MS and AL Coastal Zone Managements.

Our first approval was received December 28, 2012 for the Platform Certified Verification Agent (CVA) Nomination.

The CVA Nomination for the risers and pipelines, Platform Design Verification Plan, Conceptual Plan (CP), Development Operations Coordination Document (DOCD), and the Conservation Information Document (CID) are scheduled for submittal 1st quarter 2013.