



Pre-qualified equipment information delivered once and for all

EqHub is an oil & gas industry initiative from OLF and owned by EPIM. The initiative is supported by, Achilles, Sharecat Solutions, PCA and Det Norske Veritas.

Inadequate supplier information and procedures related hereto are costing the oil & gas operators billions of kroner annually in plant start up delays, needless capital expenditure on inventory and procurement/maintenance inefficiencies. Significant revenue losses from unnecessary facility shutdowns may also be experienced.

Meeting the documentation requirements from the operators and supporting the delivery process is an expensive process for the suppliers without necessarily adding value to their products. The cost from this is included in the equipment prices and may form 5-20% of the price depending on type of equipment.

For 2008 NCS equipment procurement was calculated to be NOK 24 billion, leaving a significant scope for cost savings.

These challenges (and costs) are common to all the operators on NCS. So rather than each operators trying to work out individual solutions; Why not join forces, including the suppliers, to work out a smart and efficient approach to the benefit of all ?

EqHub is building on these principles and will benefit all parties in the industry

EqHub is a single sourced technical information repository for all oil & gas operators and suppliers. The repository will hold and share information on standard equipment which can represent up to 80% of documentation volumes on an asset.

As for Achilles' "Joint Qualification System" (JQS) for suppliers, EqHub will serve as a pre-qualification system for equipment information. Operators on the NCS reference EqHub in their contracts and specifications as the requirement for where they will have their documentation delivered. This will allow the vendors to deliver equipment documentation "once and for all" for the NCS operators.

Based on proven technology (Sharecat) used by several NCS operators, a quick, low risk and cost efficient implementation is possible. Sharecat contains most of the equipment types in use on NCS today

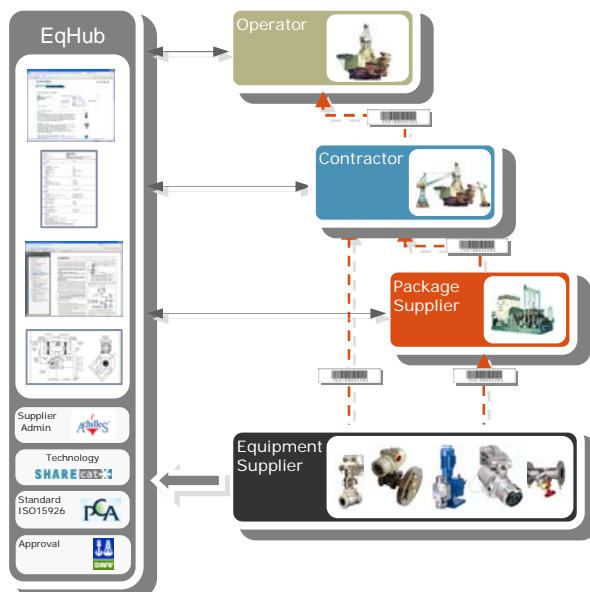
Achilles is a known body to the industry. EqHub will be integrated with their JQS for NCS. Management and administration of the suppliers in EqHub will be taken care of by Achilles.

To secure alignment with the global oil & gas EqHub implement and base the information on ISO 15926. PCA will be responsible for this process.

Det Norske Veritas will according to requirements given by the NCS operators perform quality management services

EqHub will be owned and managed by EPIM (Exploration & Production Information Management) on behalf of the NCS operators. Technology and services to implement and operate EqHub will be provided by the 3rd parties supporting the initiative through agreements executed with EPIM.

EqHub will not change any current responsibilities between operators and the supply chain. It is an efficient tool to make quality information available when needed. This information delivery is set up to support efficient use of existing IT systems.



Benefits

EqHub gives access to pre-qualified, classified and quality assured information when needed.

Equipment suppliers deliver information once “and for all” which will reduce their delivery efforts significantly. Delivery schedule for information will be shorter and payment will take place quicker. Sales and sales efficiency will be increased as information about their products are visible in EqHub.

Package suppliers will reduce their effort in information expediting, compilation and delivery. This will shorten their delivery schedule to meet delivery milestone in time or earlier. With reduced effort from the equipment supplier there is also a potential for price reductions.

Contractors will gain the same benefits as the package suppliers but potentially on a larger scale.

In the end of the day the operator pays the bill for all deliveries and work efforts taking place in the supply chain. EqHub enables the operator to collect these benefits as well as allowing the supply chain to share some off it.

Having access to quality assured information improves operation efficiencies for assets. The single sourcing of information also enables significant reduction in procurement of spare parts which again leads to reductions/optimisations of inventories.

For the NCS operators alone the EqHub approach can give savings from work efficiencies in the range of NOK 3-500 million annually.

Easier documentation handling for the suppliers can also lead to reduction in equipment prices for the operators. 1% reduction would result in NOK 200 million annually, based on 2008 figures.

Implementation

EqHub is implemented through a membership model where operators, contractors, package suppliers and equipment suppliers all participate. The implementation and operation will be funded through an annual membership fee from the participants.

EqHub implementation started in February 2010.

To secure a successful implementation it is important to have focus on some key areas:

- EqHub need to be part of operators requirements
- Operators need to agree on common information requirements
- EqHub is open for all suppliers

EqHub, an initiative from OLF that will be owned by EPIM with support from:



Abbreviations

EqHub - Equipment Hub

OLF – The Norwegian Oil Industry Association

EPIM – Exploration & Production Information Management Association

Achilles – Supplier Pre-qualification Service for Oil & Gas

NCS – The Norwegian Continental Shelf