

Platform Holly Update

Decommissioning & Well Abandonment Preparations

Prevention First Conference
September 26, 2018

by

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Lands Commission



BEACONWEST
ENERGY GROUP



Agenda

- Background of Project
- Beacon West Energy Group
- Repairs completed to Date
 - New decking on main deck
 - Crane repairs
 - Transformers
- Upcoming Repairs / Maintenance
 - Replacement of Building Modules
 - Safety Systems
 - Rig Repairs
- Summary



Platform Holly - Background

- Platform Holly was initially set in 1966 by Arco
- Operated by Arco and then Mobil until 1998 – sold to Venoco, Inc.
- Successfully operated by Venoco until the Plains pipeline spill in May 2015 – platform production has been shut-in since that point in time
- Venoco quitclaimed the offshore leases and Platform Holly back to the State of California in April 2017 prior to filing for bankruptcy
- State of California selected Beacon West Energy Group in mid-2017 to assume operational control from Venoco operations on September 14, 2017
- Established an Engagement Agreement with ExxonMobil to address platform & rig repair plus Plug and Abandonment (P&A) operations

Beacon West Energy Group, LLC

Who is Beacon West?

- A new company established in mid-2017 to tackle contract operating opportunities initially in the Santa Barbara Channel
- Four principals of company have over 120 years of oil and gas operating experience
- Team of individuals have won awards from many regulators in California over the last decade with other operator
- Company has grown to ~70 staff and is operating 3 platforms and 2 onshore facilities in the SB Channel region (CSLC & Chevron)
- Company takes pride to ensure it provides the “Right People with the Right Tools - To do the Right Job, the Right Way”

Decommissioning Activity

Major work scopes to be completed prior to starting P&A work include:

1. Replace deck plate on top drill deck
2. Re-certification of existing crane
3. Removal of Generator set
4. Refurbishment of some process equipment required for P&A work including 2 transformers
5. Replacement of building modules
6. Ongoing certification of all safety related devices (H₂S detectors, Fire & Gas detectors, Fire suppression system, Alarm system)
7. Rig repair including:
 - Draw works
 - Rotary Table
 - Mud pumps
 - Mud pits
 - Drillers's console
 - Electronics
 - Generators
 - Air compressors
 - Tuggers
 - Crown block

Deck Plate Repairs



BEFORE

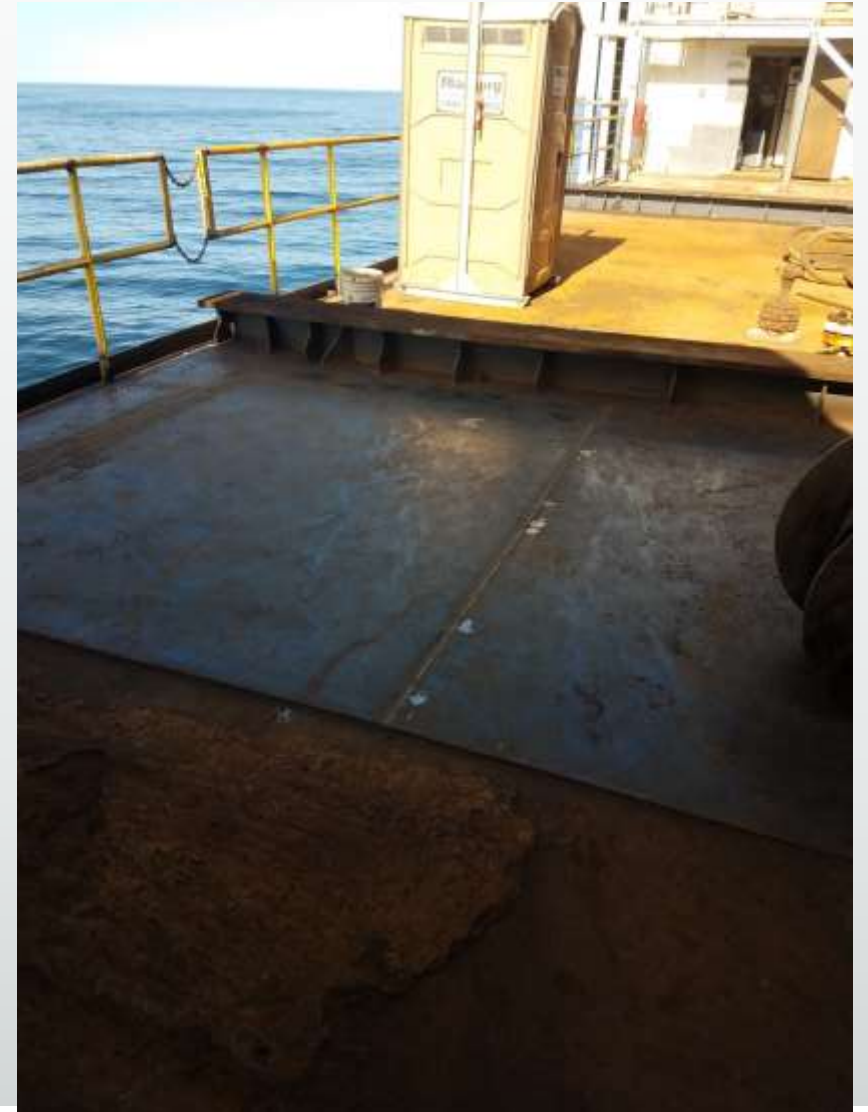


Deck Plate Repairs

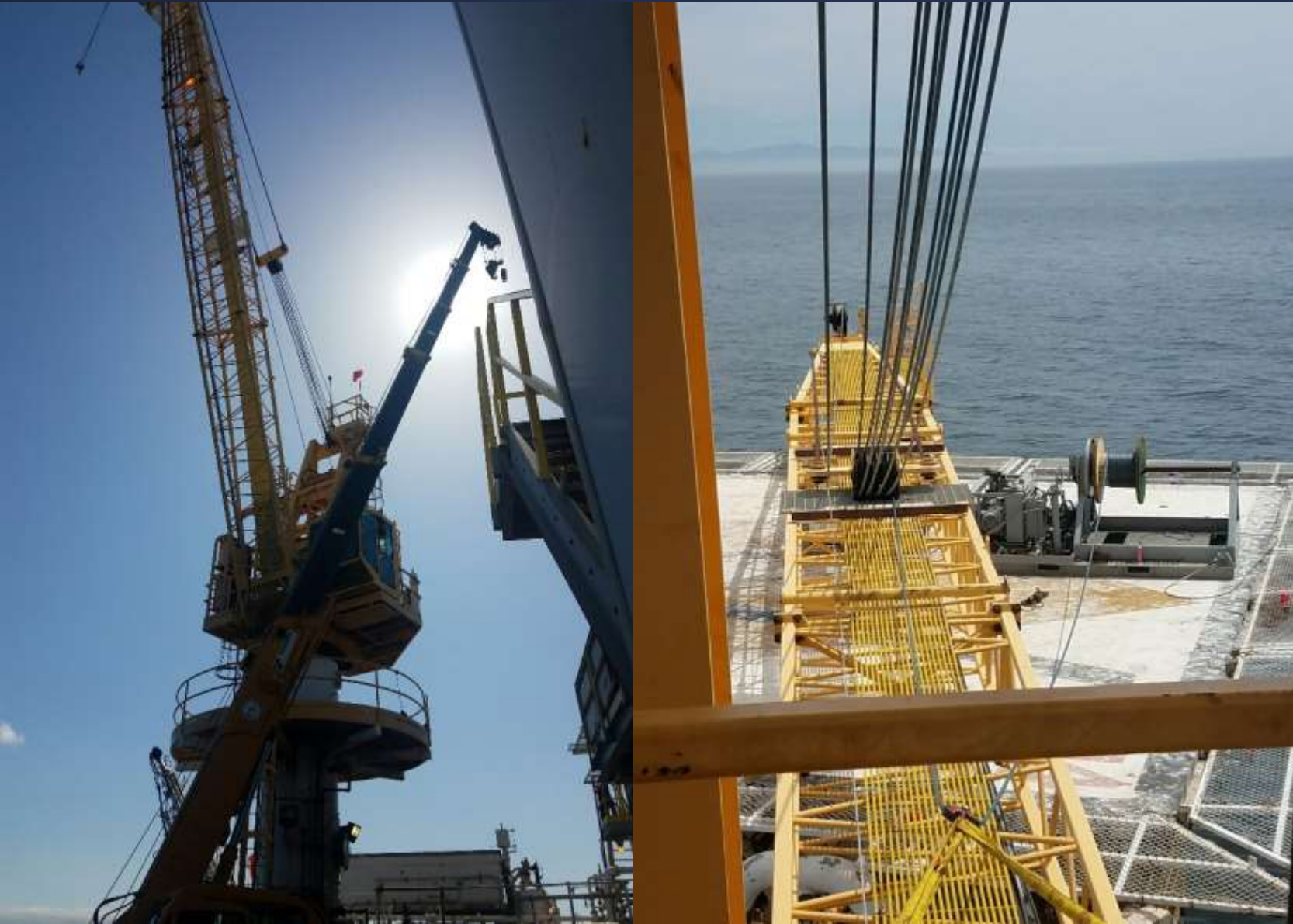


AFTER

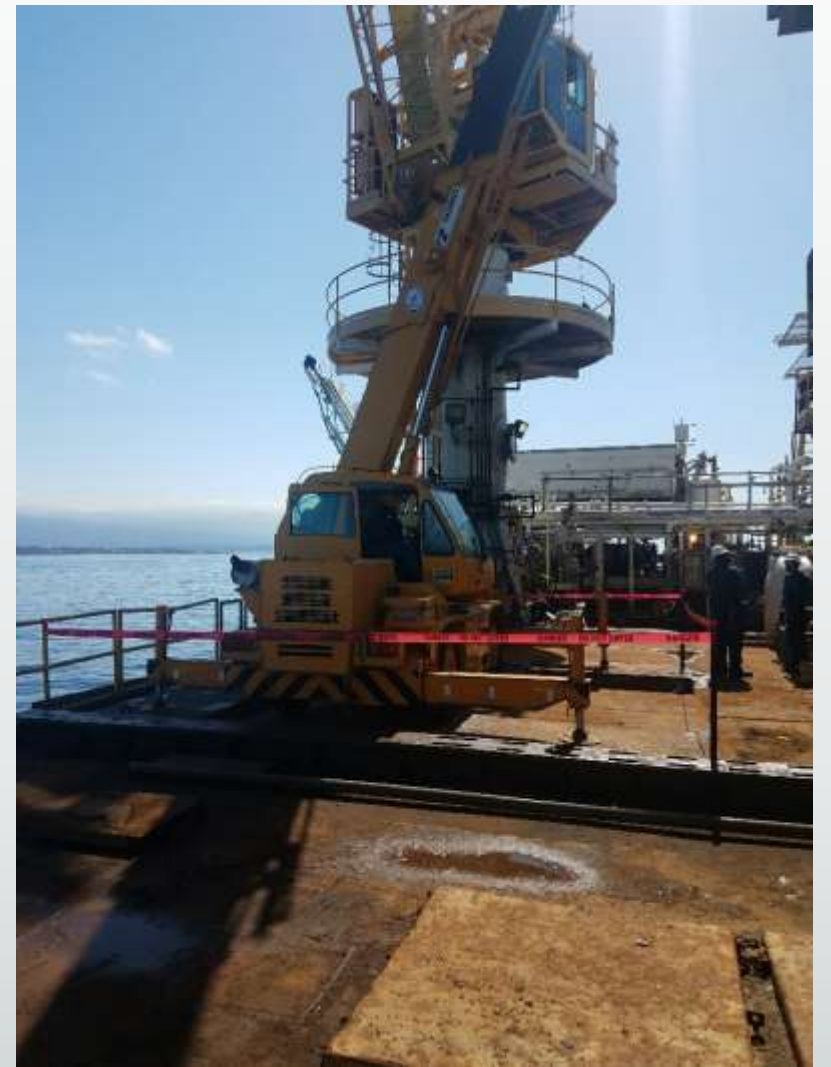
Approximately
4000 sqft replaced



Pedestal Crane Re-Certification



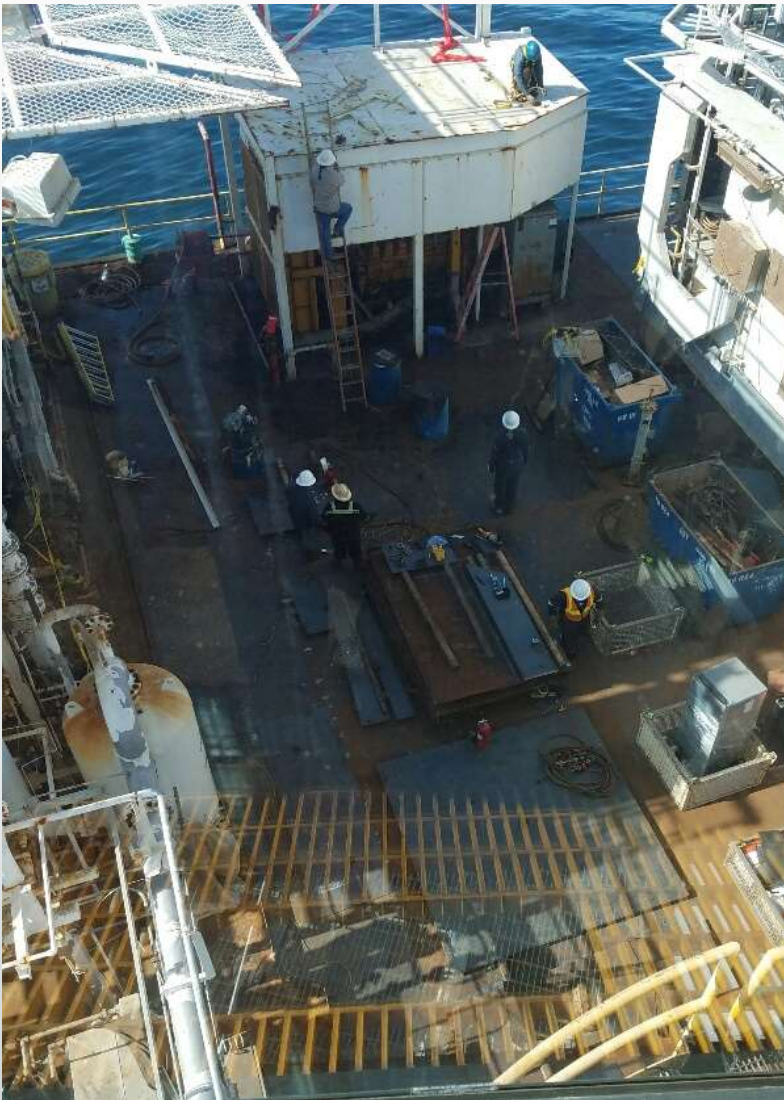
Pedestal Crane Re-Certification



Pedestal Crane Re-Certification



Generator Set Removal



Generator Set Removal



Transformer Repairs / Replacement

Drilling Transformer

- Severely corroded
- Removed and refurbished onshore and re-installed
- Associated switchgear replaced simultaneously

2300 V transformer

- In need of replacement as repair is not possible
- Replacement transformer available from Venoco's inventory (former project)
- Installation later this year



Replacement Building Modules

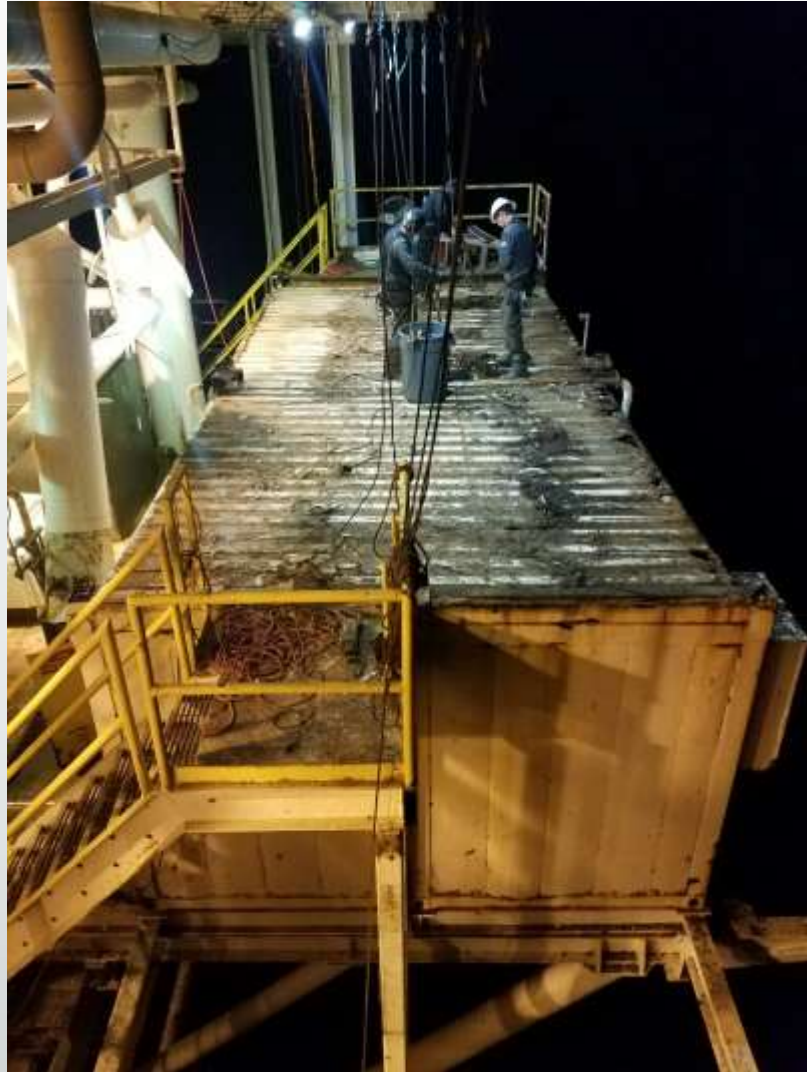
- 6 building modules on Holly used for offices, briefing areas, galley, locker room, breathing air equipment storage and medical facility
- Installed in late 1990's with a plan for a 10 year life span
- The buildings were planned for replacement in 2016 by prior operator
- Significant deterioration, mold, structurally compromised, safety compromised as purge air no longer worked properly
- Replacement of 3 pairs of building modules – southeast, southwest & northwest



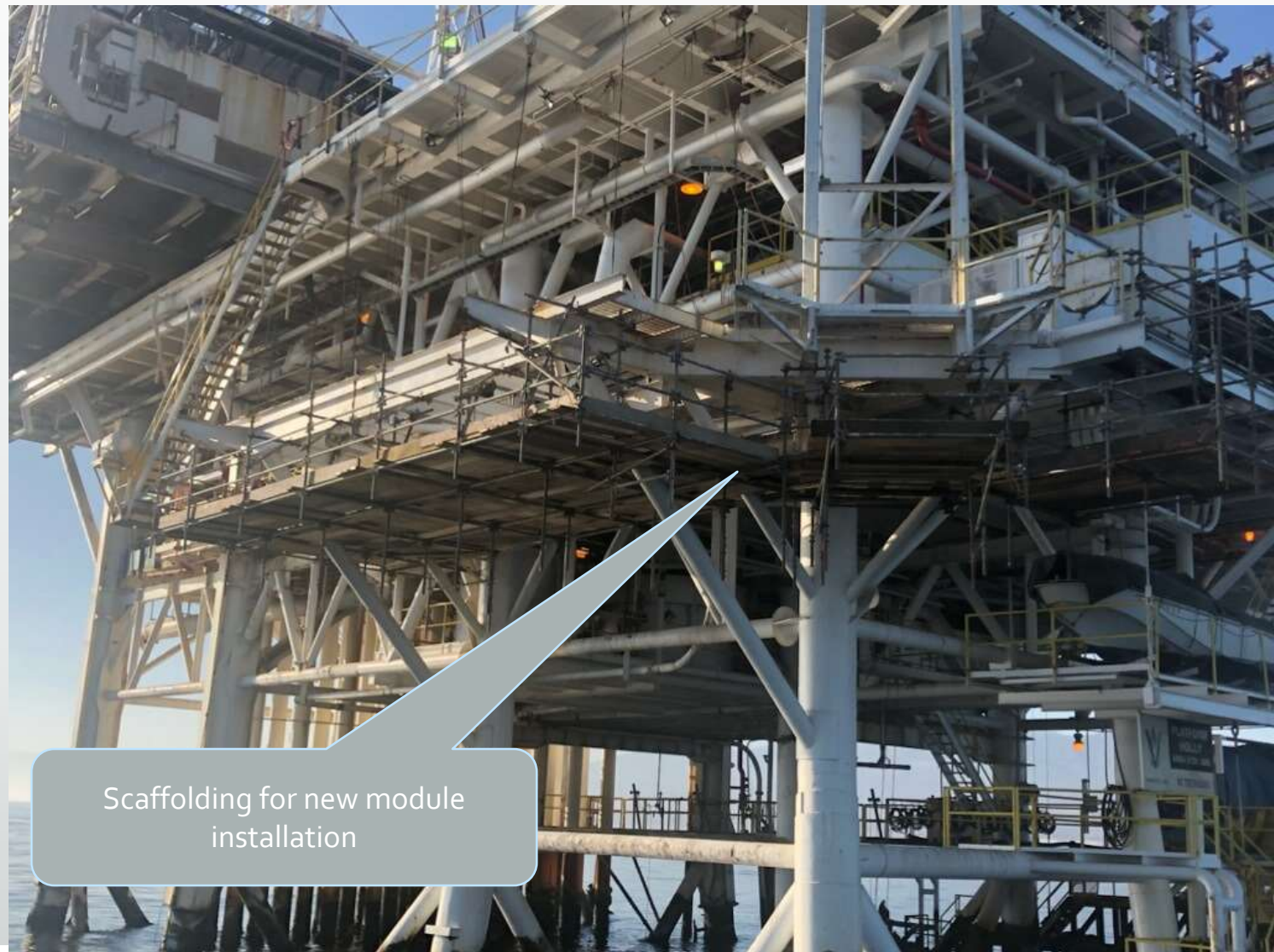
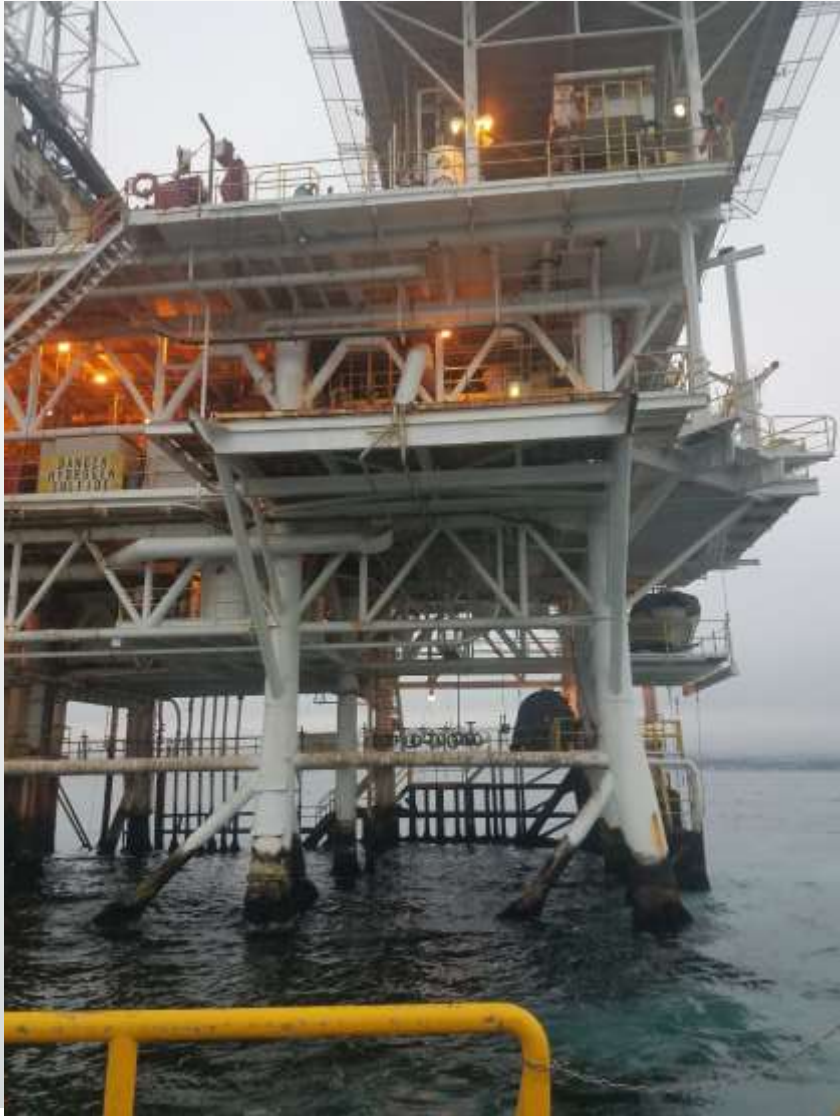
Replacement Building Modules - Demo



Replacement Building Modules - Demo



Replacement Building Modules



Scaffolding for new module installation

Replacement Building Modules - Fabrication



Replacement Building Modules - Fabrication



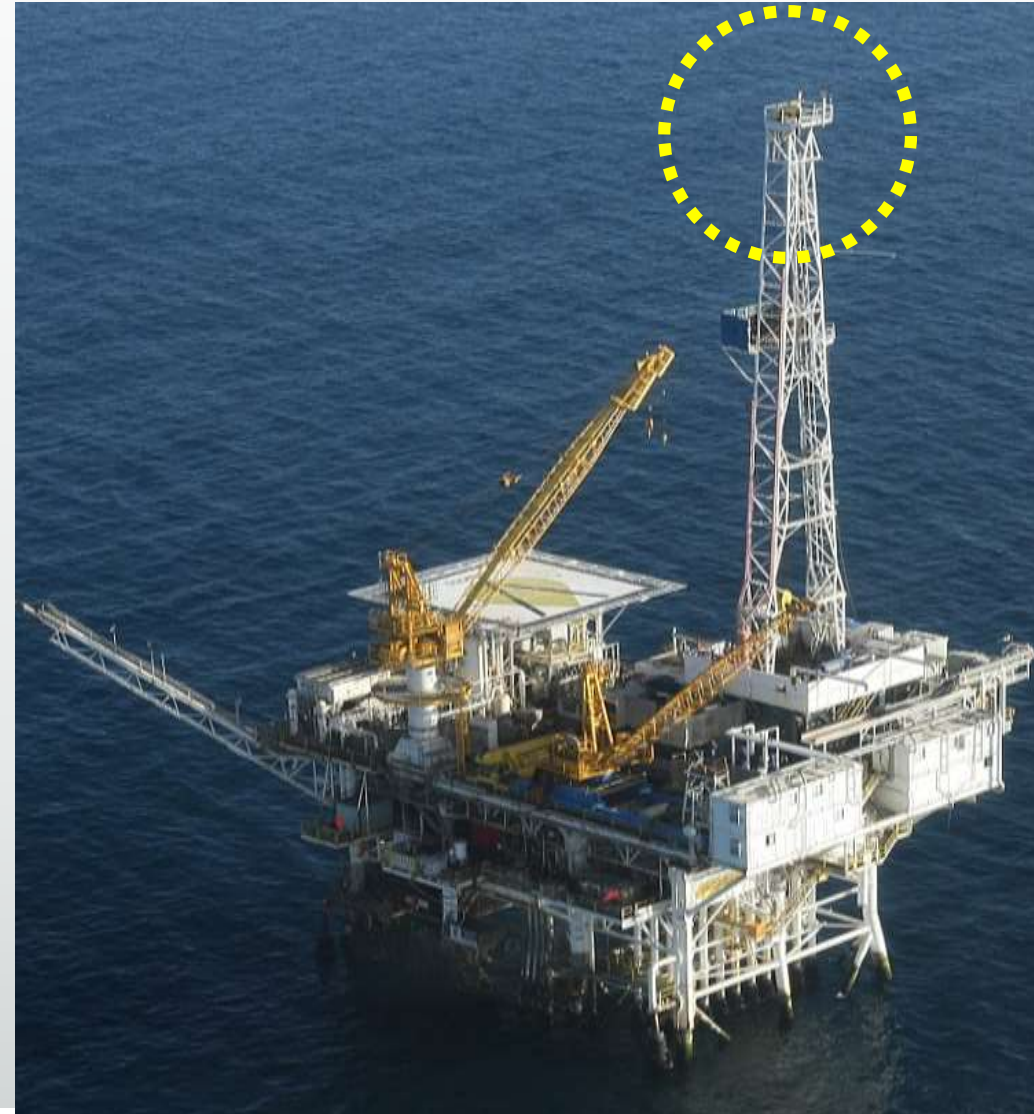
Replacement Building Modules - Installation

- Current platform crane can not reach the locations for installation of new modules
- Rental “bullfrog” crane will be mobilized to the platform and erected at 3 different locations to install the 3 pairs of modules
- 1 week to install / move crane on the platform – 16 truckloads of equipment coming from Louisiana
- Electrified crane to meet CA emissions requirements
- Installation of crane to start in 2 weeks and once installed commissioned and tested, the SE building modules will be set in their location

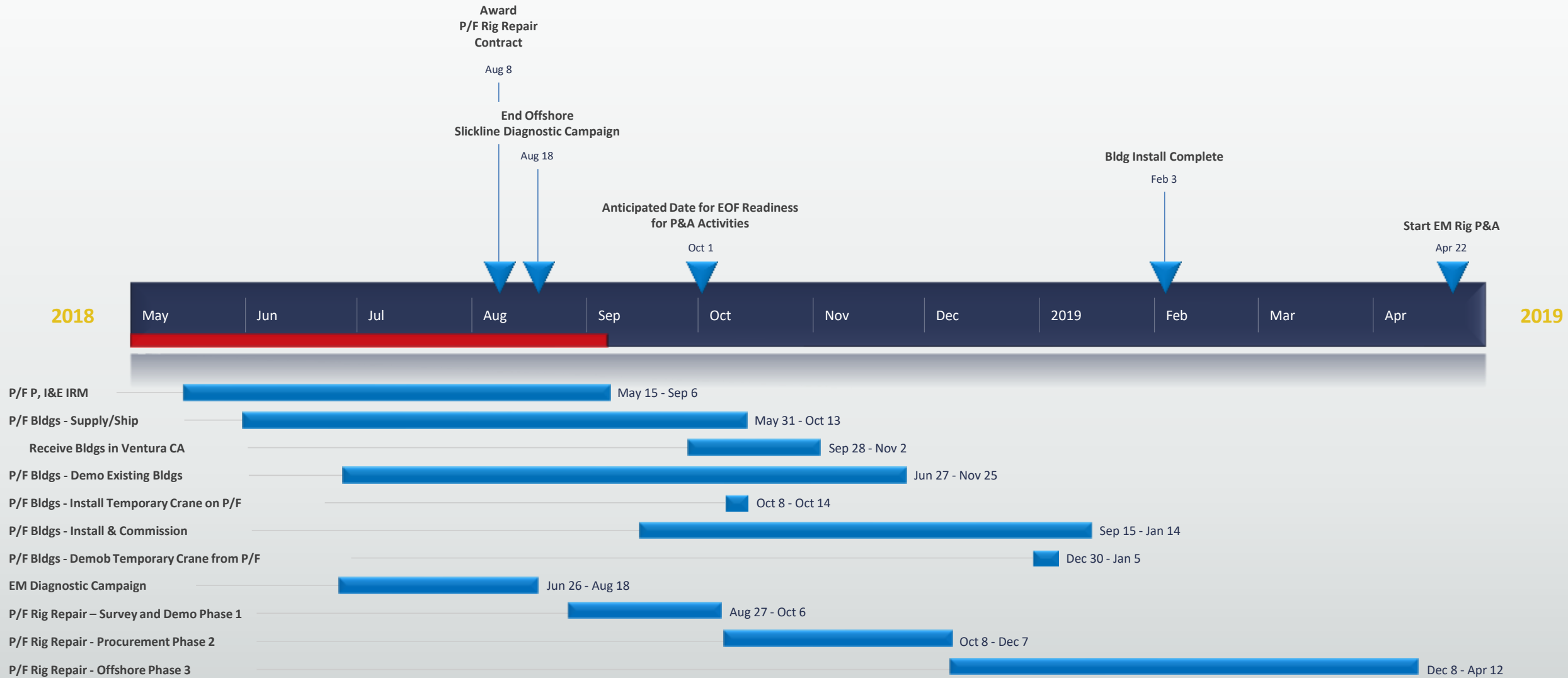


Rig Repairs

- Rig was installed in late 1990's and it has not worked since a drilling program ended in 2014
- Rig contractor has been engaged by ExxonMobil to perform the rig repairs
- Phase 1 of the repairs started in late August ending in about 2 weeks.
- Phase 2 of the repairs will start in earnest after the replacement building modules are mostly installed
- Items to be repaired include:
 - Draw works
 - Rotary Table
 - Mud pumps
 - Mud pits
 - **Crown section**
 - Drillers's console
 - Electronics
 - Generators
 - Air compressors
 - Tuggers (completed)



High Level - Schedule of Activities



Summary

- Platform Holly and the associated rig require a significant amount of work to be ready to P&A the 30 Platform Holly wells.
- The platform is very small which makes simultaneous work very challenging – requires innovative & unique solutions such as night construction operations.
- POB is limited to 45 which also constrains activities.
- Multiple companies working on items which takes time to work out accepted procedures and create synergies.
- Regular team meetings help to manage priorities and understand options available for working together.
- Much more work to come but the platform and rig will soon be ready for the next phase of P&A activity.





Thank You

Questions??

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