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Rev: 1	Title <b>Service Quality Guidance</b>	Approved by: <b>Chief Operating Officer Chief Executive Officer</b>
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#### Amendments issued since publications

Rev No.	Date	Comments
1	17 <sup>th</sup> Oct 2015	Revision in compliance to ISO9001:2015 and Eriell OFS B.V. Quality Management System

#### PURPOSE AND APPLICABLE SCOPE

The purpose of this document is to define the quality management system (hereafter - the QMS) of the «Eriell Oilfield Services B.V. ».

This Guidance for Quality (hereafter -the Guidance) includes policy, goals, strategy in the context of quality, description of the structure of «Eriell Oilfield Services B.V.» 's QMS, the distribution of responsibility and authority, as well as description of the quality management system of the « Eriell Oilfield Services B.V. », its elements and processes relating to building, complete overhaul of the well sites and accomplishment of the services.

#### QUALITY MANAGEMENT SYSTEM

##### 1. General Positions

«Eriell Oilfield Services B.V.» has developed, documented, implemented and supported in the working order the quality management system (QMS), which consists of a set of organizational and technical measures, which are necessary to guarantee stable quality of the delivering services to a Customer and improve his satisfaction .

In the processes are identified the key characteristics of effectiveness, as well as criteria and methods needed to provide an accomplishment of these characteristics in process management, measurement, analysis and permanent improvement.

Processes are provided by the necessary resources and information to achieve planned results and to take measures for permanent improvement of the processes.

##### 2. Applicable scope of QMS:

The Quality Management System enlarge upon all divisions of «Eriell Oilfield Services B.V.», whose activities are to monitor and control the construction, testing and complete overhaul of the well sites in the form of processes, which are necessary for its functioning and application on the enterprise in a certain sequence and interaction.

##### 3. Documentation

QMS documentation includes:

- Quality Objectives
- The Guidance for quality;
- Procedural documents required by ISO 9001 standard;
- Descriptions of processes;
- The positions of divisions and departments;
- Job instructions;

and other documents required for «Eriell Oilfield Services B.V.» to ensure the effective planning of work and management processes .

- External normative documentation, methodic documentation, reference books containing information that describes the requirements for products, raw materials and material supplies

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#### 4. The Guidance for quality

In accordance with the requirements of ISO 9001 «Eriell Oilfield Services B.V.» has developed this Guidance for Quality, which is the main document of the QMS and contains the scope of the QMS, references to documented procedures and other documents, a description of the processes interaction included in the Quality Management System.

The Guidance for quality is used for both internal and external purposes, including demonstration «Eriell Oilfield Services B.V.»'s ability to control the provision of building and assembly services provided by departments corresponded to the consumer needs and mandatory regulatory requirements. The availability of the document "The Guidance for quality" for all employees of «Eriell Oilfield Services B.V.» provides an appointed Representative of the Guidance for quality.

The Guidance for quality is available for consumers and is located in the Technical Department of all structural divisions of «Eriell Oilfield Services B.V.», engineers on safety regulations, labor safety and protection of environment and Quality Manager, who in his turn provides access to documents for all persons concerned.

## **Document control**

Responsibility for the document management lays on an appointed specialists of «Eriell Oilfield Services B.V.» 's divisions.

The procedure involves:

- The order of development, coordination and approval of internal documents before releasing them into circulation.
- Maintenance of the documents in working conditions.
- Periodic review of the documents.
- The order of making changes into the documentation.
- The order of the documents distribution.
- The order of outdated documents removal from the places of use.
- The order of the external origin documents management.

## **5. Management's Responsibility**

### **5.1. Management's commitments**

«Eriell Oilfield Services B.V.»'s management has defined its commitments in the development and implementation of the QMS reflected in the quality policy.

These commitments are carried out by:

- Informing all employees about the importance of customer requirements accomplishment, as well as legislative and indispensable normative acts and documents;
- Determining policy and supporting the development purposes of the enterprise in terms of quality;
- Analysis of the QMS effectiveness;
- Provision the necessary resources

### **5.2. Orientation to the customer**

5.2.1. Management is responsible for ensuring the specification and implementation of all requirements of customers for increasing their satisfaction on the basis of the following factors:

- Information about customers satisfaction;
- Identifying customer requirements for production, analysis of customer requirements expressed in letters and contracts;
- Comparative estimation of the correspondence degree of similar products

manufactured by other foreign producers .

5.2.2. Management of «Eriell Oilfield Services B.V.» takes all necessary measures to ensure that customer requirements were clearly defined, formulated and satisfied .

### **5.3. Quality Policy**

Every year at meetings devoted to the analysis of «Eriell Oilfield Services B.V.»'s activity and the effectiveness of the QMS the General Director determines the strategic objectives for next year. It is also determines at the meeting the need for material and human resources to fulfill the tasks required. The achievements of the past year are analyzed; the General Director reviews and approves new policy.

#### ***Quality Policy***

«Eriell Oilfield Services B.V.»'s activity focuses on realization of construction, complete overhaul of the well sites, testing, sidetracking and providing drilling services.

To ensure the maximum satisfaction of the requirements and expectations of customers Company's Management has made a strategic decision to implement a Quality Management System (QMS) according to international standard ISO 9001 in the Management machinery to ensure consistency of quality systems in structural divisions. The Management is obliged to analyze and continually improve the effectiveness of the QMS to keep it in working condition and the continuous improvement of «Eriell Oilfield Services B.V.».

The main strategic objectives of «Eriell Oilfield Services B.V.» for 2009-2011 are:

- Provision of the production cost reduction in the drilling services.
- Expanding the geography of services delivery.
- Organization and provision of continuous professional development of «Eriell Oilfield Services

B.V.»'s Staff

- Constant renewal of the drilling equipment in accordance with international quality standards.
- Ensuring the development of innovative advanced technologies of installation and construction works.
- Increasing the rate of growth of products and services.
- Improvements in the field of industrial and environmental safety.

In connection with the above strategic objectives, «Eriell Oilfield Services B.V.»'s management is obliged:

- to ensure accomplishment by all employees of the enterprise requirements of international standard ISO 9001, legislative, regulatory requirements and Customer expectations:
- to ensure all necessary resources for goals achievement.

The management is obliged to make an annual analysis of the enterprise's activity to achieve the goals and review the present Policy: to set new standard and pace of development to improve and enhance the enterprise's activity and encourage staff in the relevant achievement.

The communication of «Eriell Oilfield Services B.V.»'s Policy is performed to staff of divisions during the acceptance for employment, production meetings and the periodic trainings.

### **5.4. Planning**

#### **5.4.1 Quality Objectives**

Quality objectives are being developed at the appropriate levels of «Eriell Oilfield Services B.V.», they are analyzed for the provision of resources and have measurable indicators, expected results, responsibilities and time frames for achieving objectives. Further objectives are included

with the financial issues and techno-economic ground in the development strategy of «Eriell Oilfield Services B.V.» .

#### **5.4.2 Quality management system planning**

During the creating, implementing and developing the Quality management system Company plans its activity in accordance with the main requirements of ISO 9001.

By order were appointed the Head of QMS processes and Management Representative for quality. A plan of activities for the development and implementation of QMS at «Eriell Oilfield Services B.V.» was developed . Also were planned internal audits and analysis by Senior Management, according to these results the QMS will be corrected.

In the case of necessary changes in QMS or expansion of the System distribution area will be planned activities in order to preserve the integrity of the system. All relevant documents of the QMS will be reviewed and actualized. An appropriate training of staff will be made with subsequent estimation of the training effectiveness.

#### **5.5. Responsibility, authority and informing.**

**5.5.1** Responsibility, authority, duties and interaction of employees who manage, accomplish or verify the works affected on the quality are defined and documented in procedures and job descriptions . The following are the authorities and duties of the basic processes in the case of the QMS functioning in «Eriell Oilfield Services B.V.».

#### **GENERAL DIRECTOR**

1. Defines, approves policy and ensures its implementation and functioning.
2. Provides definition of measurable quality objectives at appropriate levels and divisions of «Eriell Oilfield Services B.V.» in accordance with the objectives of the quality policy .
3. Approves the Guidance for quality .
4. Analyzes the QMS at least once a year to confirm its relevance and compliance with the requirements .
5. Provides necessary resources for functioning of the quality management system .

### ***Chief technical officer***

1. Establish responsible persons for the processes functioning.
2. Coordinate goals for quality.
3. Monitor the implementation of goals.
4. Involved in the analysis of the QMS.
5. Provide information to all employees about the importance of accomplishment customer requirements, legislative and regulatory documents. Supervise the activity of «Eriell Oilfield Services B.V.» 's Technical Services.
6. Determine the development prospects of «Eriell Oilfield Services B.V.» and the realization of complex programs in all areas.
7. Leading works on the corrective and preventive actions.

### ***PROCESS MANAGER***

1. Manages the entire process.
2. Participates in the development and establishment of concerted objectives with the Policy for the process. Facilitates informing staff involved in the process about the policy and quality objectives.
3. Identifies needs and allocates resources to achieve the effectiveness of the process.
4. Defines the interaction of the process with all processes of the QMS.
5. Determines the productivity characteristics of the process, as well as criteria and methods to ensure effectiveness.
6. Performs monitoring and measuring of the process.
7. Analyzes data about the characteristics and trends of the process with a purpose of possibility to take preventive actions.
8. Provides information about the extent of established characteristics of the process effectiveness achievement to the Quality Management Representative.
9. Ensures the timely implementation of corrective actions.
10. Initiates preventive actions.
11. Performs analysis of the effectiveness of corrective and preventive actions.
12. Participates in meetings devoted to the analysis of the QMS functioning from the Management.

#### ***5.5.2 Quality Management Representative.***

General positions:

1. The Quality Management Representative (QMR) is classified as a manager.
2. Appointment as QMR and dismissal from office are made by an order of the General Director.
3. QMR is an out-of-staff position and responsibilities may be laid on any member of the Senior Management in addition to the main duties.
4. QMR reports directly to the General Director.

#### ***Job Responsibilities:***

1. To ensure development, implementation and functioning of the quality management system (QMS) in the organization.



2. To resolve the material and technical, social and financial issues connected with the ensuring of the QMS functioning.
3. To interact with external parties on the matters of development, implementation and functioning of the QMS.
4. To organize internal quality audits, training and certification of internal auditors on quality.
5. To organize works on the corrective and preventive actions during the process of the QMS functioning.
6. To coordinate the activities of divisions and individual staff to ensure the QMS functioning.
7. To organize the staff training in the field of QMS.
8. To collect, accumulate and systematize of the data for the analysis of the QMS activity and report preparation for analysis by the Senior Management of the QMS.
9. To require all employees to accomplish the requirements of QMS documentation.

### ***Management review***

Quality Management Representative prepares annually and provides to «Eriell Oilfield Services B.V.»'s General Director the report.

In compliance of the QMS for the period stated Policy and objectives of «Eriell Oilfield Services B.V.» in terms of quality, as well as the degree of fulfillment of the ISO 9001 requirements.

The report is based on analysis of the following materials, which he receives from the managers of processes and divisions, and also from chief auditor:

- Estimating of the processes effectiveness according to the characteristics identified in each process and the degree of correspondence of the production .
  - Implementation of quality objectives.
  - Results of audits.
  - Status of corrective and preventive actions.
  - Information received from users.
  - Requirements to provide the resources needed to the processes work.
  - To provide staff training required for the functioning of processes and the QMS.
  - Results of verification of previous decisions on the results of the analysis.
  - Proposals for changes that could affect the QMS and improve the activity of the QMS.

The results of analysis by Senior Management are the solution to review Policy, activities for improvement of processes and identify the necessary material, labor and time resources.

Records of this analysis results are recorded in the minutes of the Annual Meeting.

## ***6. Resource Management***

### ***6.1 Provision of resources***

**6.1.1** The Director-General and his deputies as the senior official ensure the availability of relevant resources for implementing Policy to achieve quality goals, as well as for maintenance of the QMS processes in the working conditions. Under the provision of resources it is also implied support and supervision of all contracting organizations in this area.

The order to support monitoring and ensuring resources are defined in the process QMS documentation .

**6.1.2 Resources acting under «Eriell Oilfield Services B.V.»'s conditions:**

- Human resources;
- Financial resources;
- Equipment;
- Transport;
- Communication ;
- Office equipment and software.

### **7. The process of planning and management of the QMS**

The main objectives of the planning process in «Eriell Oilfield Services B.V.» are:

- policy development ;
- timely and correct formation of the purposes in accordance with the Policy
- identification of required resources,
- implementation of program activities and monitoring of implementation.

The head of the planning process is senior managers in the person of General Director of «Eriell Oilfield Services B.V.».

The implementation of the planning process is carried out with the distribution of responsibilities .

In the process are defined all divisions involved in this process and the interaction of these divisions within the process.

The following stages are realized in the process :

- Development of the policy.
  - Development of the activities projects to achieve policy objectives.
  - Analysis of projects and proposals and the formation of quality goals.
  - Identification of resource requirements to accomplish the goals.
  - Formation of a business plan.
  - Performance of activities for goals achievement.
  - Analysis of the targets performance (in the planned intervals).
  - Data analysis.
  - Cost-effectiveness analysis of «Eriell Oilfield Services B.V.».
- Review of strategic objectives and formation of the new policy.

## **8. Analysis of the QMS effectiveness by the Senior Management**

### **Process of the activity planning**

The main purpose of the creation of the process is:

- To develop a strategy for «Eriell Oilfield Services B.V.»'s development;
- To coordinate and approve the schedule;
- To distribute and monitor the schedule implementation;
- To accomplish corrective and preventive actions.

The head of the process is appointed by the Director-General order.

## **8.1 Measurement, analysis and improvement**

### 8.1 General positions

«Eriell Oilfield Services B.V.» has organized and used the system of monitoring, measuring and improving on the basis of the statistical data collection and analysis of data obtained by the following documented procedures:

- internal audit;
- production management;
- corrective actions;
- preventive actions;

## **8.2 Monitoring and measurement**

### 8.2.1 Customer Satisfaction

«Eriell Oilfield Services B.V.» carries out monitoring of information related to the perception of Customers of compliance services performed to their requirements.

Estimation of the customer satisfaction is conducted by the analysis of information from the contractors provided services.

#### **The main aspects related to the customer satisfaction to be estimated:**

- the quality of delivered services;
- terms of agreements implementation;
- the discipline of documents;
- the responsiveness to customer requires;
- completeness, accuracy and timely reporting of the results of monitoring and service works management.

Estimation of the customer satisfaction is conducted by the quality control department and Company Management .

### **8.2.2 Internal audits (inspections)**

Internal quality audit is carried out to establish that the QMS:

- meets the requirements of ISO 9001;
- a result, efficiency and maintenance in working condition.

Internal audits are conducted in accordance with the program and plans of specific audits, in which are specified the dates and objects of inspections . Internal audit program is compiled annually by the Quality Management Representative together with the auditors and is approved by the General Director. At least once a year all divisions of the enterprise are checked (by occupation according to the Single OSH management system) included in the area of the QMS distribution .

The procedure sets the criteria for estimating the quality system and describes :

- How to plan and conduct internal audits on the basis of status and importance of audited activity .
- The order of auditors' selection, considering independence from the audited activity.
- Requirements for the qualification of auditors.
- How to document the audit results.

All discrepancies of the audit results are recorded in the minutes of the

discrepancies. Corrective actions are taken on the ground of audit results.

### **8.2.3 Monitoring and measurement processes.**

In the relevant processes are defined effectiveness characteristics and criteria for estimating the effectiveness of these processes. Persons responsible for the implementation of established criteria carry out monitoring and measurement process for the possibility of achieving the planned results. Methods and frequency are defined in the relevant process descriptions. In case of not achieving the planned results adjustments and corrective actions are carried out.

### **8.2.4 Monitoring and measurement of service.**

«Eriell Oilfield Services B.V.» monitors and measures the characteristics of services in order to verify the compliance of requirements to the service. This is done at the appropriate levels and divisions in accordance with planned arrangements. In the acceptance of service works take part representatives of Consumers and representatives of the Government Oversight Agencies.

Evidence of compliance with the criteria is maintained in the working condition. Records are signed by the responsible persons from the commission.

## **8.3 Data Analysis**

«Eriell Oilfield Services B.V.» has identified, collected and analyzed relevant data to demonstrate the feasibility and effectiveness of the QMS, as well as assessment, in which area a constant improvement of the QMS can be made. The data include information obtained from monitoring and measurement and from other relevant sources.

In the analysis of the data was included information on;

- customer satisfaction - it provides quality management process of service works;
- correspondence to the production requirements – it provides quality management process of service works;
- characteristics and trends of processes and production including opportunities for preventive actions - provide all of the processes;
- suppliers - it offers quality management process of service works.

Provision of information for data analysis is carried out through established forms in processes describing; by the managers of the processes who are responsible for providing information for data analysis.

Information for the data analysis is provided to the Quality Management Representative (QMR). QMR is responsible for the timely provision of data for analysis from the managers of the processes responsible for providing information to the Senior Management to analyze the effectiveness of the functioning and continual improvement of the QMS.

Data analysis is carried out at least 1 time a year. QMR keeps records of data analysis for at least 3 years.

Results of the analysis are submitted at a general meeting for making decisions.

## **8.5 Improvement**

### **8.5.1 Continual improvement**

The strategic goal of «Eriell Oilfield Services B.V.» is to continuously improve processes for developing of the activity and competitiveness of services performed in the market to get the maximum benefit for «Eriell Oilfield Services B.V.» with the customer satisfaction .

There are two approaches for the continuous improvement of processes:

- a) projects that lead to the revision and improvement of existing processes;
- b) the phase-continuous improvement pursued by workers in the framework of existing processes (training and staff development, upgrading drilling rigs).

«Eriell Oilfield Services B.V.» constantly improves the effectiveness of the QMS through:

- Analysis of the implementation of quality policy and objectives;
- Audit results;
- Analysis of data;
- Corrective and preventive actions;
- Management review.

### **8.5.2 Corrective actions**

To analyze and remove the causes of the identified discrepancy was developed the **Procedure of corrective actions**.

Procedure of corrective actions determines:

- The order of discrepancies analysis (including customer complaints);
- Identification of the causes of discrepancies and needs to improve production and processes;
- Estimation of need for corrective actions;
- Estimation of discrepancies significance or need for improvement;
- Identification and implementation of corrective actions;
- Estimation of the effectiveness of actions taken;

### **8.5.3 Preventive actions**

«Eriell Oilfield Services B.V.» has developed the **Procedure of preventive actions** to define the necessary actions to eliminate causes of potential discrepancies to prevent their occurrence. The activity of the procedure is regarded as an improvement processes. In this connection in the quarterly meetings of the Managers of the QMS processes are considered proposals by the QMR to improve the activities, perhaps rationalization proposals. On the ground of analysis of the best proposals are defined measures. After the implementation of measures is analyzed the effectiveness of actions taken and they realize the encouragement of the Process Managers and staff participated in the activities.

Also analysis of data on the basis of the processes characteristics to identify

trends provides an opportunity for preventive actions.

**8. Analysis of the effectiveness of the Quality**

**Management System Characteristics of the**

**quality management system are**

- Customer satisfaction;
- reducing the number of discrepancies in the audit (internal and external);
- the ratio of preventive to corrective actions;
- realization of targets;
- economic indicators of enterprise's effectiveness (profitability, production volume, self cost);
- improving of the product characteristics .
- development of the new technologies .

All these indicators are used to estimate the suitability of the QMS and its efficiency in the analysis of «Eriell Oilfield Services B.V.» Management.

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