



APPENDIX 4 TO LETTER OF INVITATION FOR BAFFIN BAY 2020

Letter on Requirements for Qualification as Licensee Company for Exclusive Licences for Exploration for and Exploitation of Hydrocarbons in Offshore Areas and Onshore Areas in Greenland

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This letter ("Letter on Qualification as Licensee Company") contains the requirements for qualification as licensee company for exclusive licences for exploration for and exploitation of hydrocarbons in offshore areas and onshore areas in Greenland.

This Letter on Qualification as Licensee Company is subject to any specific or other terms or guidelines set or issued for a specific Licensing Round or Open Door Procedure for the possible granting of exclusive licences for exploration for and exploitation of hydrocarbons in offshore areas or onshore areas in Greenland.

1. Application

1.1 Regions

An application for qualification as licensee company may concern a licence or an award procedure in one or more of the following regions:

- (1) Onshore areas, Jameson Land and Disko-Nuussuaq (region 1).
- (2) Offshore areas, West Greenland and South Greenland, south of 67° N (region 2).
- (3) Offshore areas, West Greenland, north of 67° N (region 3).
- (4) Offshore areas, East Greenland (region 4).

In its application for qualification as licensee company, the applicant company must specify in which region the applicant company petitions to be qualified as licensee company.

A qualification for region 1 generally may not be used also for region 2, region 3 and/or region 4.

A qualification for region 3 generally may also be used for region 2.

A qualification for region 4 generally may also be used for region 2 and region 3.

1.2 Information and documents

In its application for qualification as licensee company, the applicant company must document and demonstrate the requirements stated in sections 2.1-2.5 to the Government of Greenland.

If the Oil and Gas Department finds it necessary, the department may request an applicant company to submit additional information and documents relating to the evaluation of the application for qualification as licensee company and/or the possible approval of the applicant company as licensee company.

If the applicant company is unable to document and demonstrate one of the requirements stated in sections 2.1-2.5 of this Letter on Qualification as Licensee Company, the applicant company must state this in the application and the reason why. This also applies if the applicant company is unable to submit any additional information or documents requested by the Oil and Gas Department.

1.3 Application procedure

An application for qualification as licensee company will be processed and evaluated in accordance with the general terms and guidelines stated in the Government of Greenland's letter on qualification procedure for operators and licensee companies for exclusive licences for exploration for and exploitation of hydrocarbons in offshore areas and on-shore areas in Greenland (Appendix 2 to the Letter of Invitation).

2. Requirements for qualification as licensee company

In its application for qualification as licensee company, the applicant company must document and demonstrate the requirements stated in sections 2.1-2.5 to the Government of Greenland.

2.1 Value creation in the hydrocarbon area in Greenland

An applicant company must document and demonstrate to the Government of Greenland how the company intends to contribute to value creation in the hydrocarbon area in Greenland.

This includes (a) the applicant company's objectives with its activities in Greenland and (b) how the attainment of these objectives will contribute to developing the Greenland hydrocarbon area.

The applicant company must as a minimum provide a description of the applicant company's objectives with its activities in Greenland, including a description of the objectives, a description of the expected activities and a description of how these objectives and activities will contribute to developing the Greenland hydrocarbon area.

2.2 Technical capability

An applicant company must document and demonstrate to the Government of Greenland that the company's activities in Greenland will be carried out in accordance with (a) the acknowledged best international practice for the activities, adapted to the conditions in the region applied for, and (b) the best technology available, adapted to the conditions in the region applied for.

The applicant company must as a minimum document and demonstrate the following to the Government of Greenland:

- (1) A full description of the applicant company's previous experience in general, including:
 - (a) The number of operatorships and/or licence shares held by the applicant company in the past and now.
 - (b) The geographical location and geological context of each such operatorship and/or licence share.
- (2) The applicant company's previous experience in exploration for and exploitation of hydrocarbons in similar areas (similar conditions).
 - (a) Such previous experience may for example include information and documents on the applicant company's previous experience in salt tectonics, ice management, High Pressure High Temperature (HPHT) and implementation of technologies specifically designed for exploration for and exploitation of hydrocarbons in ice-filled waters.
 - (b) Such similar areas (similar conditions) may for example include areas with ice-filled waters, a cold climate or severe weather conditions.
- (3) The applicant company's previous experience in research and development (R&D) of technologies which are specifically applicable to the region applied for.
- (4) Description and documentation of the applicant company's research, innovation and implementation of new technologies in both exploration for and exploitation of hydrocarbons which are relevant to the region applied for.

2.3 Health, safety and environment (HSE)

An applicant company must document and demonstrate to the Government of Greenland that the company's health, safety and environment (HSE) organisation is in accordance with documented acknowledged best international practice, adapted to the conditions in the region applied for.

2.3.1 Health and safety

As for health and safety, the applicant company must as a minimum document and demonstrate the following to the Government of Greenland:

- (1) That the applicant company's systems for handling of health and safety are in accordance with internationally accepted standards such as International

Organization for Standardization (ISO) 14001 or Occupational Health and Safety Advisory Services (OHSAS) 18001, including:

- (a) A complete description of how the applicant company will work in the region applied for, including a description of how it will avoid incidents and prevent risks in accordance with the "As Low As Reasonably Practicable" (ALARP) principle (the company's business case for the region applied for).
- (2) Information and documentation on the following aspects of the health, safety and environment ("HSE") management system used by the applicant company:
- (a) Planning:
 - (1) HSE purpose, objective and management programmes.
 - (2) HSE policy.
 - (3) The applicant company's risk analyses for the region applied for.
 - (4) Hazard identification study (HAZID) and Hazard and operability study (HAZOP) for the region applied for.
 - (5) Documentation of the applicant company's experience in handling health and safety in similar areas (similar conditions).
 - (b) Implementation and operations:
 - (1) How resources, roles, responsibility and authority will be distributed, including policy for and co-operation with subcontractors.
 - (2) How the applicant company plans to ensure that the company's employees and subcontractors have the necessary health and safety capabilities, training and awareness to work in the region applied for.
 - (3) Procedures for HSE communication internally in the company.
 - (4) Procedures for HSE communication with external parties, including subcontractors.
 - (5) System for Health, safety and environment management system (HSE-MS) documentation.
 - (6) Description of the applicant company's control procedures for such HSE documentation.
 - (7) Description of how the applicant company handles situations that result in changes (change of management).
 - (8) Documentation of the applicant company's contingency system for the region applied for, including:
 - (a) Description of procedures.
 - (b) Description of relevant emergency exercises and training.
 - (c) Documentation of performed tests and exercises.
 - (c) HSE control:
 - (1) The applicant company's systems for surveillance and measuring of factors which may affect the HSE in the organisation, including: relevant statistics, measurements, evaluations and reports going back as long as possible, but as a minimum for the last five (5) years.
 - (2) Documentation of evaluation of Health, safety and environment management system (HSE-MS).

- (3) Documentation of how the applicant company investigates and handles incidents, including documentation of investigation and evaluation of all major incidents within the last five (5) years as a minimum.
- (4) The applicant company's system for documentation of HSE results.
- (5) External inspection reports.
- (6) Documentation of audits of the applicant company's Health, safety and environment management system (HSE-MS), including the audit frequency, as well as procedures and systems for audit follow-up.
- (d) HSE management evaluations:
 - (1) Frequency and nature of management evaluations.
 - (2) Procedure for adjustment of the HSE organisation as a result of the management's evaluations.

2.3.2 Environment

As for environment, the applicant company must as a minimum document and demonstrate the following to the Government of Greenland:

- (1) The applicant company's systems for handling of and standards for environmental handling and emergency contingency measures, including:
 - (a) The applicant company's experience with environmental contingency measures under conditions which are similar to the conditions in the region applied for, including examples of oil spill emergency plans and description of how these can be adapted and extended to the relevant region.
 - (b) All environmental statistics, reports and detailed annual activity data prepared for the applicant company going back as long as possible, but as a minimum for the last five (5) years, including:
 - (1) Oil spill broken down by offshore and onshore activities (including oil spill from oil pipelines), including the annual number of oil spills (> 1 barrel), the annual volume of oil spill (barrels) and the collected oil per incident.
 - (2) Number of annual exploratory drills broken down by offshore and onshore activities.
 - (3) Number of annual production drills broken down by offshore and onshore activities.
 - (4) Amount of hydrocarbons produced annually broken down by oil (barrels) and gas (cubic metres) as well as by offshore and onshore activities.
 - (5) Annual emissions into the air (CHG (CO₂eq), NO_x, SO_x, non-methane HC) broken down by offshore and onshore activities as well as by up, mid and downstream activities, if relevant to the applicant company in question.
 - (6) Annual volume of production water and share (%) re-injected.
 - (7) Oil concentrations in production water discharged into the sea.

- (8) Unintended discharges into the environment (e.g. of chemicals).
- (c) Independent documentation of improvement of the applicant company's environmental performance after major environmental incidents, if any. Such documentation must primarily be in the form of the authorities' inspection reports prepared in the years following the incident and must be from at least two countries in which the company operates, including Norway, if the company operates in this country, or countries with comparable standards.
- (d) The applicant company's experience with oil spill control, including applied techniques and technologies, as well as successes and "lessons learned".
- (e) Examples of environmental surveillance in connection with offshore oil fields, e.g. reports regarding "sediment chemistry" and "benthos".

2.4 Social sustainability

An applicant company must document and demonstrate to the Government of Greenland that the company's social sustainability organisation is in accordance with documented acknowledged best international practice, adapted to the conditions in the region applied for.

The applicant company must as a minimum document and demonstrate the following to the Government of Greenland:

- (1) The applicant company's code of ethics, code of conduct, policy for social sustainability and sustainable initiatives in general as well as all statistics prepared for and relevant to the company within the area as a minimum for the last five (5) years.
- (2) Plans and ideas for how the applicant company will use Greenland enterprises and use and employ Greenland workers in carrying out activities in the region.
- (3) Plans and ideas for how socio-cultural initiatives in general will be promoted.
- (4) Business integrity policy.
- (5) Transparency policy.
- (6) Standards and systems for the handling of all of the above issues.
- (7) Plans and ideas for education programs and other skills upgrading initiatives.

2.5 Financial capability

An applicant company must document and demonstrate to the Government of Greenland that the company has sufficient financial strength to achieve its objectives for value creation in Greenland as well as to fulfil and comply with any possible future obligations under a licence and for related activities.

Financial strength refers to the applicant company's ability to fulfil concrete exploration obligations as well as its ability to provide financial security for other obligations, including

potential liability obligations as a result of activities carried out under a licence, including in the form of guarantees pursuant to the terms thereon in such licence. The requirements to the applicant company's financial strength are to be seen in the context of the obligations assumed by the company under a licence and in the context of the financial strength of any other licensee company.

The applicant company must as a minimum document and demonstrate the following to the Government of Greenland:

- (1) The applicant company's name, postal address, registered company address and registered company number.
- (2) Name(s) and contact information of one or more persons authorised to act as representative(s) of the applicant company in relation to the Government of Greenland with respect to the application for approval as licensee company and any related matter.
- (3) The legal form and registered office of the applicant company. A transcript from the register of companies and a certified translation into Danish or English must be enclosed.
- (4) The composition of the applicant company's board of directors.
- (5) The applicant company's management.
- (6) The capital base of the applicant company.
- (7) The name and address of each individual shareholder holding one-tenth (10%) or more of the share capital, including the amount of such shareholders' shares.
- (8) The applicant company's organisation.
- (9) The applicant company's group structure.
- (10) The applicant company's relations to associated enterprises.
- (11) The applicant company's hydrocarbon reserves and production.
- (12) The applicant company's refining and marketing activities.
- (13) Financial data about the applicant company and its parent company, if any.
- (14) Annual reports and financial statements for the applicant company for the last three (3) financial years, including for the parent company, if any.

3. Miscellaneous

In this Letter on Qualification as Licensee Company, "including" means including without limitation or prejudice to the generality of any description, definition, term or expression preceding that word. In this Letter on Qualification as Licensee Company, "including" also means including but not limited to. The word "include" and its derivatives shall be interpreted accordingly.