

Bevis 2

----- Opprinnelig melding -----

**Emne:**Thule maintenance issues

**Dato:**Tue, 24 May 2011 16:13:35 +0200

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Att: Ola Nygård, Norsk Tillitsmann ASA

Att: Mr. Savas Polydorou, Board member in Chekovo Limited, Favignat Holdings Limited and Voldar Investments Limited.

Att: Mr. Marios Lazarou, Board member in Chekovo Limited, Favignat Holdings Limited and Voldar Investments Limited.

Att: Mr. Charalambos Hadjiyangou, Board member in Chekovo Limited, Favignat Holdings Limited and Voldar Investments Limited.

Att: Mr. Panayiotis Makrides, Board member in Chekovo Limited, Favignat Holdings Limited and Voldar Investments Limited.

Att: Cyproliaison Ltd of Costakis Pantelides Ave., Nicosia, Cypress, Company Secretary for above companies

Att: Ståle Sommernes, Thule Bankruptcy Estate

Copy: Gunnar Stake Larsen, Kvale & Co.

Sirs,

The undersigned does not have the email address of the abovementioned Board members and Company Secretary, and therefore kindly request that Norsk Tillitsmann (NTM) ensures that this email is distributed to the entire Board of Directors referred to above.

On 24th June 2009 Thule Drilling ASA received a Notice of Enforcement/Special Written Resolution from Norsk Tillitsmann ASA (NTM) in which, among other things, a new Board of Directors was put in place in Chekovo Limited, Favignat Holdings Limited and Voldar Investments Limited, owners of Thule Power, Thule Force and Thule Energy respectively. On 26th June 2009 NTM subsequently issued a letter "on behalf of Thule Drilling ASA" whereby the Secretary for these same companies was replaced.

Subsequently, on 1st July 2009, NTM appointed Noble Denton as project manager for "Thule Power" (Chekovo Ltd) disengaging all firms and individuals representing Chekovo. My understanding is that Noble Denton has been retained throughout the past couple of years despite Thule's advise that Noble Denton willfully and intentionally overcharged Thule for services never carried out, among others by issuing fraudulent invoices. You are, long since,

in receipt of documentation evidencing this.

At the beginning of 2009, the Net Asset Value in Thule Drilling was estimated to be in excess of USD 200 million. On 24th March 2009 an arrest order was issued and processed in the UAE courts by NTM in connection with the rig "Thule Power". Among other things, this arrest order and subsequent legal actions taken by NTM, instructing bondholders and the (new) BOD in Chekovo effectively destroyed the possibility of completing Thule Power and the final negotiations with Fode (Chevron) regarding a long term charter employment for Thule Power. As you will recall and as the documentation will confirm, Thule tried to convince NTM and the instructing bondholders that Thule should be given the opportunity to complete Thule Power (at that time "mechanical complete" from the MIS yard) in order to either find employment (Chevron) or a sale or both (ROG agreement). Thule's position then was that in spite of our disagreements, the only logical alternative to preserve and protect both share- and bondholder value would be to complete the rig and find a permanent home/employment for her. As the documentation confirms, this proposal was flatly rejected by NTM and the instructing bondholders.

At such time (spring 2009), the estimated completion time for Thule Power was 4-5 months at a cost of approx. USD 7-10 million. Evidence supports that the instructing bondholders interfered in negotiations towards Fode/Chevron and that they did so for the same reason that they interfered and attempted to circumvent Thule's sales agreement with Royal Oyster Group, i.e. to secure all asset value in Thule for themselves. All of this is well documented and therefore well known to NTM and the (instructing) bondholders. I assume it is also well known to the Thule Bankruptcy Estate. That, however is not my main concern in writing to you today. My main concern is the total disregard for maintenance in the period since NTM arrested the rig and replaced the BOD in the owning companies with its own people.

At the end of January 2010 lawyers representing the "instructing bondholders" confirmed in writing to the undersigned that the value deterioration in Thule Drilling had been substantial since the time of the arrest of Thule Power and the appointment of the new BOD had taken place, among other things that the completion time for Thule Power was significantly longer (9-12 months), and that the estimated cost for completion had increased from USD 7-10 million to USD 40-50 million. At present, it is fair to conclude that conditions on the Thule Power has deteriorated even further, as is the case for the other Thule rigs/hulls and associated equipment. In the 2 year period since NTM and the new BOD have had the responsibility for Thule Power maintenance and upkeep, as well as the responsibility for Favignat Holdings Ltd and Voldar Investment Ltd., the value deterioration has been devastating.

To elaborate on the above issue of maintenance, I am in receipt of a report which, among other things, states as follows:

1. Since the time of the court order having been implemented to give Noble Denton responsibility to maintain the rig Thule Power (spring 2009), only superficial maintenance routines have been carried out by Noble Denton. However, Noble Denton did energise the Rig approx. June 2010, because the hull was partially submerged & not fully jacked up (as per arrival condition). They jacked the hull clear of the water, to avoid further corrosion.

2. Since about June 2010 no routine maintenance has been carried out. The only

provision has been to provide watchmen for 24hr gangway security.

3. In view of the 12-month period since any significant tests or maintenance has been carried out to the systems used to jack-up the Rig and the 26-month period since any work was done on the drilling equipment (which is significantly longer than when Thule were initially denied access by QGM) then the condition of electrical equipment is likely to have deteriorated significantly more than the initial experience and may well be non-recoverable. It is difficult to quantify the time required to refurbish/complete the Rig at this stage, but 9-12 months is a reasonable estimate, because of the Lead Time required for re-assessment of the scope of work, identification & delivery times for new equipment or spare parts. A cost estimate of approx. 50-60 million is reasonable, in view of the time period involved and the cost of Technical Managers etc.

4. To complete Thule Energy and Thule Force would virtually mean starting again from scratch, because the original engineering company / personnel have gone. It would be difficult to pick up the threads from the engineering information available. It is likely that a new owner would consider it more reliable and cost effective to start again.

5. Furthermore, the equipment delivered to the Yard has not been maintained and is out of warranty. Any potential owner would want reliability of operations, therefore full overhaul of all major equipment would be required. This would mean returning it to the manufacturer i.e. Jebel Ali or the USA for renewal of major components, which is likely to be a similar cost to buying new equipment. If these Rigs were completed at the same Yard, then they would need to be staggered by at least 6-months and each Rig would require approx. 24 months duration, which would mean an overall time period of approx. 30 months.

The report concludes that following value deterioration has taken place last 24-26 months, i.e. since the arrest by NTM and the new BOD put in place in the owning companies also by NTM:

Thule Power : Completion time has increased from 4-5 months then to 9-12 months now at an increased cost of about USD 50-55 million.

Thule Energy: Completion time has increased from 15-18 months then to 24+ months now at an increased cost of about USD 100 million

Thule Force: Same as Thule Energy

In other words, and since the arrest order by NTM and changing of the BOD by NTM in the owning companies (Chekovo, Favignat and Voldar) the complete lack of maintenance has resulted in a loss of approximately USD 250 million.

My concern is twofold. First of all I respectfully request a full and detailed report explaining what NTM and the BOD of Directors in Chekovo Ltd., Favignat Holdings Ltd, and Voldar Investment Ltd. have done during the past 2 (two) years with respect to maintenance of the assets belonging to these respective companies? If NTM and/or the current BOD of these companies reject my request for a detailed explanation of this total neglect of maintenance, I hereby request the Trustee for the Thule estate to make this same request on behalf of the Thule bankruptcy estate, as this deterioration in value represents a potentially large damage claim. The damage claim should probably be for the benefit of the former shareholders, Guarantors and management in Thule Drilling ASA, who have spent all of their time and resources attempting to salvage share- and bondholder value in Thule Drilling, sadly in vain, and who are now being subjected to various meritless legal actions from NTM/instructing bondholders as a result thereof.

Secondly, I kindly request that NTM and the BOD of these same companies issue a confirmation to the undersigned that in accordance with the existing agreements and their

duty of responsibility as managers/owners and BOD of these companies, assume full responsibility for the losses incurred as a result of lack of maintenance during the past two years. If NTM and the BOD reject my request, I hereby request the Trustee for the Thule Bankruptcy Estate to ensure that such confirmation of responsibility is obtained and, in any event, acted upon in the appropriate legal manner.

It is my understanding that Moduspec will be inspecting the rig(s) shortly, and as one of the defendants in The NTM/Guarantor case, I hereby request a copy of this inspection report immediately on completion of same.

Regards,

Hans E. Olav  
former Chairman of Thule Drilling ASA  
Shareholder, creditor and defendant in pending legal action