



SEMS Workshop

Opening Statement

Presentation : Wanda Parker OOC/API

September 2, 2009



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

We are Disappointed....

- **MMS fails to recognize that our voluntary safety and environmental programs are effective**
- **MMS fails to understand that our safety record is good and is only getting better**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

We are Disappointed....

- **MMS fails to understand that the prescriptive SEMS plan will not address many of the incidents/accidents that the regulation is based on**
- **MMS wrote prescriptive requirements for all or part of 8 of the 12 SEMP elements in lieu of just following API RP 75**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

We are Disappointed....

- **MMS fails to understand that as operators, we can place expectations on contractors, but we cannot do the planning for them**
- **MMS adds a lot of prescriptive record keeping and documentation that does nothing to keep people safe**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

Presentations

- | | |
|-------------------------------------|------------------------|
| 1. Safety Trends | Bill Daughdrill |
| 2. Human Behavior | Allen Verret |
| 3. Hazard Analysis | Gary Harrington |
| 4. Operating Procedures | Bill Scaife |
| 5. Mechanical Integrity | Nick Mallory |
| 6. Management of Change | Marc Gatlin |
| 7. Contractor Competency | Bea Stong |
| 8. Documentation and Records | Mike Francis |
| 9. Closing
Parker | Wanda |



SEMS Workshop

Topic-MMS Expectations

Presentation : Allen J. Verret-OOC

September 2, 2009



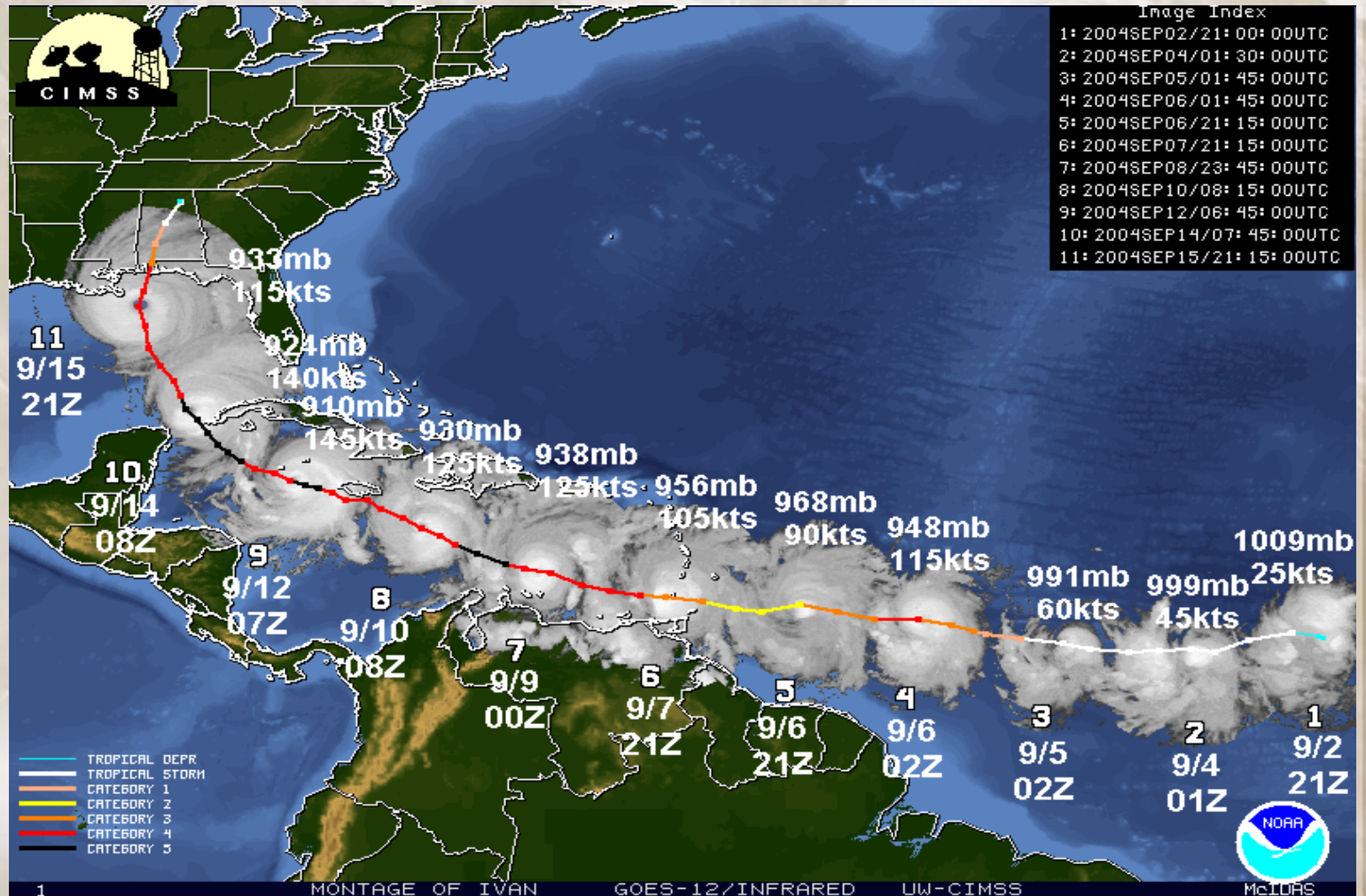
OFFSHORE OPERATORS COMMITTEE SEMS Feedback

Topic MMS Expectations

- Agency Review & Evaluation Efforts**
- Conclusions and Action Plan**
- Questions**
 - Agency identified primary cause “behavior”**
 - Reporting/Auditing & Documentation**
 - % Related to OP, MOC and MI**

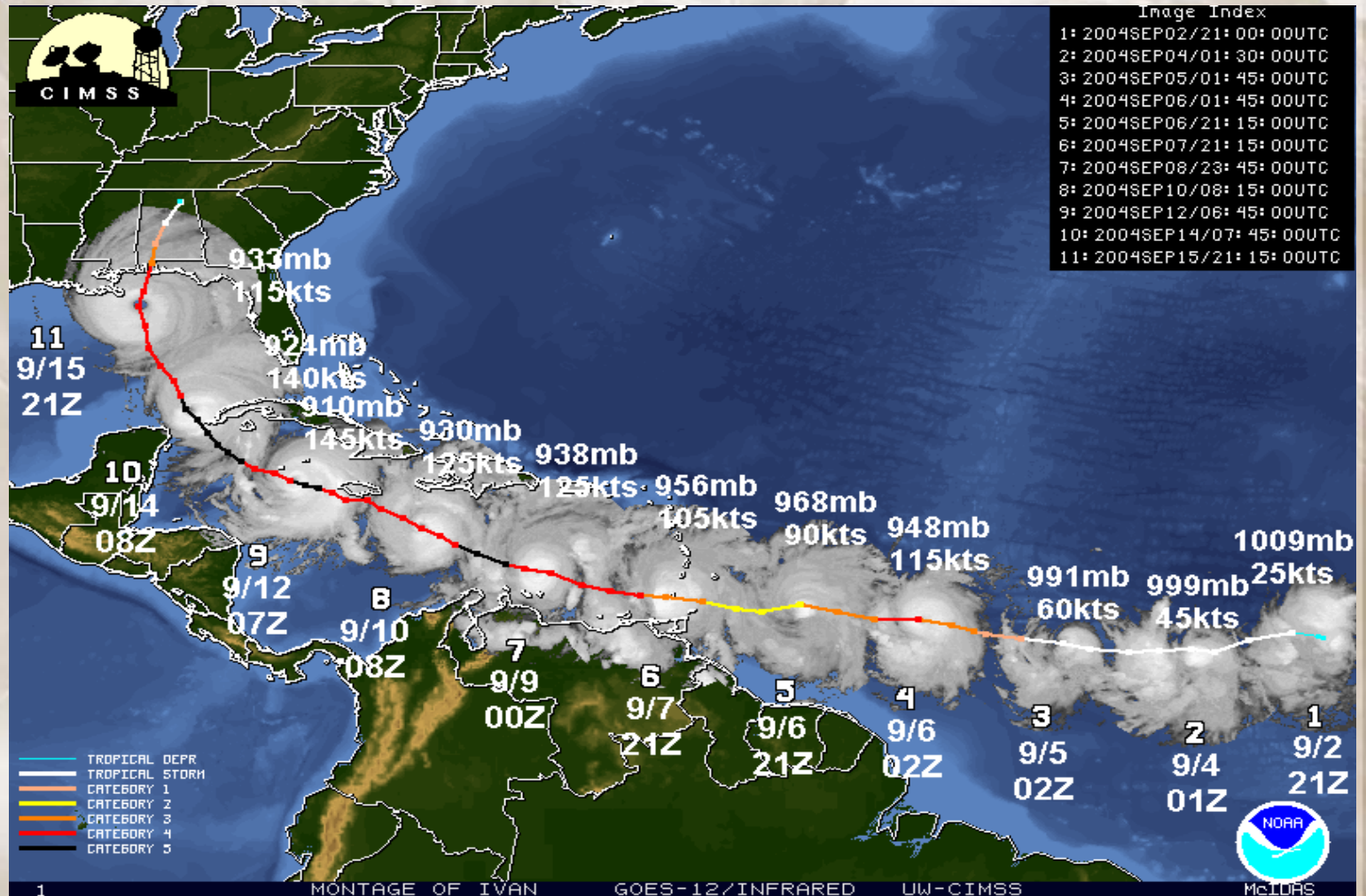


What Do HURRICANES and New Rules Have in Common?





Both are Disruptive to Operations And are costly to Recover From!





SEMS Workshop

Topic-Safety Trends & Comparisons

Presentation : Bill Daughdrill OOC/API

September 2, 2009



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

Topic Safety Trends & Comparisons

- 1. Overall offshore safety statistics moving in the right direction – lower incident rates**
- 2. Offshore safety record compares favorably with other industries – lower than most**
- 3. No significant increase in incidents/rate appears to call for increased regulation**
- 4. Analysis of 33 MMS incident Reports does not suggest need for mandatory SEMS program**



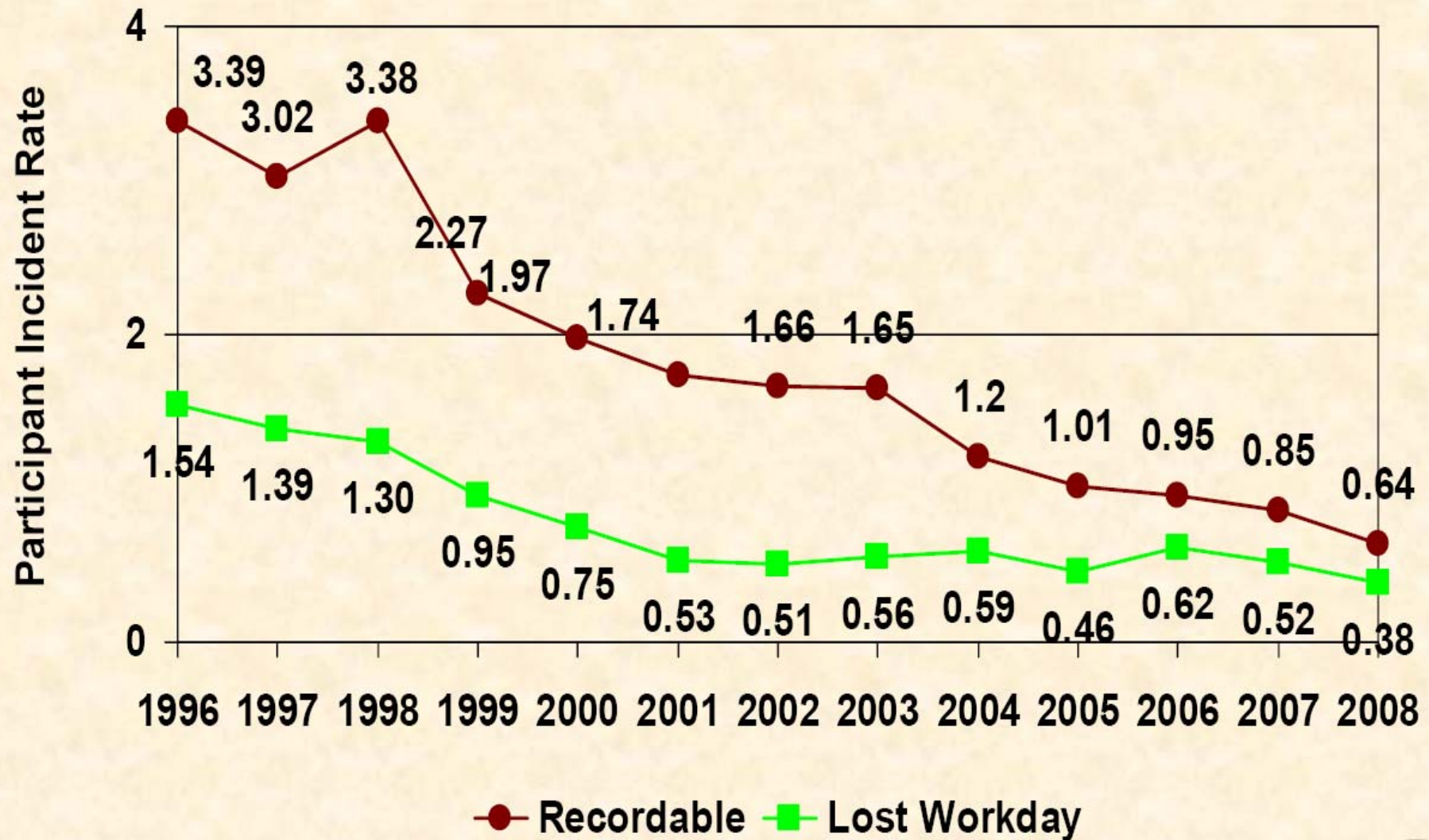
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Oil and Gas Industry

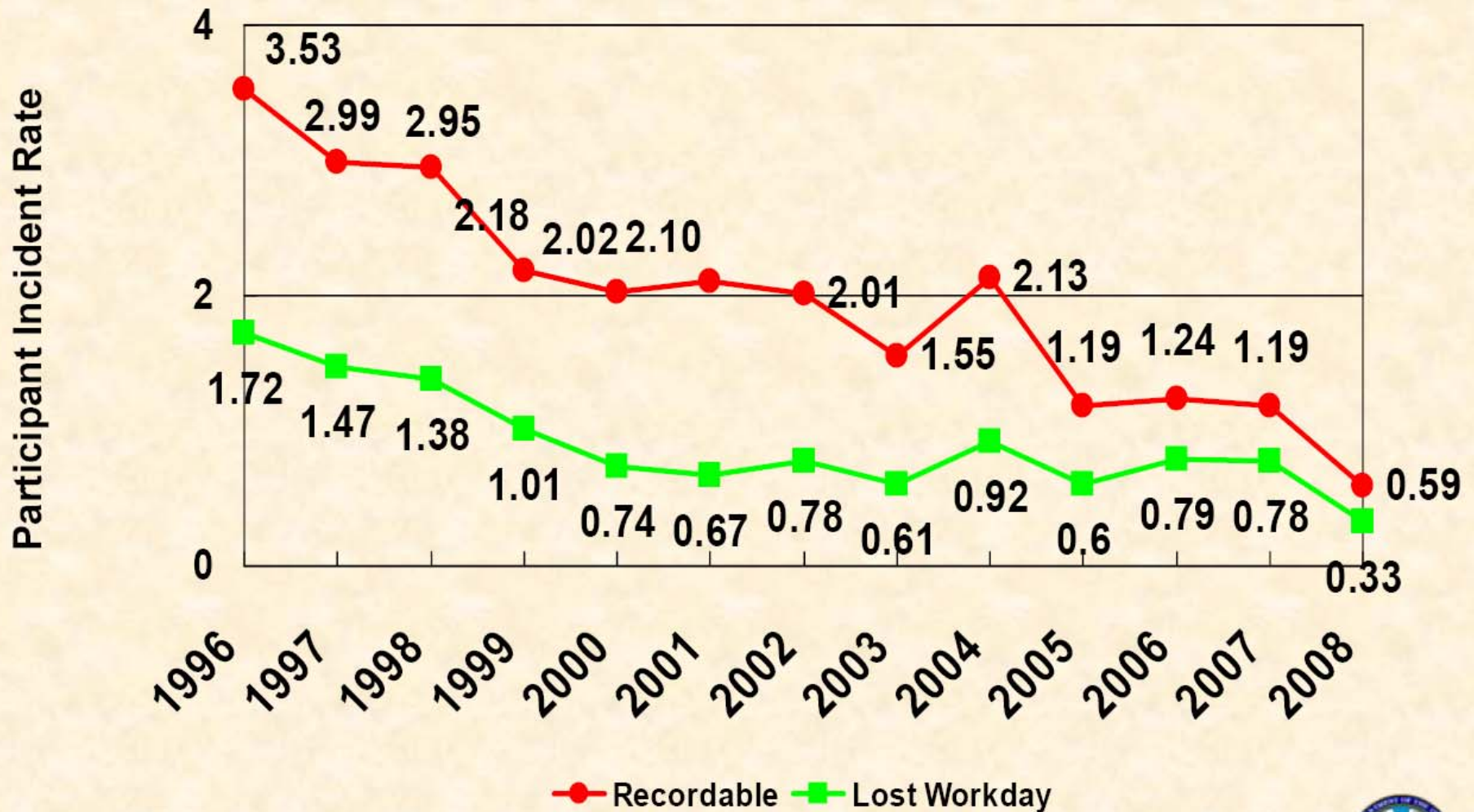
Overall Offshore Safety Statistics Moving in the Right Direction

- **OCS Performance Data Surveys from 1996 until 2008 (not all operators)**

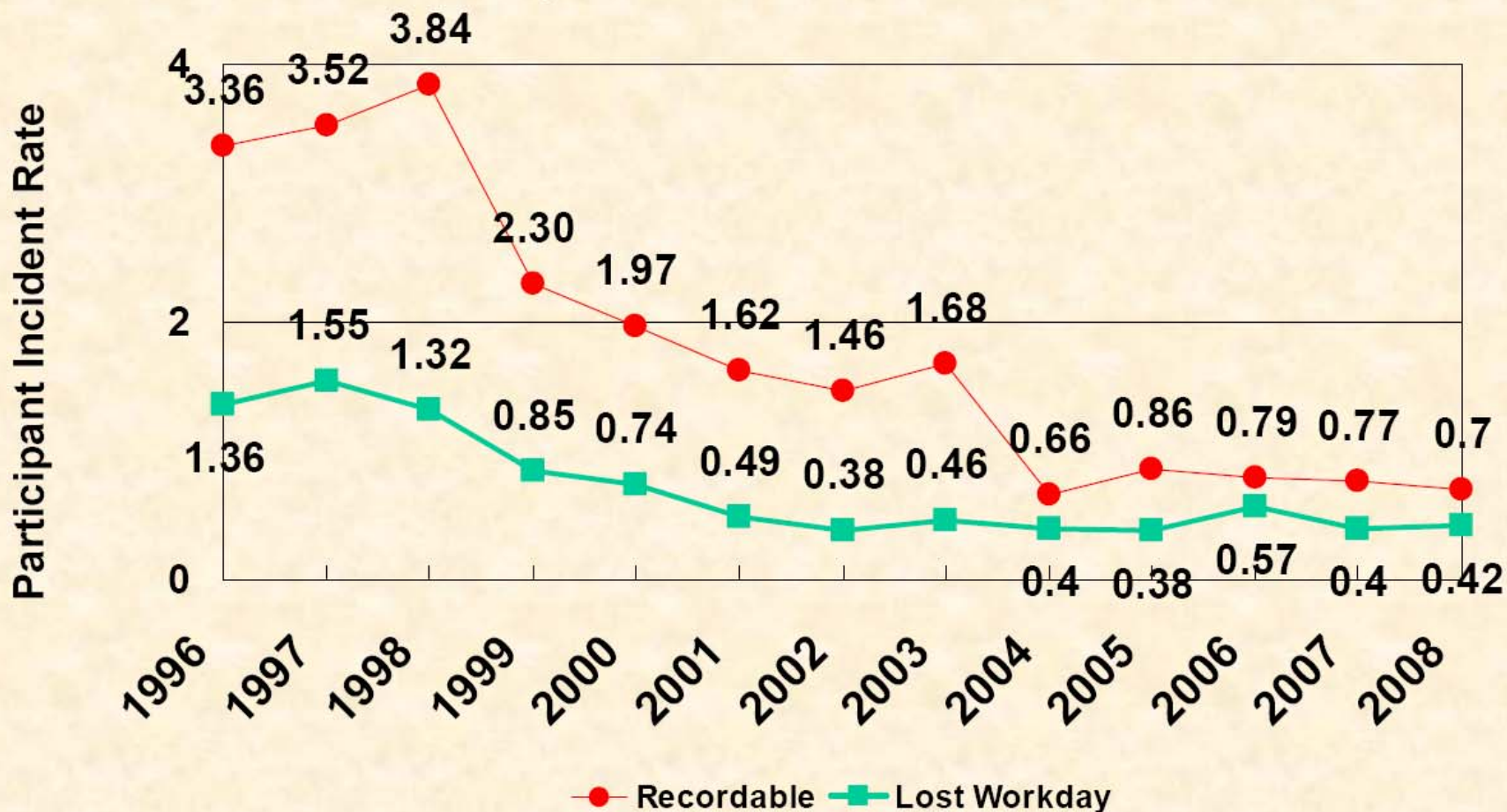
Combined Operations Recordable and Lost Workday/DART Case Incident Rates



Production Operations Recordable and Lost Workday/DART Case Incident Rates



Drilling Operations Recordable and Lost Workday/DART Case Incident Rates



Construction Operations Recordable and Lost Workday/DART Case Incident Rates





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Oil and Gas Industry

- 1. Offshore Oil and Gas Safety Record Compares Favorably with other Industries**

Department of Labor Bureau of Labor Statistics Incident Data 2007

TABLE 1. Incidence rates¹ of nonfatal occupational injuries and illnesses by industry and case types, 2007 — Continued

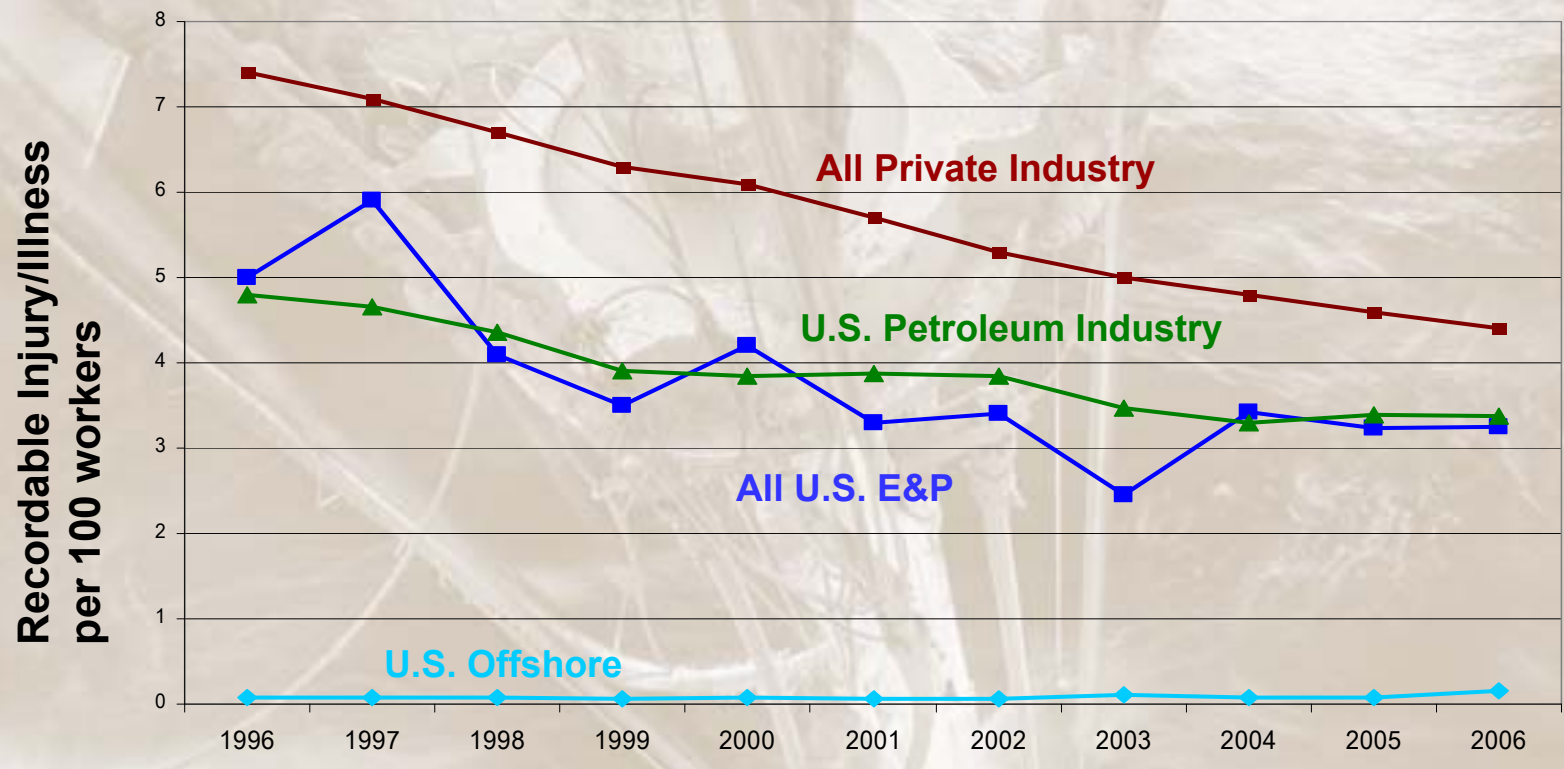
Industry ²	NAICS code ³	2007 Annual average employment ⁴ (thousands)	Total recordable cases	Cases with days away from work, job transfer, or restriction			Other recordable cases
				Total	Cases with days away from work ⁵	Cases with job transfer or restriction	
Mining ⁷	21	640.8	3.1	2.0	1.4	0.6	1.1
Oil and gas extraction	211	139.4	1.7	1.2	1.0	.2	.5
Oil and gas extraction	2111	139.4	1.7	1.2	1.0	.2	.5
Oil and gas extraction	21111	139.4	1.7	1.2	1.0	.2	.5
Crude petroleum and natural gas extraction	211111	134.6	1.7	1.2	1.0	.2	.5
Mining (except oil and gas) ⁸	212	221.3	3.7	2.5	1.8	.7	1.2
Coal mining ⁸	2121	77.4	4.7	3.2	2.9	.3	1.4
Coal mining ⁸	21211	77.4	4.7	3.2	2.9	.3	1.4
Bituminous coal and lignite surface mining ⁸	212111	36.5	2.2	1.5	1.3	.1	.7
Bituminous coal underground mining ⁸	212112	40.1	6.9	4.9	4.4	.5	2.0
Anthracite mining ⁸	212113	.8	5.3	3.3	3.3	—	2.0
Metal ore mining ⁸	2122	34.0	3.3	2.1	1.2	.9	1.2
Iron ore mining ⁸	21221	5.1	2.5	1.2	.8	.4	1.3
Gold ore and silver ore mining ⁸	21222	12.0	2.8	1.7	.8	.9	1.1
Gold ore mining ⁸	212221	10.8	2.6	1.6	.8	.8	1.0
Silver ore mining ⁸	212222	1.2	5.1	3.4	—	2.3	1.7
Copper, nickel, lead, and zinc mining ⁸	21223	12.7	4.0	2.8	1.6	1.2	1.2
Lead ore and zinc ore mining ⁸	212231	2.1	6.4	3.8	1.9	1.9	2.6
Copper ore and nickel ore mining ⁸	212234	10.6	3.6	2.6	1.5	1.1	1.0
Other metal ore mining ⁸	21229	4.3	3.5	2.0	1.5	.5	1.5
Construction		7,790.6	5.4	2.8	1.9	.9	2.6
Construction	23	7,790.6	5.4	2.8	1.9	.9	2.6
Construction of buildings	236	1,863.9	4.7	2.3	1.7	.7	2.3
Residential building construction	2361	1,031.5	4.8	2.5	2.0	.5	2.3
Nonresidential building construction	2362	832.3	4.5	2.1	1.2	.9	2.3
Heavy and civil engineering construction	237	1,001.0	4.9	2.6	1.6	1.0	2.2
Utility system construction	2371	443.4	4.7	2.6	1.7	.9	2.1
Water and sewer line and related structures construction	23711	212.5	5.7	3.0	1.9	1.1	2.7
Oil and gas pipeline and related structures construction	23712	90.3	2.5	1.5	1.0	.5	1.0
Power and communication line and related structures construction	23713	140.6	4.9	2.9	1.9	1.0	2.0
Land subdivision	2372	98.1	3.2	1.2	.9	.3	2.0
Highway, street, and bridge construction	2373	347.0	5.9	3.2	1.9	1.3	2.7
Other heavy and civil engineering construction	2379	112.5	3.5	2.0	1.3	.8	1.4



OPERATING SAFELY

OCS Performance

U.S. Offshore vs. Other Industry Job-related Injury and Illness Rates



Source: BLS and MMS



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Oil and Gas Industry

- 1. No significant increase in incidents or incident rates appear to call for increased regulation**



OFFSHORE OPERATORS COMMITTEE

Oil and Gas Industry

1. Analysis of the 33 MMS Incident Reports Used to Justify the Proposed SEMS Regulation Does Not Suggest the Need for a Mandatory SEMS Program

OOC Examined all 33 MMS Incident Reports

MMS Report Number	Date of Incident mo/day/yr	Location	Type of Incident	Number Injured?	Number Fatalities?	Facility Type	Activity	Comments
2007-058	1/12/2006	WC-240	Lifting incident dropped object	0	1	MODU	Drilling	New roustabout making nylon strap connection to lift drill pipe. Drill pipe fell from strap striking floorhand.
2007-045	8/12/2005	MP-98	Structural failure dropped object	0	1	Liftboat	P & A	Using modified liftboat to P&A a well on a platform damaged by hurricane Ivan. While rigging a BOP stack to prepare for using a coil tubing unit on a damaged well, the unsupported BOP fell w/ man attached dragging him underwater.
2006-047	11/30/2005	ST-230	Loss of Well Control	0	0	MODU	Drilling	During cementing operations on the ST-229 A-7 well, well control was lost and the well flowed for 14 hours.
2004-075	2/17/2004	EC-23	Loss of Well Control	0	0	Platform	Workover Coiled tubing operation	While conducting coiled tubing work on the well, the injection fitting port on the wellhead that is used to inject a plastic energizer for the wellhead seal assembly failed. The failed port, combined with a missing wellhead seal assembly allowed a temporary loss of well control. Five gallons of condensate discharged. Well control regained following day. No injuries.



OFFSHORE OPERATORS COMMITTEE

Oil and Gas Industry

MMS Incident Report Analysis

- **14 of 33 events (42%) were loss of well control**
 - E.g. Undetected shallow gas hazards
 - Response of offshore personnel to the incidents was appropriate (especially evacuations)
 - Little ability for a mandatory SEMS program to address these loss of well control incidents
- **7 lifting incidents (21%)**
- **4 falls (12%)**



SEMS Hazards Analysis Element

02 September 2009

Gary Harrington

HSE Manager

Newfield Exploration Company



Hazards Analysis

- **JHA vs JSA – From SA 276**
 - **JHA is used to review the scope of work to be performed on a broad scale.....**
 - **JSA is a process used to review site-specific detailed job steps and uncover hazards associate with the specific job undertaken.**

We believe MMS intended to utilize JSA when developing the rule because it applies to the personnel actually performing the task and is associated with behaviors.



Hazards Analysis

- **MODUs included in definition of “Facility”**
 - **MODUs are generally owned and operated by Contractor companies and are generally regulated by USCG. Operators do not and cannot perform hazards analysis on a MODU!**

**This same issue exists throughout the rule!
It makes no sense to include MODUs in this rulemaking and it should be struck from the definition!**



Hazards Analysis

- **The majority of this section deals with facility level hazards analysis, which generally includes JHAs when they are performed.**
- **The section on JHA, (which we believe should be JSA) is only a small section and is probably the most powerful tool to reduce incidents. This will have the most positive effect on modifying human behavior.**
- **MMS should scale back the prescriptive language and place more emphasis on JSAs!**



SEMS Workshop

Topic – Operating Procedures

**Presentation : Bill Scaife, /OOC, Stone Energy
September 2, 2009**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

Proposed §250.1906 – “What criteria for operating procedures must my SEMS program meet?”

Comment:

250.1903 indicates that the SEMS program should be modeled after the requirements in API RP 75. The Procedures section 250.1906 expands on API RP 75 to include having written procedures outside the Operating Recommendation of API RP 75 and overlapping other regulatory requirements



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

QUESTIONS

250.1906 (a) (9)(11)(12)(13)– Changes the wording and Expands on API RP 75 section 5 particularly dealing with Environmental and Occupational Safety and Health considerations . These requirements overlap with Hazardous materials regulations, OPA 90, RCRA, NPDES, etc.

How does MMS think addition of these requirements will impact safety performance more than the existing regulations of other agencies?



SEMS Mechanical Integrity Element

02 September 2009

**Nick Mallory
Special Projects
Devon Energy
GOM Operations**



Mechanical Integrity

The Proposed Rule states “...it appears that equipment failure is rarely the primary of cause of the incident or accident.” We take this to mean we are doing a pretty good job with our current voluntary MI programs, therefore we do not understand what benefit a mandatory, prescriptive rule.



Mechanical Integrity

We agree that MI is a good thing for industry. It makes good business sense. It has helped operators to eliminate most environmental incidents and accidents due to equipment failure. With the advent of MI programs of SCADA and PLC technology offshore operations are safer now than they ever were, therefore we do not understand the benefit of the prescriptive rule.



SEMS Management of Change

02 September 2009

**Marc Gatlin
Shell
Manager of Safety Operations**



Management of Change

The Proposed Rule includes changes for personnel and operating procedures...

Some operators have existing processes that address changes to these.

Consideration should be given to these existing processes and not develop a prescribed MOC process for changes that are already covered.



SEMS Workshop

Topic – Proposed Rule §250.1909 Contractor Selection/Competency

**Presentation : Bea Stong, OOC/W&T Offshore, Inc.
September 2, 2009**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

Proposed §250.1909 – “What criteria must be documented in my SEMS program for contractor selection?”

- No indication that contractor selection contributed to the root cause of the incidents analyzed by MMS as rationale for the proposed rule
- REDUNDANT WITH THE EXISTING SUBPART 0 PROGRAM



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

30 CFR 250 Subpart O

- Clearly requires operators to ensure that both employees and contractors understand and can properly perform their duties
- Subpart O plans mandate contractor assessment prior to contractor personnel performing work
- Recent technical changes (Final Rule published 8/11/2009; effective date 9/10/2009) clarified/expanded definition of production safety to include “measures, practices, procedures, and equipment to ensure safe, accident-free, and pollution-free production operations...”



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

QUESTIONS

Particularly in light of the expanded definition of “production operations” under Subpart O, are there additional contractor groups that MMS has concerns that are otherwise not being addressed by the existing Subpart O requirements?



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

QUESTIONS

What specific provisions of proposed rule §250.1909 that are not already covered by the Subpart O program does MMS endeavor will correct the behaviors noted by MMS as contributory to the incidents analyzed?



SEMS Workshop

Topic – Proposed Rule Documentation and Record Keeping

**Presentation : Bill Scaife, /OOC, Stone Energy
September 2, 2009**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

- **Proposed §250.1911 –What are my Documentation and recordkeeping requirements**
- **Issues in documentation and recordkeeping requirements relate to the additional volume of paperwork and personnel resources needed to comply. This will have extremely high impact on both companies with existing SEMS programs, Operators without SEMS programs and Contractors**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

The MMS has drastically underestimated additional documentation, records and resources with the expansion of API RP 75 in Contractor qualification, Hazard analysis, MOC processes, Audits, Non voluntary tracking of contractor hours. Addition of contractor qualifications alone would equal the resources and documentation burdens the Industry currently has with Subpart O.



SEMS Workshop

Closing Statement

Presentation : Wanda Parker OOC/API

September 2, 2009



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

In Summary.....

- **We all want safe and environmentally sound operations**
- **Since the mid 1990s, many operators have voluntarily developed safety and environmental programs based on API RP 75 that are working for them. We see no value in these operators having to significantly modify their programs to meet the prescriptive requirements in this rulemaking.**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

In Summary.....

- **We believe that a mandatory, prescriptive program is likely to evolve into a paperwork exercise. It is difficult for us to believe that a template that can be purchased for \$2500 will positively effect worker behavior.**
- **We believe that the prescriptive record keeping burden does not contribute to safety.**
- **Much of the rulemaking mirrors what's in other regulations, both MMS and other agencies.**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

In Summary....

- **We believe that our voluntary programs as demonstrated by our improving safety records support safe operations**
- **Voluntary programs allow the various operators to style their programs to fit their corporate culture and operations.**
- **The current programs are diverse, but the key success factors are management commitment and worker ownership.**



OFFSHORE OPERATORS COMMITTEE SEMS Feedback

The Bottom Line....

- **To further improve safety performance, you have to modify worker behavior.**
- **A prescriptive program resulting in reams of paper does little to nothing to change worker behavior.**
- **Piling on programs with prescriptive language does little to nothing to modify behavior.**