

Beyond Compliance

Presented by Marius Landman

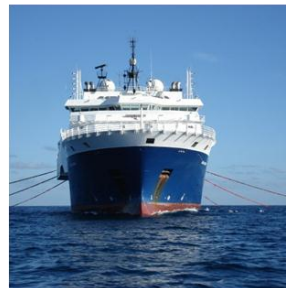
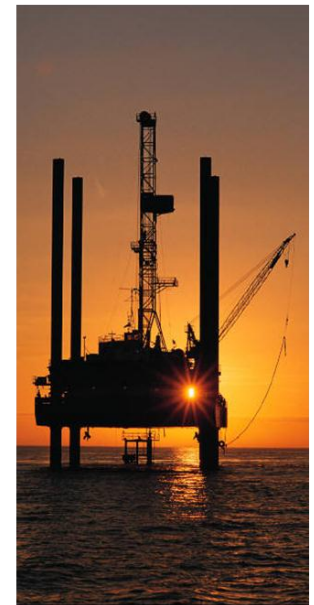


Joint Onshore Operator Audit Program 2012

A collaborative approach to HSE management in the CSG industry



28th February, 2013



QLD JOOAP 2012 ?

- Involved the independent audit of 18 pre-selected Contractors (10 Drilling Contractors and 8 Service Contractors)
- Both **office** and **field based** audits over 2 phases
- Focused on the **legislative compliance** and **implementation** of selected aspects of the Contractor's SMPs.

QLD JOOAP 2012 ? cont...

- **Reduced repetition** of contractor auditing
- Identified **key industry trends – disposition of Industry**
- Provide a **benchmark** across the QLD CSG industry
- Reduced **cost** and time to the Operators and Contractors

JOOAP Methodology

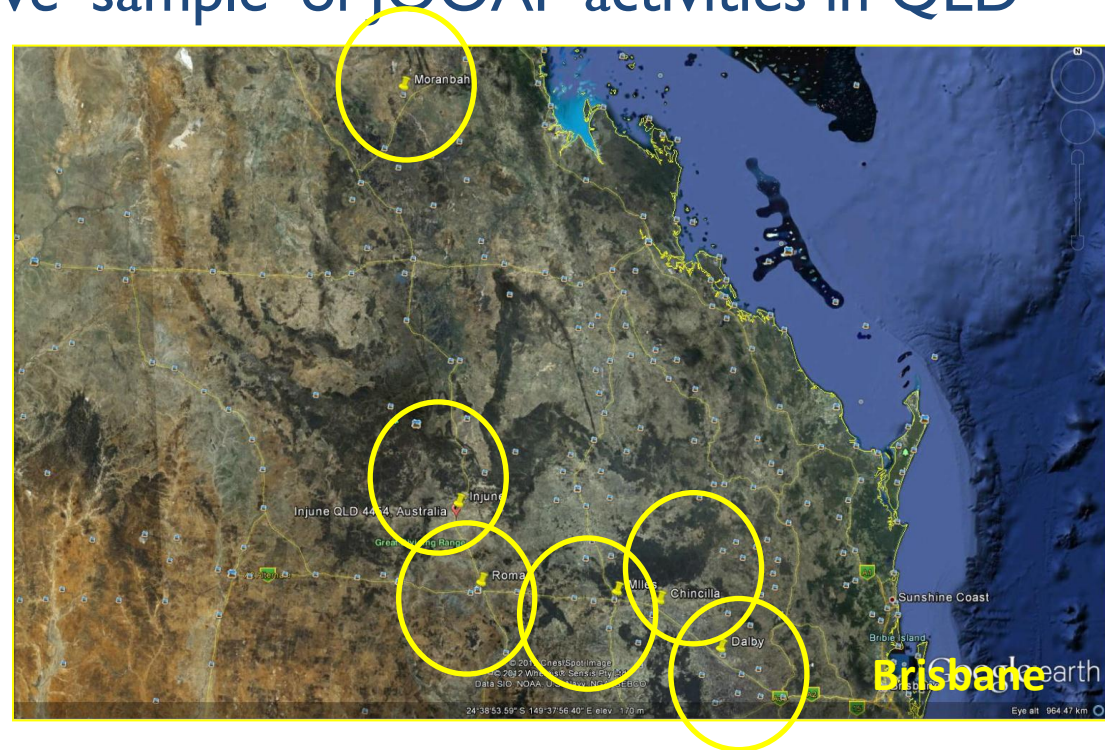
Phase One:

- Desktop assessment of **10 Drilling Contractors and 8 Service Contractors**
- Based on the **SafeOP audit tool**
- **Measured compliance** against the *Petroleum and Gas (Production and Safety) Act 2004*
- Review of specific aspects of the Occupational Health Safety Environment **documentation and records** of Drilling Contractors / Contractors
- **Interviews** with senior managers and office personnel

JOOAP Methodology cont...

Phase Two:

- Rig Specific field audits
- Field assessment identifying and auditing a geographically diverse albeit true representative 'sample' of JOOAP activities in QLD
- Targeted operations located at Miles, Roma, Dalby, Chinchilla, Injune and Moranbah

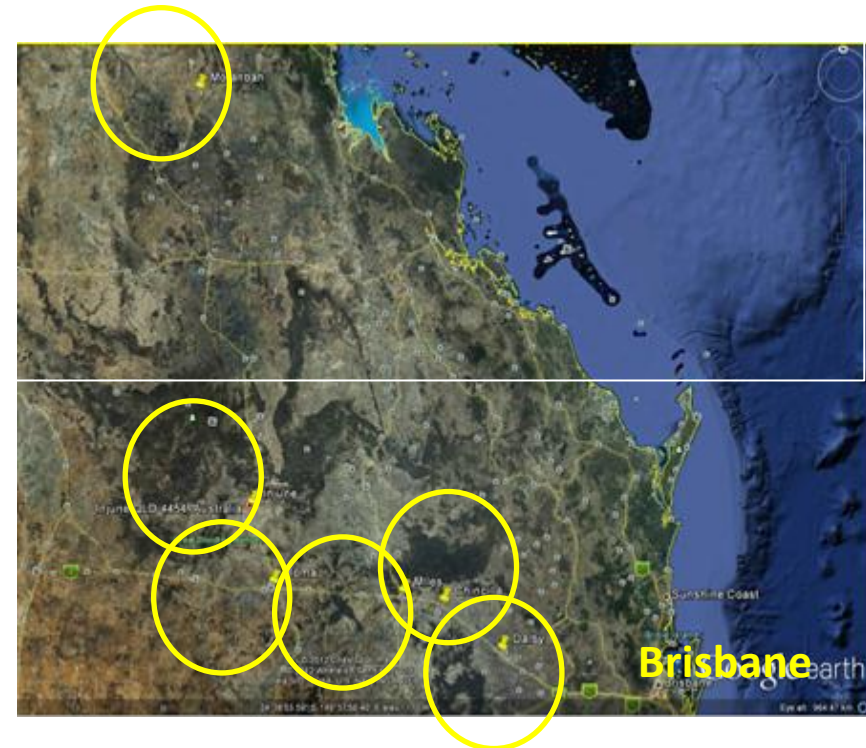


JOOAP Methodology cont...

Phase Two:

Audited the implementation of Rig SMPs focusing on five elements:

- Risk management
- Training and competency
- Management of change
- Sub-contractor management
- Journey management



JOOAP Methodology cont... .

Phase Two:

Customised audit tool developed from:

- Phase One findings
- SafeOP audit tool
- Extracts from Auditee's HSEMS and SMPs

Audit process involved oversight of operations, interviews with Rig personnel and review and investigation of on-site documentation

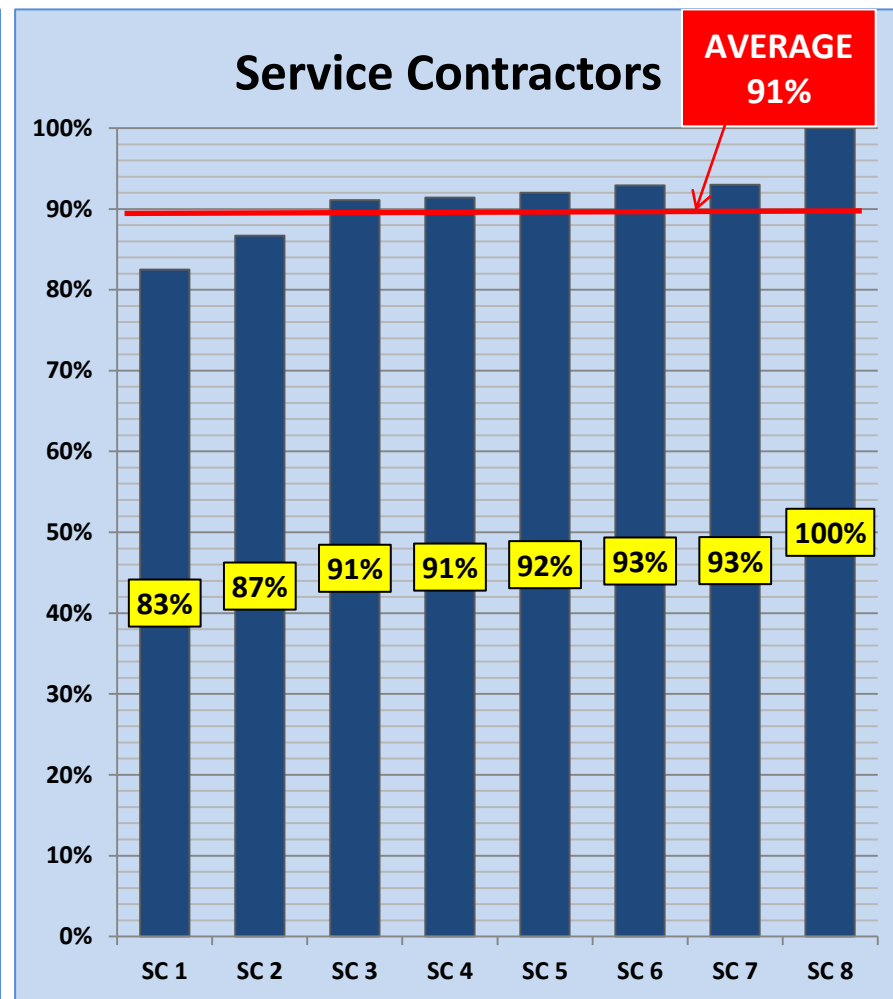
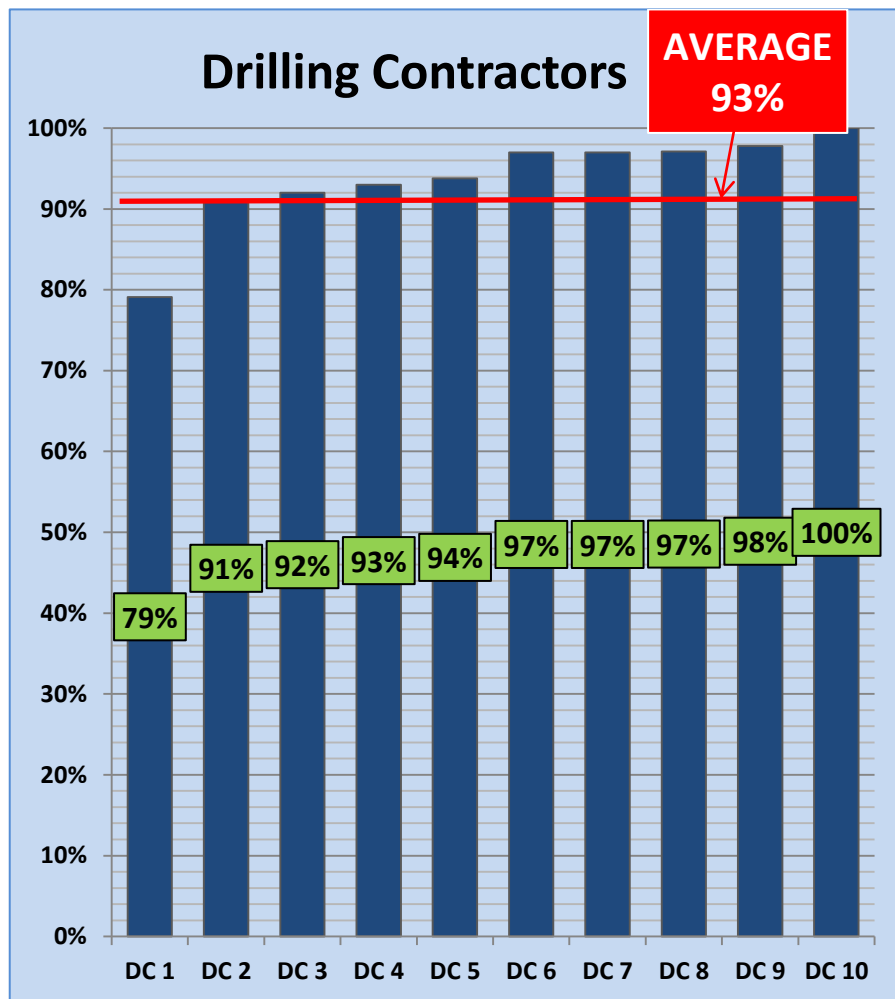
JOOAP Findings

Phase One – SafeOp Compliance of SMP:

- Two Auditees achieved a 100% compliance against the SafeOP audit tool
- Four Auditees achieved a score greater than 95%
- Seven Auditees achieved a score greater than 90%
- Two Auditees achieved a score greater than 80%
- One Auditee achieved a score of less than 80% (79%).

JOOAP Findings cont...

Phase One – SafeOp Compliance of SMP:



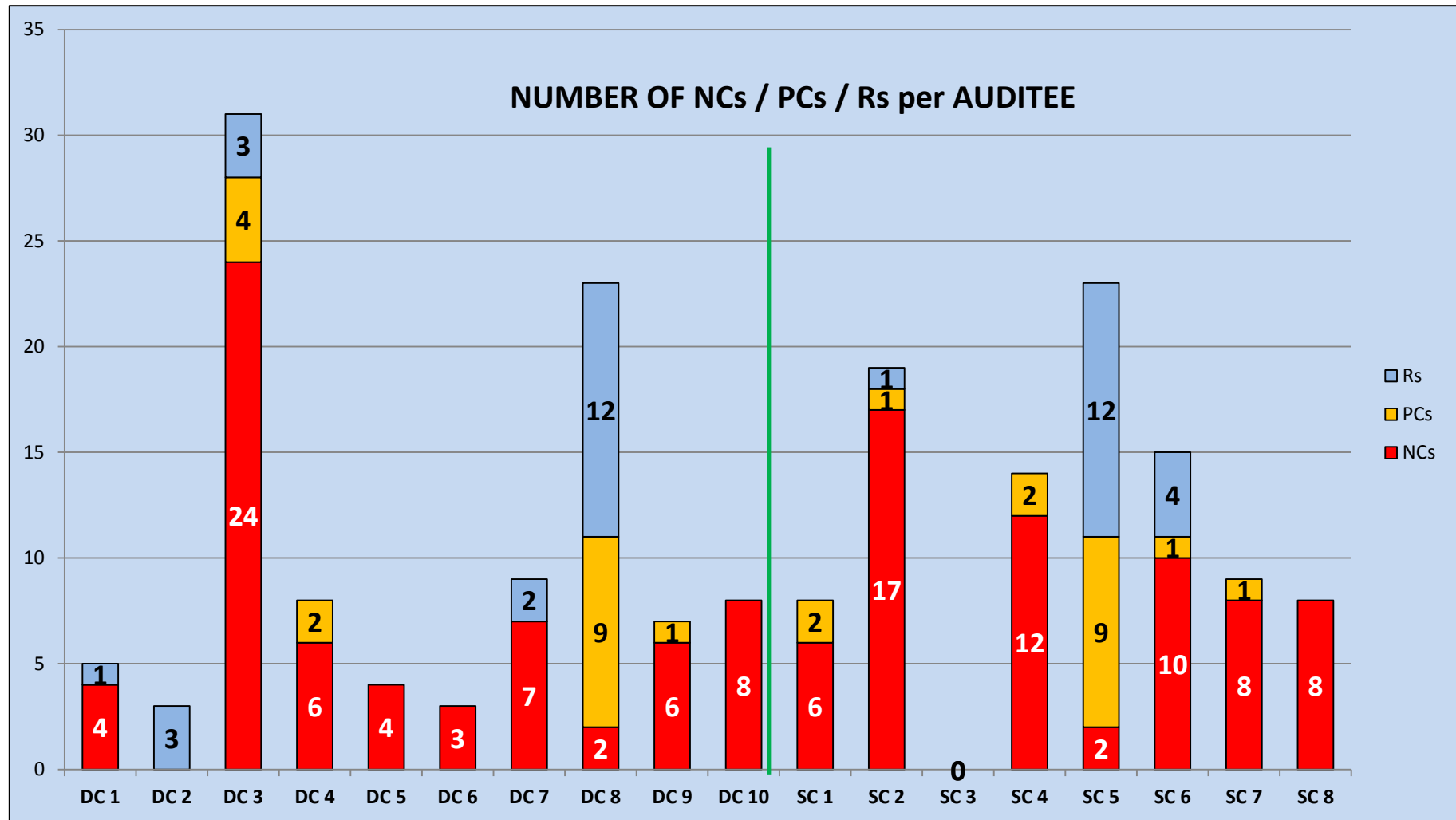
JOOAP Findings cont...

Phase One: Element Compliance Comparison

SafeOP Audit Compliance % Score Per Element					
Element		Score	Element		Score
1	Plant decription	96%	14	Audit & review	94%
2	Policies	96%	15	KPIs	92%
3	Responsibility & structure	94%	16	Incident management	92%
4	Site Safety Managers	94%	17	Record management	93%
5	Risk management	85%	18	Other legislation	96%
6	Contractor management	99%	19	Major hazard facilities	NA
7	Training (micro)	88%	20	Intersected workings	NA
8	Training (macro)	88%	21	Other obligations	97%
9	SOPs	89%	22	Fracking	100%
10	Control systems	100%	23	Adjacent workings	NA
11	Plant	96%	24	Adjacent workings	100%
12	Emergency prep	89%	25	Principal Hazards	NA
13	Communication	100%	26	Coordination	100%

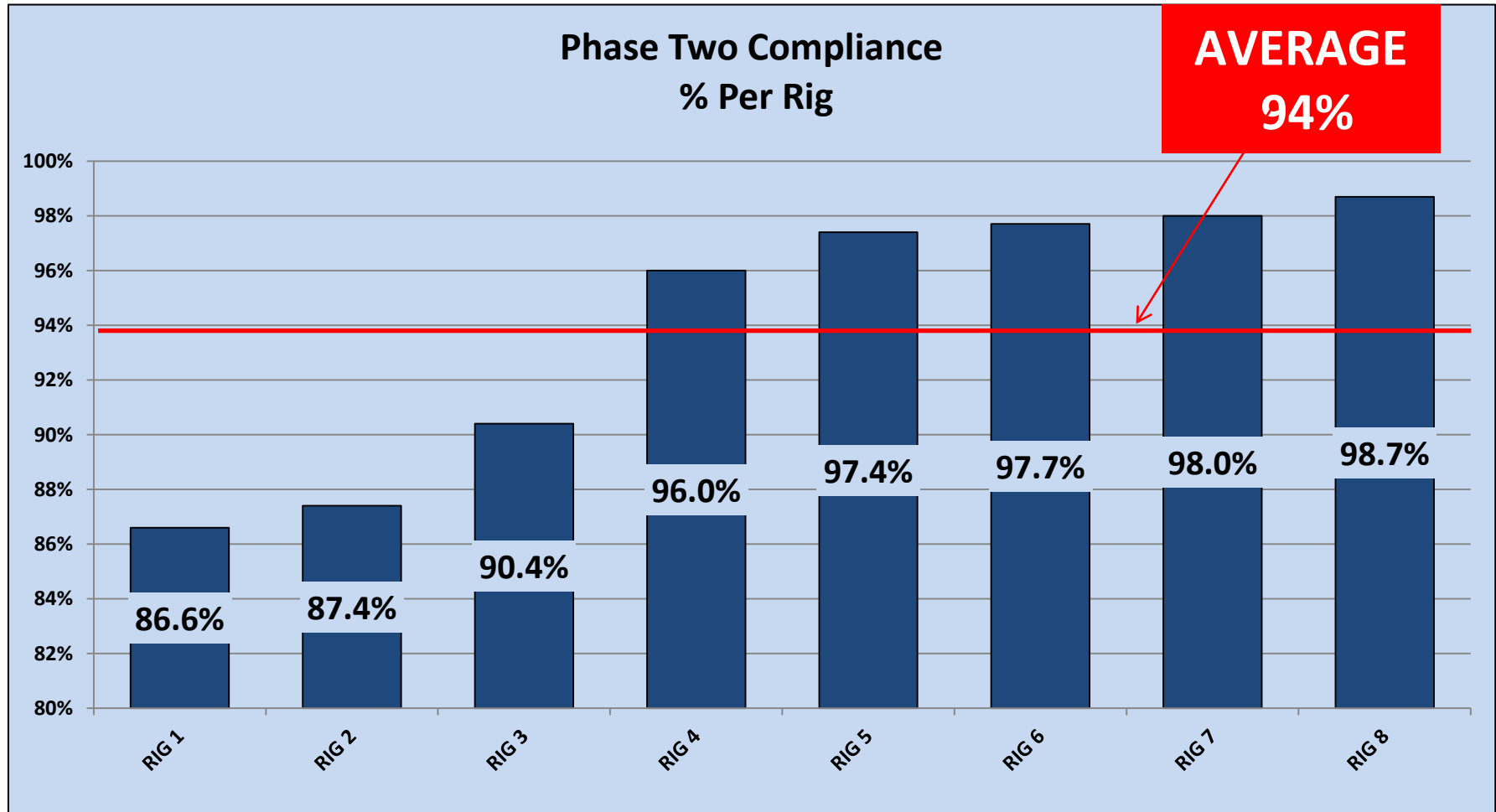
JOOAP Findings cont...

Phase One: NC – PC – R comparison



JOOAP Findings cont...

Phase Two: Rig Compliance Comparison



JOOAP Findings cont...



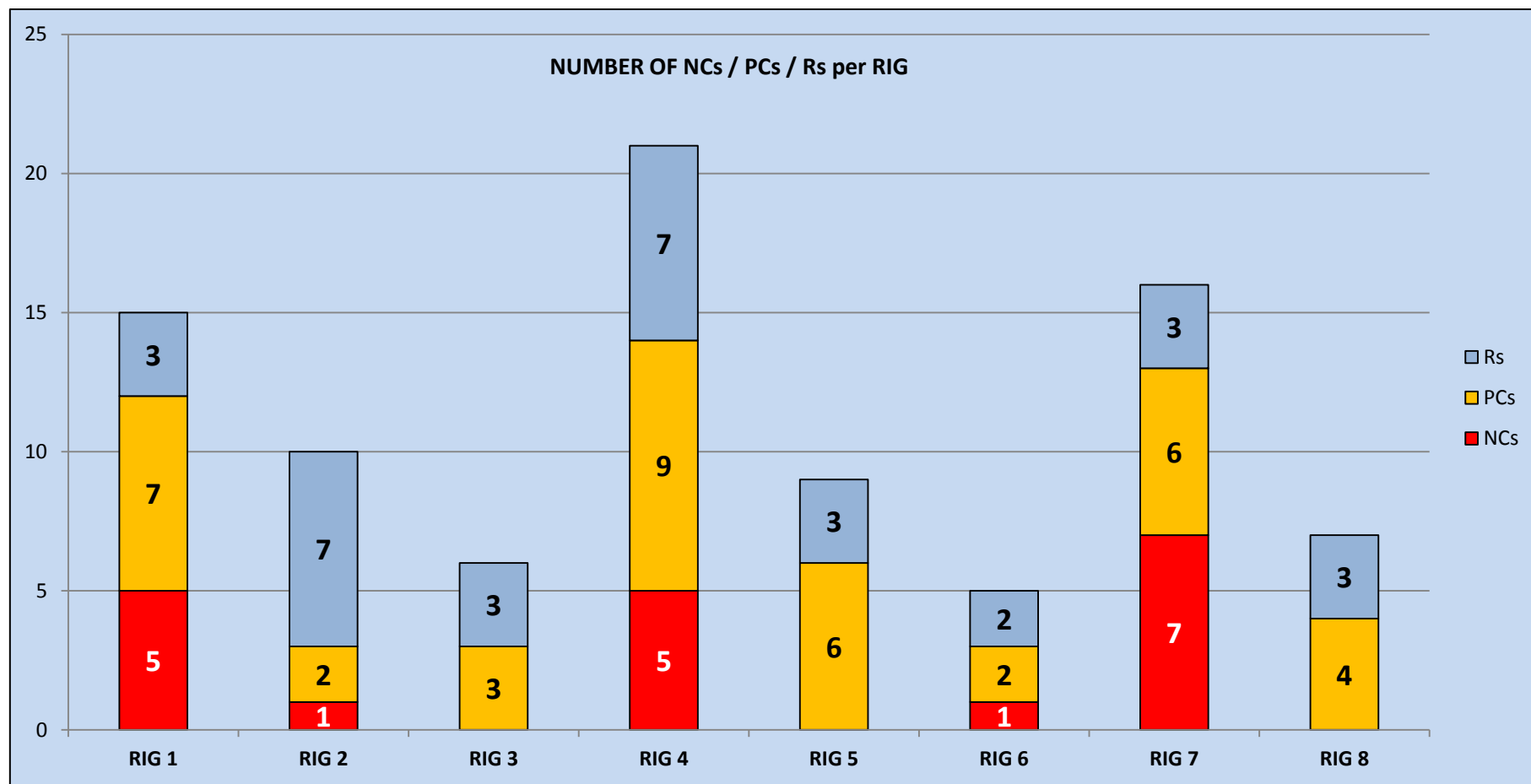
Phase Two: Element Compliance Comparison

AUDIT ELEMENT	AVERAGE
1 - Risk Management	94%
2 - Training and Competency	96%
3 - Management of Change	94%
4 - Sub-Contractor Management	92%
5 - Journey Management	92%

JOOAP Findings cont...

Phase Two:

Noncompliance / Partial Compliance / Recommendations Comparison



Trends Identified

Phase One:

- Risk Management (Element 5 SafeOP)
 - Hazard register quality and purpose
 - Misinterpretation over Risk Identification methods
 - Basic Risk Management principals are not understood
 - Training for risk and control of risk not integrated
- Competency (Element 7 SafeOP)
 - No competency assessments / challenge testing of qualifications

Trends Identified cont...

Phase One:

- Training (Element 8 SafeOP)
 - Insufficient review of HSE, critical and technical training programs
 - Training program objectives / goals not determined
- SOPs (Element 9 SafeOP)
 - SOPs lack appropriate detail / volume
 - No safe / critical operating limits, the consequences of exceeding limits and actions to be taken if exceeded
- Emergency Preparedness (Element 12 SafeOP)
 - No contingency plans

Trends Identified cont...

Phase Two:

- Risk Management
 - Inconsistencies with risk assessments for high risk activities
 - Risks not reduced to ALARP
 - Journey plans do not assess risk
- Hazardous Area Training
 - Hazardous area training and licensing for electricians
 - Hazardous training for all rig employees

Trends Identified cont...

Phase Two:

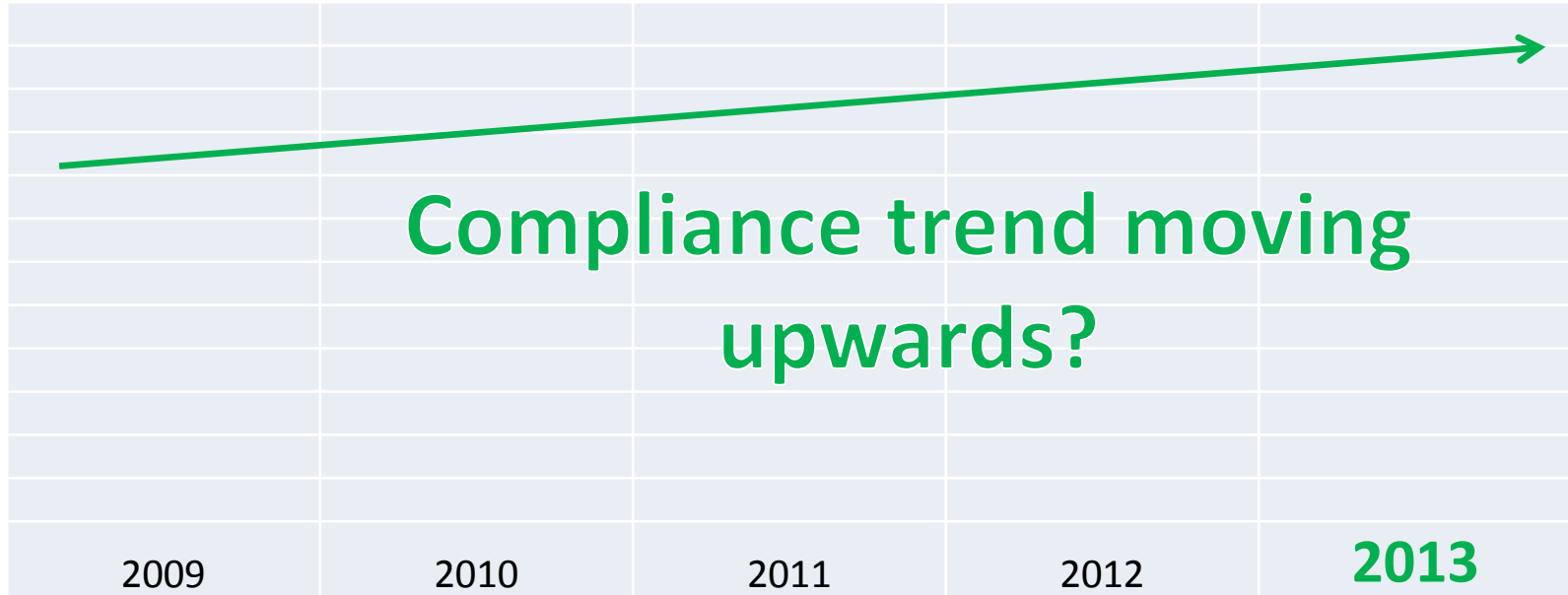
- Document Control
 - Database approach – data corruption / manipulation
 - Poor integration of new HSSE systems
- Emergency Evacuation
 - Lack of emergency consideration during rig moves (Manifest?)
 - Poor communication / arrangements with emergency services

Trends Identified cont...

Phase Two:

- Employee Development
 - Limited experience / skill shortage
 - Green hands – a need for structured development programs to be put in place
- Noise Management
 - Audiometric (hearing) assessments not being undertaken
 - Inconsistencies with noise assessments.

Hypothesis – 5 year compliance



Industry is changing for the better:

- Operator Involvement and commitment (improved communication)
- Improved Safety Culture
- Behavioural change in personnel – Drilling and Service Contractors

JOOAP 2013

22 audits will be conducted:

- 12 pre-selected Rigs
- 10 independent Service Contractors
- Emphasis on 5 key areas
 1. Incident Investigation and Reporting
 2. Risk Management
 3. Contractor Interaction and Fatigue Management
 4. Training and competency
 5. Emergency Response and Management.
- **Implementation and processes**
- Kick-off in March 2013.

Ladies and Gentleman, this concludes our presentation

If you have any questions please contact



Please feel free to take a copy of this
presentation

Thank you

Marius Landman
M: 0420 739 893