



LEADERSHIP AND COMMITMENT

1.0 Purpose

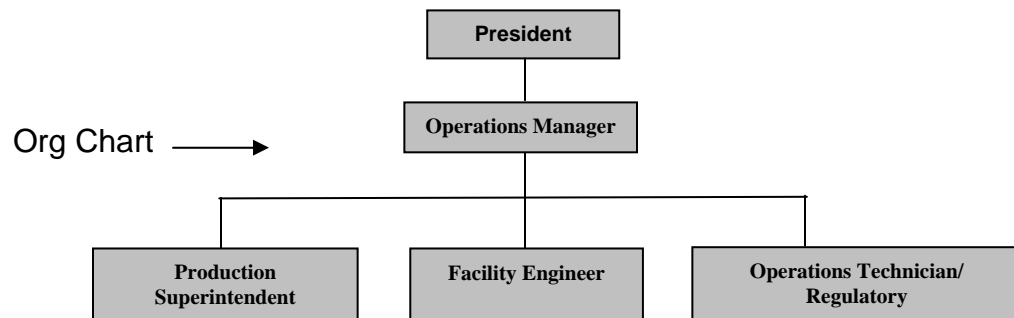
Leadership and Commitment identifies Petsec's responsibilities to its Safety and Environmental Management System (SEMS) Program and applies to all Petsec's operations. Company is responsible for the development, support, continued improvement and overall success of SEMS.

2.0 Process

Petsec Management requires that the program elements identified in the Recommended Practice for Development of a Safety and Environmental Management Program for Offshore Operations and Facilities (API RP 75, latest edition, incorporated by reference as specified in 30 CFR 250, Subpart S) are developed, implemented, maintained and available at all manned field and office locations. The safety and environmental objectives, goals and performance measures identify, address and manage safety, environmental hazards and impacts during the design, construction, startup, operation, inspection and maintenance of all new and existing facilities (including Department of Interior regulated pipelines). Management and/or its designees accomplish the following to meet this requirement:

2.1 Establish Management's organization regarding the SEMS Program:

The following organizational chart identifies Petsec leadership.



2.2 Establish the goal of the SEMS Program:

2.2.1 Petsec Management has generated a policy statement that is committed to the safety and health of our employees and the protection of the environment; refer to the HSE Management System manual. These are fundamental responsibilities of every employee; no aspect of the Company's operations is of greater importance. This commitment is the foundation that supports our entire HSE Management System; it identifies the commitment Petsec expects from its employees, contractors, suppliers and customers. Our goal, therefore, is to

Promote safety and environmental protection by assuring all personnel aboard our facilities comply with the policies and procedures identified in our Safety and Environmental Management Systems (SEMS) Program.

- 2.2.2 Petsec Management provides the necessary support to assure the SEMS Program is fully implemented as an integral part of its Health, Safety and Environment Policy Statement, which is endorsed by management and Petsec employees and signed by our President. Our HSE Policy Statement is included in each MSA between Petsec and its contractors.
- 2.2.3 Petsec Management assures that our SEMS Program identifies, addresses and manages safety, environmental hazards and impacts during the design, construction, start-up, operation, inspection and maintenance of all new and existing facilities by providing feedback during the pre-startup review and hazards analysis processes.
- 2.2.4 Petsec Management mandates continual improvement between SEMS Program reviews and audits, as well as improved goals and objectives. Each audit presented to Management tracks trends to identify areas of optimization.

NOTE	The procedure for reporting the content and results of audits to management is found in the Audit element.
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- 2.2.5 Petsec's Operations Manager assures all employees and contract personnel are properly trained in the skills and knowledge necessary to perform their assigned duties and responsibilities described in our SEMS Program.
- 2.3 Establish **performance measures** for the SEMS Program.
- 2.3.1 Performance is measured by employees and contract personnel effectively and efficiently executing their duties and responsibilities associated with the planning, organizing, developing, implementing, maintaining and auditing the SEMS Program. The processes and procedures resulting from the development of the SEMS Program are reviewed annually; the elements are audited two (2) years after initial implementation and every three (3) years thereafter. The resulting reports (from the reviews and audits) are discussed by Petsec Management to determine the necessary changes to continually improve the health and safety of personnel and the impact on the environment. These goals and objectives include the BOEMRE jurisdiction and DOI regulated pipelines.
 - 2.3.2 Performance is also measured through setting and accomplishing goals annually for Total Recordable Incident Rate (TRIR) and Incidents of Non-Compliance (INC) for Production Operations, Drilling Operations and Construction Operations.

- 2.4 Demand **accountability** for implementation of the SEMS Program.
- 2.4.1 The Operations Manager is the Petsec representative responsible for development and implementation of an effective and efficient SEMS Program.
- 2.4.2 The Production Superintendent and Facility Engineer are the Petsec representative responsible for assisting the Operations Manager in the implementation of the SEMS Program, as well as reporting on the performance of the SEMS Program as dictated by Management (at least annually).
- 2.4.3 The Production Superintendent and Facility Engineer coordinates the implementation and reporting required by the SEMS Program with the Production Superintendent and Facility Engineer and their managers, Supervisors, employees and contract personnel working in the field within their operations.
- 2.5 The President commits the necessary resources to develop, implement and maintain our SEMS Program. The Operation Manager and all employees and contract personnel commit the necessary resources within their respective areas of responsibility for the effective implementation and maintenance of the SEMS Program. Resources include time, support, skills, expertise, knowledge, experience and money. Anyone within management can request additional resources in order to achieve our goals and objectives.
- 2.6 The Operations Manager reviews the SEMS Program (see **Attachment A, Facility Review**) to determine if it continues to be suitable, adequate and effective, and documents and reports the observations, conclusions and recommendations of that review annually to Management, utilizing the following guidelines:
- 2.6.1 Leadership and Commitment
- Are performance measures being met?
 - Are safety hazards, environmental impacts being managed?
- 2.6.2 Safety and Environment Information
- Are documents, drawings, charts, manuals, etc. available?
- 2.6.3 Hazard Analysis
- Have Hazard Analyses been properly conducted?
 - Have discrepancies from the previous review and/or audit been addressed and corrected?
- 2.6.4 Management Of Change
- Are MOC forms being completed for required changes?
- 2.6.5 Operating Procedures
- Are incidents relating to operating procedures occurring in the workplace?

2.6.6 Safe Work Practices and Contractor Selection

- Are incidents relating to safe work practices occurring in the workplace?
- Are Contractors in compliance with selection process?
- Have government inspections resulted in any discrepancies?

2.6.7 Training

- Is employee and contract personnel training up-to-date?

2.6.8 Mechanical Integrity

- Are tests and inspections being completed according to schedule?
- Are incidents relating to mechanical integrity occurring in the workplace?

2.6.9 Pre-Start-Up Review

- Has new facility been installed and commissioned?
- Has major renovation been completed?

2.6.10 Emergency Response and Control

- Have drills been performed according to procedure?
- Have any emergency evacuations occurred?

2.6.11 Investigation of Incidents

- Have any investigations been performed?

2.6.12 Audits

- Has an audit been conducted during the year?

2.6.13 Records and Documentation

- Are all documents and records complete and filed for review?

2.7 Petsec **developed and implemented** a Health, Safety and Environmental Management System as required by federal, state and local regulations and standards of the oil and gas industry. The Management System meets the requirements of OSHA (29 CFR 1910), BOEMRE (30 CFR 250), the DOT (49 CFR), the USCG (33 CFR) and the EPA (40 CFR).

2.7.1 The President has the authority and responsibility for implementation of the HSE Management System; the Operations Manager assists in this implementation, along with coordination from the Production Superintendent and Facility Engineer.

2.7.2 The Operations Manager:

- facilitates the communication and reporting regarding the successful implementation and maintenance of the Petsec Management System.
- provides feedback to operations regarding incident trends relative to an employee's or contract person's work.
- develops policies and procedures as required by federal, state and local regulations and standards.

2.8 The Production Superintendent utilize personnel with expertise in identifying safety hazards, environmental impacts, optimizing operations, developing safety practices, developing training and investigating incidents. Refer to *Hazards Analysis, Safe Work Practices and Contractor Selection, Management of Change, Investigation of Incidents and Training* elements.

The Lead Operator generate policies and procedures within their Operations to ensure all facilities are maintained, monitored and operated according to written operating procedures, maintenance procedures, manufacturers' inspection and testing routines and industry generally-accepted practices. Refer to the *Mechanical Integrity and Operating Procedures* elements. Petsec Management also maintains a strong *Stop Work Authority* policy vested in every employee and contract person working on Petsec facilities.

2.8.1 Selects experienced and qualified employees and contract personnel to participate in the Hazards Analysis of their facilities.

2.8.2 Maintains the Behavior-Based Safety (BBS) Program, Job Safety and Environmental Analysis (JSEA) and Hazard Communication (HazCom) policies and procedures that provide the procedures to identify safety hazards and environmental impacts and health and physical protection on a daily basis.

2.8.3 Provides resources to employees and contract personnel to keep them healthy and safe while on Petsec facilities.

2.8.4 Assures employees and contract personnel are trained in these policies and procedures to assure their health and safety in the workplace, and to minimize the impact on the environment.

2.8.5 Trains supervisors in incident investigation to assure incidents are addressed in a timely and effective manner.

2.8.6 Generates investigation reports and corrective actions to communicate incidents and trends to prevent re-occurrence.

2.9 Petsec Facility Engineer establishes procedures to assure the new facilities and major renovations are designed and constructed according to applicable industry codes, standards and government regulations. Refer to the *Safety and Environmental Information and Hazards Analysis* elements.

2.10 The Production Superintendent assures the management of safety hazards and environmental impacts are an integral part of the construction, maintenance, operation and monitoring of the equipment on each facility. Refer to the *Hazards Analysis* element.

2.10.1 For maintenance, operation and monitoring of Petsec operations:

- Behavior-Based Safety (BBS) Program observations identify health, safety and environmental hazards in the workplace on a daily basis.
- Job Safety and Environmental Analysis (JSEA) identify hazards associated with jobs and tasks relative to work.
- Incidents and Potential Incidents of Non-Compliance (INC) are made part of the Hazards Analysis process.
- Management Of Change (MOC) maintain the integrity of the equipment and systems on the facilities.
- Safe Work Practices protect the health and safety of employees and contractor personnel.
- Annual reviews are made part of the SEMS Program revision process.
- Training on health, safety and environmental policies and procedures help prevent incidents from occurring.
- Communications that help prevent INC from occurring.

2.10.2 For the design and construction of new facilities, Management solicits the input of operations employees and contract personnel when designing and constructing new facilities.

2.11 Production Superintendent assures suitably trained and qualified personnel are employed and selected to carry out all aspects of the SEMS Program by accomplishing the following:

2.11.1 Hiring experienced/qualified employees and contract personnel.

2.11.2 Assuring they are trained on the SEMS Program and related procedures.

2.11.3 Including them in the development, implementation, maintenance and annual review of the SEMS Program.

2.11.4 Including them in the Process Hazards Analysis process when performed.

2.12 The Operations Manager assures that the SEMS Program is maintained up to date by means of reviews and audits to assure effective performance. Refer to the *Audit* element. The Operations Technician / Regulatory accomplishes the following:

2.12.1 After each review, edits the SEMS Program, its forms, tables, reports, etc. based on discrepancies found during the review.

2.12.2 After each audit, edits the SEMS Program, its forms, tables, reports, etc. based on discrepancies found during the audit.

- 2.12.3 The edits must be completed within 60 days after the review or audit reports are complete.
 - 2.12.4 Obtains approval from Petsec Management.
 - 2.12.5 Operations Technician / Regulatory participates in industry and/or BOEMRE training and conferences to ensure the SEMS Program is compliant.
- 2.13 The Production Superintendent and Facility Engineer verifies his respective areas of responsibility by ensuring the various elements meet or exceed management's objectives and goal as part of the annual review:
- 2.13.1 Review each component within each element and compare what should be happening to what is actually happening during the implementation of the element.
 - 2.13.1.1 If the comparison results are similar, it is likely the element is effective.
 - 2.13.1.2 If the comparison results are dis-similar, it is likely the element is ineffective.
 - 2.13.2 Review other indicators that may affect the effectiveness of the elements: incident frequency, lack of training, lack of knowledge; lack of skills, etc.
 - 2.13.3 Identify differences between what should be happening and what is happening as action items; take whatever corrective or optimization actions are necessary to obtain effectiveness for that element.
 - 2.13.4 Submit to management for review and approval.
 - 2.13.5 Edit respective SEMS Program elements to reflect the corrective or optimization actions approved and taken.

NOTE	This annual review and the periodic audits constitute the formal review process by Petsec Management. Their comments are shared with employees and contract personnel working on their facilities.
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- 2.14 Communications procedures already exist within Petsec for the exchange of safety and environmental information, both internally and externally; SEMS information between various levels and functions within the organization; receiving, documenting and responding to external interested parties; and information related to significant safety and environmental events.

2.15 The identification of environmental impact of operational activities involving oil and gas production includes a review of these activities and determining exactly what occurred. The information is provided to Petsec engineers for analysis to determine if any toxic, flammable or other affects the activity had on the environment.

3.0 Contractors

Contract work usually includes activities in drilling, work-over, well servicing, construction, electrical, mechanical, diving, marine, plug and abandonment and helicopter transportation, painting, sand blasting and platform operation and maintenance.

Note	Contractor: An individual, partnership, firm or corporation retained by Petsec to perform work or provide supplies, equipment and/or services.
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Contractors must develop and implement safety and environmental policies and procedures consistent with our SEMS Program. Petsec selects contractors that provide safe and reliable equipment as well as trained employees who are familiar with the operation of their equipment and the oil and gas operations specific to their duties and responsibilities. Petsec provides documents to each of its contractor companies identifying the compliance and training requirements relevant to their specific operations. See *Safe Work Practices and Contractor Selection* element.

4.0 Training

- 4.1 Train all affected Petsec employees every five (5) years in the contents of this element; refer to Training element.
- 4.2 Train all affected, newly-hired employees within 30 days of arrival at the facility in the contents of this element; refer to Training element.
- 4.3 Train or inform affected employees of any changes to this element within 30 days after the element changes have been approved and completed.

5.0 Recordkeeping

- 5.1 Copies of the Facility Reviews are placed in the SEMS files by the Operations Technician / Regulatory within 30 days after completion and retained for six (6) years.

6.0 Attachments

- 6.1 Attachment A: *Facility Review*

Attachment A

FACILITY REVIEW

Location (facility)		Review Date
Name (print)	Signature	

Element	Review Item	Yes	No
1	Leadership and Commitment <ul style="list-style-type: none"> • Are performance measures being met? • Are safety hazards, environmental impacts being managed? 		
2	Safety and Environment Information <ul style="list-style-type: none"> • Are documents, drawings, charts, manuals, etc. available? 		
3	Hazard Analysis <ul style="list-style-type: none"> • Has Hazard Analysis been conducted? • Have discrepancies from previous review and/or audit been addressed and corrected? 		
4	Management Of Change <ul style="list-style-type: none"> • Are MOC forms being completed for changes? 		
5	Operating Procedures <ul style="list-style-type: none"> • Are incidents relating to operating procedures occurring in the workplace? 		
6	Safe Work Practices and Contractor Selection <ul style="list-style-type: none"> • Have incidents relating to safe work practices occurred in the workplace? • Are Contractors in compliance with selection process? • Have government inspections resulted in any discrepancies? 		
7	Training <ul style="list-style-type: none"> • Is employee and contract personnel training up-to-date? 		
8	Mechanical Integrity <ul style="list-style-type: none"> • Are tests and inspections being completed according to schedule? • Are incidents with equipment issues occurring in the workplace? 		
9	Pre-Start-Up Review <ul style="list-style-type: none"> • Has new facility been installed and commissioned? • Has major renovation been commissioned? 		
10	Emergency Response and Control <ul style="list-style-type: none"> • Have required drills been performed properly? • Have emergency evacuations been conducted properly? 		
11	Investigation of Incidents <ul style="list-style-type: none"> • Have investigations been performed correctly and timely? 		
12	Audits <ul style="list-style-type: none"> • Have audits been conducted? 		
13	Records and Documentation <ul style="list-style-type: none"> • Have all documents and records been filed 		

Comments (explain each "No" selection in detail):