



## AUDITS

## 1.0 Purpose

This element identifies Petsec's process for auditing its Safety and Environmental Management System (SEMS) Program; it applies to all Petsec operations. Petsec conducts its audits by either independent third party or designated and qualified Petsec employees: within two (2) years of SEMS Program implementation and every three (3) years thereafter; new facilities installed or acquired are audited within six (6) months.

Petsec has developed a comprehensive audit process of all thirteen (13) elements of its SEMS Program to evaluate compliance with the requirements of Subpart S and API RP 75 to identify areas in which safety and environmental performance needs to be improved.

## 2.0 Process

The Petsec audit program and related procedures meet or exceed all recommendations included in API RP 75, Section 12, and includes information on how to address those recommendations. The audit program and related procedures include the following (identified in the **General** section of API RP 75):

- Activities and areas to be considered in its audits (coverage).
- Frequency of its audits.
- Audit teams.
- Audit reporting.
- Resources

Resources are identified during the audit planning process. The Production Superintendent assures that the SEMS Program elements are in place and incorporate the required components, tests the system to evaluate its effectiveness and identifies and corrects areas of potential improvement within the SEMS Program to achieve its stated goal.

### 2.1 Scope

The scope of the audit includes the following:

- Determine if the management program elements are in place.
- Determine if the management program elements incorporate the required components.
- Test the system to evaluate the effectiveness of the management program, including the review of records and documents, interviews of various levels and disciplines of personnel and facility inspections. This is not accomplished on every facility, but should be a representative sample.
- Identify areas of potential improvement in the SEMS Program.
- Close out areas of potential improvement identified during audit.

## 2.2 Audit Coverage

Petsec considers geographic locations, field supervisors, regulatory districts, facility designs, systems and equipment, age of equipment, risk exposure, ages of facilities, management and production operations to obtain a cross-section of practices for the facilities operated.

2.2.1 Interviews and inspections are conducted in fields that differ significantly (e.g., oil versus dry gas versus gas lift).

2.2.2 Petsec has elected to evaluate twenty percent (20%) of its facilities every three-year audit cycle; all facilities are evaluated once before starting again.

2.2.3 When sufficient deficiencies are identified in the effectiveness of any SEMS Program element, the test sample is expanded for that specific Program element by auditing at least one other facility in that field.

## 2.3 Audit Plan

A written audit plan is submitted to BOEMRE at least 30 days before the audit; BOEMRE reserves the right to modify the list of facilities scheduled for the audit. The audit plan is flexible in order to permit changes in emphasis based on information gathered during the audit, and to permit effective use of Petsec resources. This information is documented on the Audit Report. Refer to **Attachment A, Audit Plan**.

<b>NOTE</b>	<b>Audit material collected during the audit is only a sample of the information available.</b>
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### 2.3.1 Audit Objectives and Scope

Petsec intends to demonstrate through its audits that it is effective in protecting the safety and health of its workers, the environment and its facilities, and in preventing incidents through the following:

- Petsec has developed, implemented and maintains a SEMS Program that includes all 13 elements and meets or exceeds the requirements of 30 CFR, Subpart S and API RP 75.
- Petsec has the proper documentation relating to contractors, third-parties, designated and qualified employees and audit reports.
- Petsec can demonstrate its operations personnel are properly trained in and follow the procedures relating to our SEMS Program.
- Petsec can produce evidence to support the implementation of our SEMS Program.

### 2.3.2 Audit Criteria

The performance measurement criterion by which the success of the Petsec audit is judged is **90%+ positive findings** for each element during each field audit.

### 2.3.3 Audit Team

The selection of auditors that make up the facility audit team is described in detail in *Section 2.5 Facility Audit Team*.

### 2.3.4 Facilities to be Audited

Petsec has separated its facilities into geographic areas consisting of “main” facilities and “unmanned” platforms. The facilities to be audited each three-year cycle are selected at random; all facilities are audited before the cycle is repeated.

### 2.3.5 Program Elements to be Field-Audited

Elements to be audited in the field are:

- Safety and Environmental Information
- Management Of Change (MOC)
- Operating Procedures
- Safe Work Practices (not Contractor Selection part)
- Mechanical Integrity (MI)
- Emergency Response and Control
- Investigation of Incidents

## 2.4 Audit Frequency

2.4.1 Facility audits are planned and conducted initially within the first two (2) years after implementation of the SEMS Program and every three (3) years thereafter using the Audit Plan procedure.

2.4.2 New facilities are audited initially within six (6) months utilizing the Pre-Startup Review, and then included in the audit cycle of 20% every three (3) years thereafter.

2.4.3 Internal audits are planned and conducted every three (3) years using the same process as described in the field audit.

## 2.5 Audit Teams

Audits are performed by either an independent third-party organization or by designated and qualified Petsec employees, knowledgeable in production operations, in our SEMS Program and in this audit process. The following qualifications are taken into account when selecting either third-party organization auditors or designated and qualified Petsec employees (refer to 250.1926):

- Previous education, experience and training with SEMS or similar management-related programs.
- Technical capabilities for the specific project.
- Ability to perform independent third-party functions for the specific project.
- Previous experience and training with BOEMRE (MMS) regulatory requirements and procedures.
- Previous education, experience and training to comprehend and evaluate activities, production methods and equipment, products, by-products and management systems may impact safety and environmental performance in the workplace.
- Did not participate in the development of the Petsec SEMS Program and does not have any conflicts of interest related to the development of the SEMS Program (impartiality).
- Review audit performance of peers.

<b>NOTE</b>	<b>BOEMRE may evaluate the qualifications of the auditors, including documents, procedures and/or interviews. BOEMRE may disallow audits if the auditors do not meet the criteria.</b>
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## 2.6 Audit Reports

2.6.1 The Audit Report is generated by the third-party organization or designated and qualified Petsec employees and presented to the Operations Manager for review and approval. In its review, Petsec assures the Report contains at least the following information:

- Identification of the facility audited.
- Identification of the Program elements audited.
- A summary of the objectives and scope of the audit.
- Criteria against which the audit was conducted.
- Period covered by the audit and the date(s) the audit was conducted.
- Identification of the audit team.
- Distribution list of the audit report.
- Audit findings (results) and conclusions (including deficiencies), such as whether the program elements are properly implemented and maintained.

- 2.6.2 The Operations Manager provides BOEMRE with a copy of the Audit Report within 30 days of the audit completion date.
- 2.6.3 The findings and conclusions of the audit are provided to management personnel responsible for the SEMS Program. Management has established a system to determine and document the appropriate response to the findings and to assure satisfactory resolution. The audit report is retained at least until the completion of the next audit.

## 2.7 **Corrective Actions**

Operations Manager provides Petsec Management and BOEMRE with a copy of its Corrective Action Plan for addressing the deficiencies within the Audit Report within 30 days from the Audit Report completion date. The Plan contains a proposed schedule to correct each deficiency found in the audit and the name and job title of the person responsible for correcting the deficiency. The Audit Report and the Corrective Action Plan are submitted together to the BOEMRE.

- 2.7.1 Complete header section of Corrective Action Plan.
- 2.7.2 List element and findings/conclusions.
- 2.7.3 Review, discuss and list corrective action (areas of improvement) for each finding or conclusion, especially the management of any non-compliances.
- 2.7.4 Identify proposed schedule (dates) to correct deficiencies (findings and conclusions) identified in the Audit Report.
- 2.7.5 Identify persons (with job titles) responsible for correcting each identified deficiency.
- 2.7.6 When corrective action complete, enter date completed.
- 2.7.7 When all corrective actions have been followed up/closed out, Operations Manager completes the section at the bottom and signs and dates the Plan and sends to the Operations Technician / Regulatory.
- 2.7.8 Corrective Action Plan is placed in the SEMS files by the Operations Technician / Regulatory within 30 days after the Plan is completed.

After BOEMRE reviews the Corrective Action Plan, one of three things can happen:

- BOEMRE will notify Petsec within two (2) weeks if any of the actions to address the findings is not acceptable.
- BOEMRE may verify to Petsec the corrective actions Petsec undertook effectively address the audit findings (deficiencies).
- BOEMRE will not communicate anything to Petsec; it is therefore understood that the Plan was acceptable.

If safety and non-compliance concerns are identified based on the results of our audits, or as the result of an event, BOEMRE may require an independent third-party audit of our SEMS Program, or BOEMRE may conduct its own audit.

## 2.8 **Audit Procedure**

When an audit is due, the Audit Plan is developed by the Operations Manager (refer to Attachment A) and the form is filled in:

- 2.8.1 Determines which *Facility to Audit*.
- 2.8.2 Identifies *Shorebase/Heliport* for that facility.
- 2.8.3 Identifies *Petsec Contact Person* for the audit.
- 2.8.4 Identifies *BOEMRE District*.
- 2.8.5 Writes in *Objective and Scope* and *Performance Criteria* for this audit.
- 2.8.6 Lists *Audit Team* members from third-party organization or designated and qualified Petsec employees.
- 2.8.7 Obtains *Qualifications of Auditors* selected for audit and attaches to Plan.
- 2.8.8 Lists *Program Elements to be Audited*.
- 2.8.9 Identifies *Audit Procedure* (steps), including resources required to complete the audit process.
- 2.8.10 Attaches copy of *Audit Report* to Plan.
- 2.8.11 Identifies *Expected Date of Issue* of Audit Report (30 days after actual audit date).
- 2.8.12 Identifies *Distribution of Report* (check boxes).

- 2.8.13 Sends Petsec Audit Plan to BOEMRE District with an invitation to observe and/or participate in the audit.
- 2.8.14 Once Plan submitted to BOEMRE, sends copy of the plan to audit team and Production Superintendent so they can proceed with audit.

<b>NOTE</b>	<b>If BOEMRE notifies Petsec that its representative will observe or participate, Petsec provides the necessary courtesies.</b>
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Auditor Team:

- 2.8.15 Conducts the audit of each element selected on date scheduled; refer to **Attachment B, Audit Protocol**.
- 2.8.16 Generates Audit Report; refer to **Audit Reports** and **Attachment C, Audit Report**.
- 2.8.17 Presents completed Audit Report to Petsec Operations Manager with findings/conclusions and references within 15 days after audit; this allows Petsec time to review the Report before forwarding it to the BOEMRE.
- 2.8.18 Operations Manager submits Audit Report to BOEMRE within 30 days after audit completed.
- 2.8.19 Production Superintendent develops Corrective Action Plan based on findings and conclusions identified in Audit Report; refer to **Attachment D, Corrective Action Plan**.
- 2.8.20 Lead Operator responsible for facility audited assigns corrective actions identified in Plan.
- 2.8.21 Operations Manager submits Corrective Action Plan to BOEMRE for approval within 30 days after Audit Report completed.

<b>NOTE</b>	<b>BOEMRE notifies Petsec within 14 days of receipt of Plan if proposed schedule is not acceptable. If not acceptable, edit and re-submit until acceptable.</b>
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- 2.8.22 When all corrective actions are addressed, Operations Manager sends signed and completed Corrective Actions Plan Operations Technician / Regulatory for handling.



2.8.23 If changes to the SEMS Program result from the audit, an MOC is generated and approved, the changes are made to affected elements and the respective pages reproduced and placed into the SEMS Program manuals.

## 2.9 **BOEMRE Evaluations**

2.9.1 BOEMRE or their authorized representatives may evaluate or visit the facility to determine whether SEMS Program is in place, addresses the required elements and is effective in protecting the safety and health of workers, the environment and preventing incidents.

2.9.2 BOEMRE or their authorized representatives may evaluate the SEMS Program, including the documentation of contractors, independent third parties, designated and qualified auditors and audit reports to assess the SEMS Program.

2.9.3 The evaluation or visit may be random or based upon the operator's or contractor's performance.

2.9.4 For evaluations, make the following available upon request:

- SEMS Program (binder) or on-line.
- Qualifications of independent third-party or designated and qualified auditors.
- Audits (previous) of SEMS Program.
- Documentation and information relevant to whether you have addressed and corrected the deficiencies or the audit.
- Other relevant documentation or information.

2.9.5 During site visits, BOEMRE may verify:

- Personnel are following SEMS Program
- Operator can explain and demonstrate the procedures and policies included in the SEMS Program
- Operator can produce evidence to support implementation of their SEMS Program

2.9.6 Notify BOERME at least 30 days prior to conducting an audit so BOERME may make arrangements to observe or participate in the audit.

## 2.10 **BOEMRE-Directed Audits**

2.10.1 If BOEMRE identifies safety or non-compliance concerns based on results of inspections or evaluations, or the result of an event, it may direct the operator to conduct an independent third-party audit of the SEMS Program in addition to the regular audit required by 250.1920, or BOEMRE may conduct the audit.

2.10.2 If BOEMRE conducts the audit, BOEMRE provides a report of the findings and conclusions within 30 days of the audit.

2.10.3 Findings from these audits may result in enforcement actions as identified in 250.1927.

2.10.4 Petsec must provide BOEMRE with a copy of the plan for addressing deficiencies identified in the BOEMRE-directed audit within 30 days of completion of the audit as required in 250.1920.

## **2.11 BOEMRE Enforcement**

If BOEMRE determines that the SEMS Program is not in compliance with Subpart S and API RP 75, BOEMRE may initiate one or more of the following enforcement actions:

2.11.1 Issue Incident(s) of Non-Compliance (INC);

2.11.2 Assess civil penalties; or

2.11.3 Initiate probationary or disqualification procedures from serving as an OCS operator.

## **3.0 Training**

3.1 Train all affected employees and contract personnel every five (5) years on the contents of this element; refer to the Training element.

3.2 Train all affected, newly-hired employees and contract personnel within 60 days of date of hire; refer to the Training element.

3.3 Train or inform affected employees of any changes to this element within 30 days after the element changes have been approved and completed.

## **4.0 Recordkeeping**

4.1 Copies of Audit Plans are sent to BOEMRE at least 30 days prior to scheduled audit date.

4.2 Copies of Audit Reports are sent to BOEMRE within 30 days of audit completion date.

4.3 Copies of Corrective Action Plans are sent to BOEMRE within 30 days of Audit Report date.

4.4 Copies of Audit Plans, Audit Reports and Corrective Action Plans placed in SEMS files within 30 days after completion and retained for six (6) years.

## **5.0 Attachments**

- 5.1 Attachment A: Audit Plan
- 5.2 Attachment B: Audit Protocol
- 5.3 Attachment C: Audit Report
- 5.4 Attachment D: Corrective Actions Plan

## Attachment A

# Audit Plan

Petsec has scheduled an audit for the following facility. Representatives from BOEMRE are invited to observe and/or participate; please notify Petsec of your decision (yes or no) by notifying the contact person shown on the form, at number shown at least one week prior to the scheduled audit date.

Facility to Audit:	Audit Date:
Shorebase/Heliport:	Petsec Contact Person:
BOEMRE District:	

Objective and Scope:	
Performance Criteria:	
Audit Team (Names):	Company (Names):
Are Qualifications of Auditors attached? (Yes or No)	
Program Elements to be Audited (list):	

Audit Procedure (standard steps):
1. Complete header section for first program element being audited.
2. Review first element, starting with Audit Item 1.
3. If Audit Item refers to information or document, verify information or document before making choice in next step.
4. If applicable, make copy of verification information or document.
5. Determine if element contains information stated in Audit Item; choices include C = Compliance, N = Non-compliance and NA = Not Applicable.
6. Record choice in Findings column; if N, explain in Comments section.
7. Once all Audit Items are reviewed for this element, go to second program element and repeat steps #3 through #5. Repeat until all program elements identified above are audited.
8. When all program elements are audited, generate Audit Report with findings/conclusion (deficiencies) and submit to Manager – HSE and Production Superintendent for review and approval within 15 days of audit date.
Audit Report attached. (Yes or No)
Expected Date of Issue:
Distribution of Report: _____ (job classification) <input type="checkbox"/> _____ (job classification) <input type="checkbox"/> Facility PIC <input type="checkbox"/>

**Attachment B**

**AUDIT PROTOCOL**

**Google International Association of Drilling Contractors**

**Click HSE on Home Page**

**When TOOLBOX appears, click IADC symbol on right**

**When Tool Box appears, scroll down to**

- **Audit Checklist**
- **Others ???**



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**Attachment D**

**Corrective Action Plan**

<b>Facility Audited:</b>	<b>Audit Date:</b>
<b>Date Audit Report Completed:</b>	<b>Date Report Sent to BOEMRE:</b>

Element	Findings/ Conclusions	Corrective Actions	Due Date	Responsible Person	Job Title	Date Compltd

<b>All Corrective Actions Completed (Yes/No):</b>	<b>Completion Date:</b>
_____ (job classification) (Name):	<b>Signature:</b>
	<b>Date:</b>