First Class HES Practices Yield First Class Results

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Premise 1:

A safe rig is an efficient rig
Related Premise:

Proper

Prior

Planning

Prevents

P***

Poor

Performance
Safety and Effectiveness

- Safety processes add focus on execution
  - Quality JSAs and prejob meetings
    - Common goals and understanding
    - Risks identified, analyzed & prepared for
    - Proper steps and tools detailed
    - Contingencies prepared
    - Each player knows their part
    - Ideally “Assignment based”
    - All noses pointed in same direction
    - Eliminates “Ready, Fire, Aim”
    - Jobs done once and efficiently
  - Quality incident corrective actions
    - Ensures that problem areas are eliminated/minimized
    - Helps ensure a learning mindset
    - Drives continuous improvement
    - Establishes no-blame culture
Premise 2:

Safety is NOT a priority

Safety is a VALUE

- Every family has a right to a future… with you in it.
  - We have no right to take that away from them
VALUES and VALUE

♦ Corporate Core Values
  – Ethics and integrity
  – Respect for people and communities
  – No compromises on values
  – HES excellence – everybody’s job

♦ Value Based Decisions
  – Technologies where appropriate
  – Be better at it than those around you
  – Cheap is not necessarily better
Premise 3:

It’s ALL about the people!
It’s ALL about the people

❖ The right people create success
  – Attracting and retaining best folks
  – Removing those that don’t fit the culture

❖ Create the place the right people WANT to work
  – Good people, equipment and work environment
    ▪ Technical expertise
  – Respected and Valued
  – We’re all in this together – no master/slave
    ▪ True teamwork
  – Continuity
Does your Culture allow this?
Building an HES culture

- It’s **NOT** okay to work unsafely
- It’s **NOT** okay to watch someone ELSE work unsafely
- It’s **NOT** okay to do a task that you are not sure about the risks

- **It is okay to STOP THE JOB!**
  - *In fact, it’s an obligation.*
HES Culture Starts with Leadership

- Dedication to HES and Operational Excellence
  - We don’t expect much - only the best!
  - We only work with people that expect the same
  - Step up, or step out of the way

- Willing to make the hard decisions and pay the price
  - Do it safely, or not at all

- “Walk the talk” every time, without fail, at every level
  - Empowerment and respect
  - Not willing to compromise on a person’s safety

- Focus forward, not back
  - Incident prevention, not just better statistics
  - Leading, not lagging
  - No “Safety Cops” or blame allowed

- Brutal Honesty and Transparency
  - You can’t learn from what you don’t know
No One Gets Hurt TODAY!!
Worldwide Drilling & Completions

Statement of HES Beliefs

1. Drilling, Completing and Producing Oil and Gas in a SAFE, CLEAN, RESPONSIBLE, and cost effective manner is our primary business function.

2. Our ATTITUDE, ACTIONS and EXPECTATIONS will make it obvious that we consider worker safety and environmental stewardship first in every operation.

3. ALL WORKERS must communicate openly, honestly and often regarding HES goals, issues and workplace hazards. Every worker has the right and obligation to stop an operation if HES issues are not addressed.

4. MANAGEMENT will support the workers’ efforts through their actions and priorities to improve safety by providing training, seeking input, assisting in investigations and sharing lessons learned across the organization.

5. By PREPARING to WORK SAFELY we will reduce the inherent safety risks in our activities to an acceptable level before an activity is undertaken.

6. Every SAFETY SUGGESTION will be respectfully and thoughtfully considered and feedback will always be returned.

7. Every incident and significant near hit will be REPORTED and INVESTIGATED appropriately to determine cause, effect and preventive measures.

8. We will LEARN and IMPROVE from our observations and mistakes by openly communicating and seeking meaningful changes.

9. Working safely is an INDIVIDUAL CHOICE that each of us must be committed to make continuously without failure.

10. Working safely and in an environmentally sound manner is a CONDITION of EMPLOYMENT.
HES Management System
Plan-Do-Check-Review

HES Beliefs
Goals, Commitments
Strategies and Actions

Risk Assessments
Regulations, Objectives
Action Plans

Contractor Evaluation
Startup Meetings
Rig Site Meetings
Leadership Training
Management of Change
Emergency Response
WWD HES Newsletter
Roles and Responsibilities

HES Management Meetings
End-Of-Year Reviews
WWD Annual Meeting

Morning HES Report
Incident Investigation
Near Miss Reporting
Tier I & II Audits
STOP, vPSI

WWD HES Newsletter
Roles and Responsibilities
Leadership Training

- **A Key to HES Performance**
  - It’s all about the people!
    - Personal responsibilities
    - Make it personal
    - Teamwork
    - Communication
    - Getting the best out of high performing teams

- Supporting Contractors’ Programs

- All Drilling and Completions personnel attend

- Looking for opportunities to keep the mindset fresh

- A REAL safety culture
Leadership Training

“New to Marathon” Rig process

- Detailed Leadership Training
- Engagement from Marathon Management
  - Set high expectations
  - We’re all in this together
  - Together create THE operation to be a part of
  - You will be respected
  - We’ll do it safely, or we won’t do it at all
  - “This is your house”
  - You see it, you own it
  - Your success helps to create your destiny
  - Continuity is king
HES Roles and Responsibilities

- What exactly do we expect from each other?
- How do we best communicate that internally, externally, and especially to those new to Marathon?
# HES Roles and Responsibilities

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HES Roles and Responsibilities

Position: On-Site Supervision (Superintendent / Supervisor / Engineer)

The HES Responsibilities listed below represent the minimum expectations WWD&C has of Marathon’s On-Site D&C Supervisor. This Supervisor could be a Marathon Superintendent, Drlg or Comp Supervisor, Engineer or Consultant.

1. Leadership: Leads location based team HES focus by communicating expectations, mitigating identified risks and monitoring performance. (Communicate your expectations to personnel on location. This includes talking with personnel about our HES Beliefs, and about safe and unsafe acts. Wear your proper PPE, identify deficiencies on HES related items and include them in your Action Plans, and take proper action when such are identified. Actively participate in pre-tour and weekly safety meetings.)

2. Goals & Alignment: Creates personal and project specific HES targets and objectives in alignment with HES Policy and WWD&C goals. (Set goals for your location [i.e. commit to making two STOP observations with one of the rig crew or third party vendor per hitch]. Regularly review the rig inspection list/Action Plan with the Contractor’s Person-In-Charge.)

3. Internal Communication: Fully communicates HES related issues and risks to Office and to Rig Supervision counterpart (relief). (When communicating with the Houston office, talk about the entire operation. Make it a point to discuss HES issues, whether they are good or bad first before talking about operations. Ensure both the number of STOP cards submitted and the number JSA’s held are documented on the morning report. Observe trends in the observations and proactively discuss these as well as significant STOP observations when communicating with the office.)
Near Miss Reporting

- HES Belief #7: “Every Incident and Significant Near Hit Will be Reported and Investigated Appropriately to Determine Cause, Effect and Preventive Measures.”
  - All incidents are reported regardless of the severity
  - Reporting near misses
    - an expectation and rewarded
    - a cheap lesson learned
  - Investigations conducted
  - Effective Corrective Actions agreed
    - Correct the cause of the incident where possible
    - Assigned and scheduled
    - Survive – not dependent on those directly involved
    - Applied to all operations where appropriate
WWD&C '07, '08, '09 Incident Rates

Near Miss IR QTR AVE
TRIR QTR AVE
LTIR QTR AVE
OSHA Recordables vs Near Misses 2006 Statistics

Challenge – keep a balanced approach to avoid all pinched fingers without “ignoring” high potential incidents
Environmental Focus

WWD&C Oil(s) Spills

- Reporting per rig: +218%
- Volume per report: -78%
- Volume per rig year: -29%
Building an HES Culture

- Create an organization that folks WANT to be a part of
  - Continuity
  - People are valued and developed
  - A track record of success
  - Not waiting on “corporate solutions” – Just do it
  - Whistle on the way to work
Impact of an Improved Safety Culture

Culture Survey tidbits (% positive responses)
- Responsible for each other’s safety 100%
- Importance of near misses 99%
- Importance of focus 100%
- HES communication from supervisors 95%
- Environmental responses lag somewhat

212 days incident free in North America

75% of Drlg & Comp spend deemed top quartile
- Based on external analysis where available
- Apples to apples
- Continuous improvement expected
Questions?