



# First Class HES Practices Yield First Class Results

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# Marathon



***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



# 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



|                                 | <b>WWD<br/>Drlg Mgr</b> | <b>Manager</b> | <b>Office<br/>Supt/Engr</b> | <b>On site<br/>Supv</b> | <b>HES Prof</b> | <b>WWD<br/>Drlg<br/>Support</b> |
|---------------------------------|-------------------------|----------------|-----------------------------|-------------------------|-----------------|---------------------------------|
| <b>Leadership</b>               |                         |                |                             |                         |                 |                                 |
| <b>Goals and Alignment</b>      |                         |                |                             |                         |                 |                                 |
| <b>Internal Communication</b>   |                         |                |                             |                         |                 |                                 |
| <b>GPS</b>                      |                         |                |                             |                         |                 |                                 |
| <b>GPS Risk Assessment</b>      |                         |                |                             |                         |                 |                                 |
| <b>GPS Action Plan</b>          |                         |                |                             |                         |                 |                                 |
| <b>Compliance</b>               |                         |                |                             |                         |                 |                                 |
| <b>Contractor Evaluation</b>    |                         |                |                             |                         |                 |                                 |
| <b>Contractor Comm</b>          |                         |                |                             |                         |                 |                                 |
| <b>Change Management</b>        |                         |                |                             |                         |                 |                                 |
| <b>Inc Reporting and Invest</b> |                         |                |                             |                         |                 |                                 |
| <b>Emergency Response</b>       |                         |                |                             |                         |                 |                                 |
| <b>Training</b>                 |                         |                |                             |                         |                 |                                 |
| <b>STOP</b>                     |                         |                |                             |                         |                 |                                 |
| <b>HES Resp/Perf Review</b>     |                         |                |                             |                         |                 |                                 |

# HES Roles and Responsibilities



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

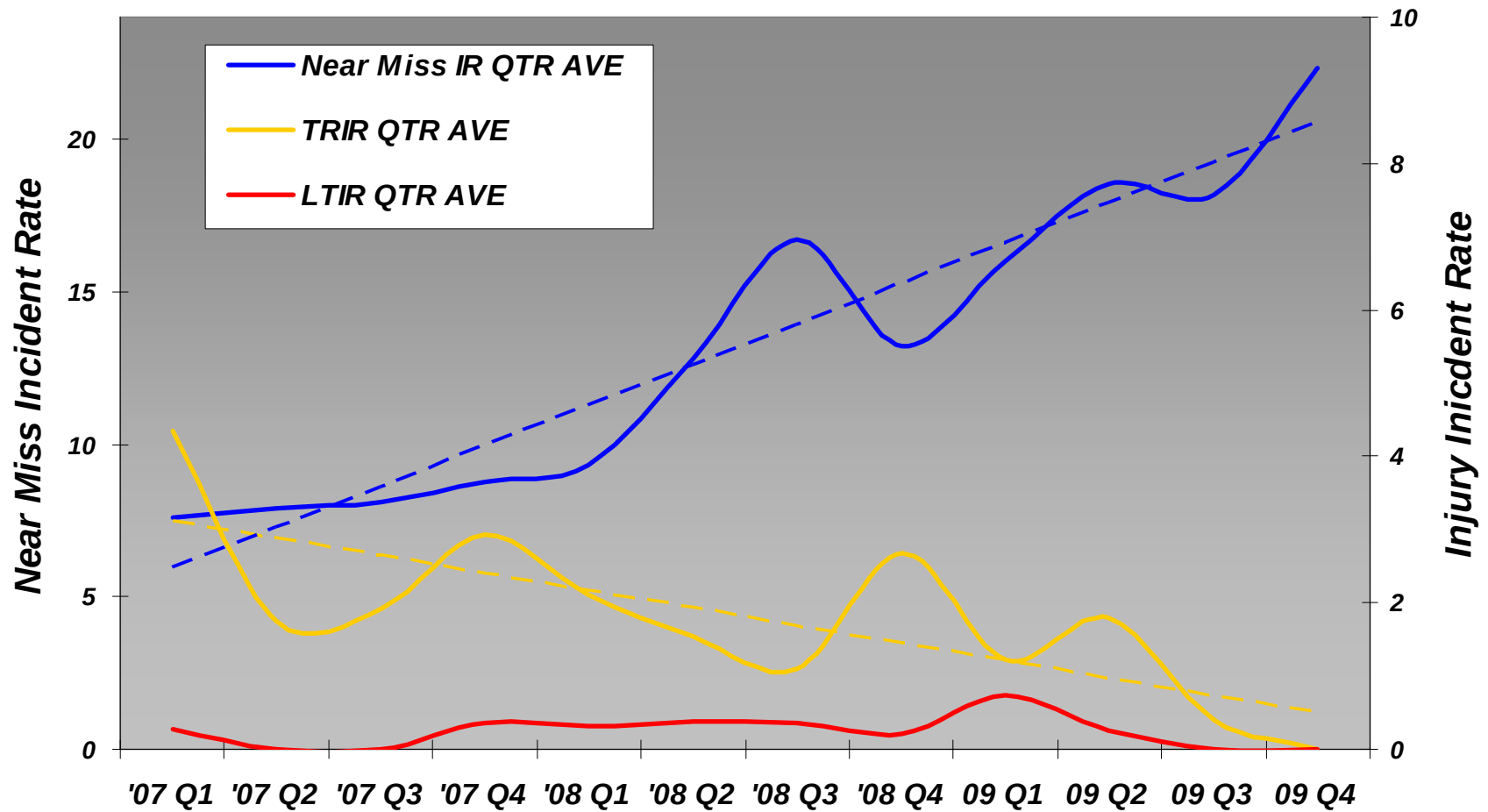
*The HES Responsibilities listed below represent the minimum expectations WWD&C has of Marathon's On-Site D&C Supervisor. This Supervisor could be a Marathon Superintendent, Drlg or Comp Supervisor, Engineer or Consultant.*

- 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

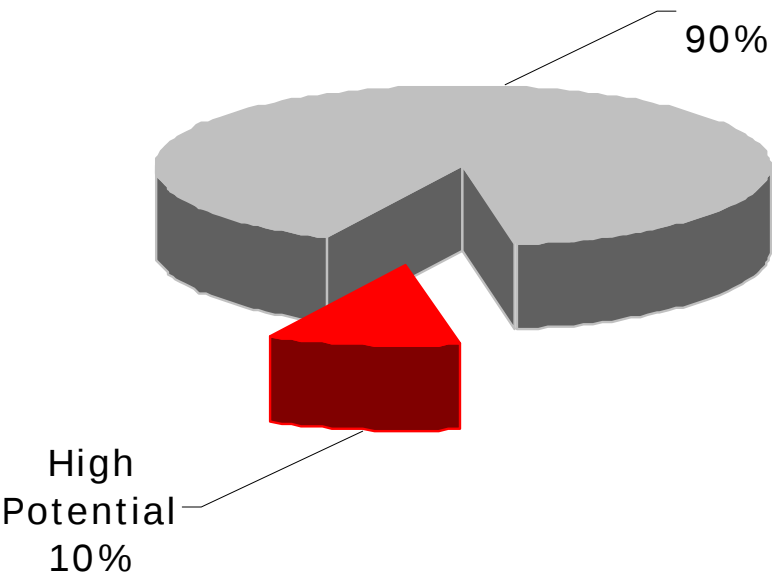
# WWD&C '07, '08, '09 Incident Rates



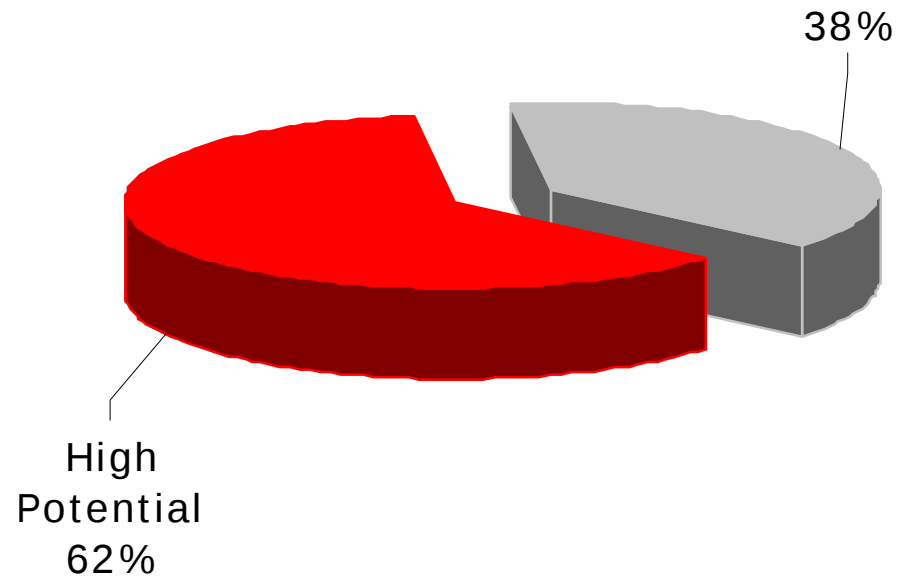
# OSHA Recordables vs Near Misses 2006 Statistics



OSHA



Near Miss

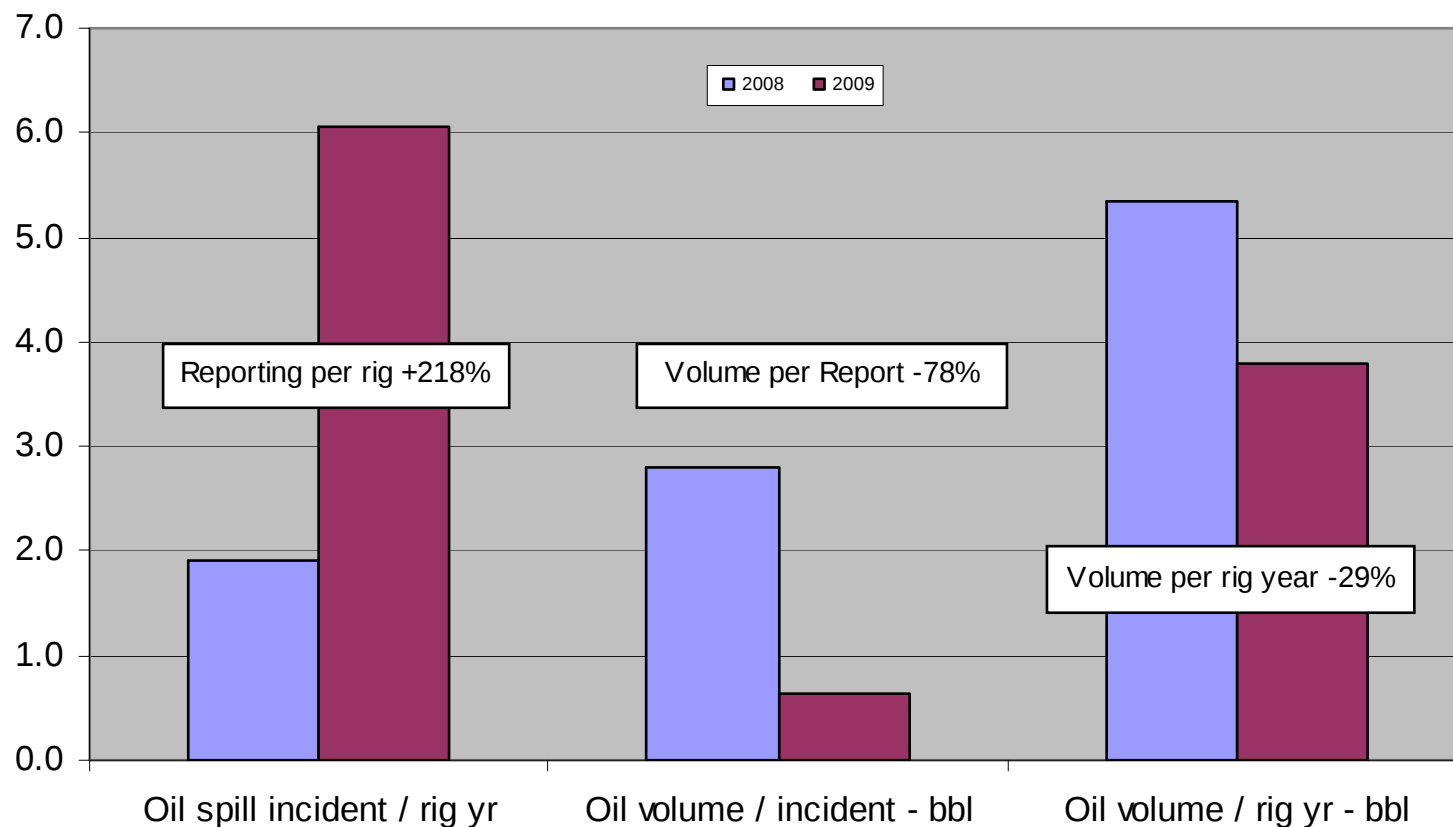


Challenge – keep a balanced approach to avoid all pinched fingers without “ignoring” high potential incidents

# Environmental Focus



WWD&C Oil(s) Spills



# 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



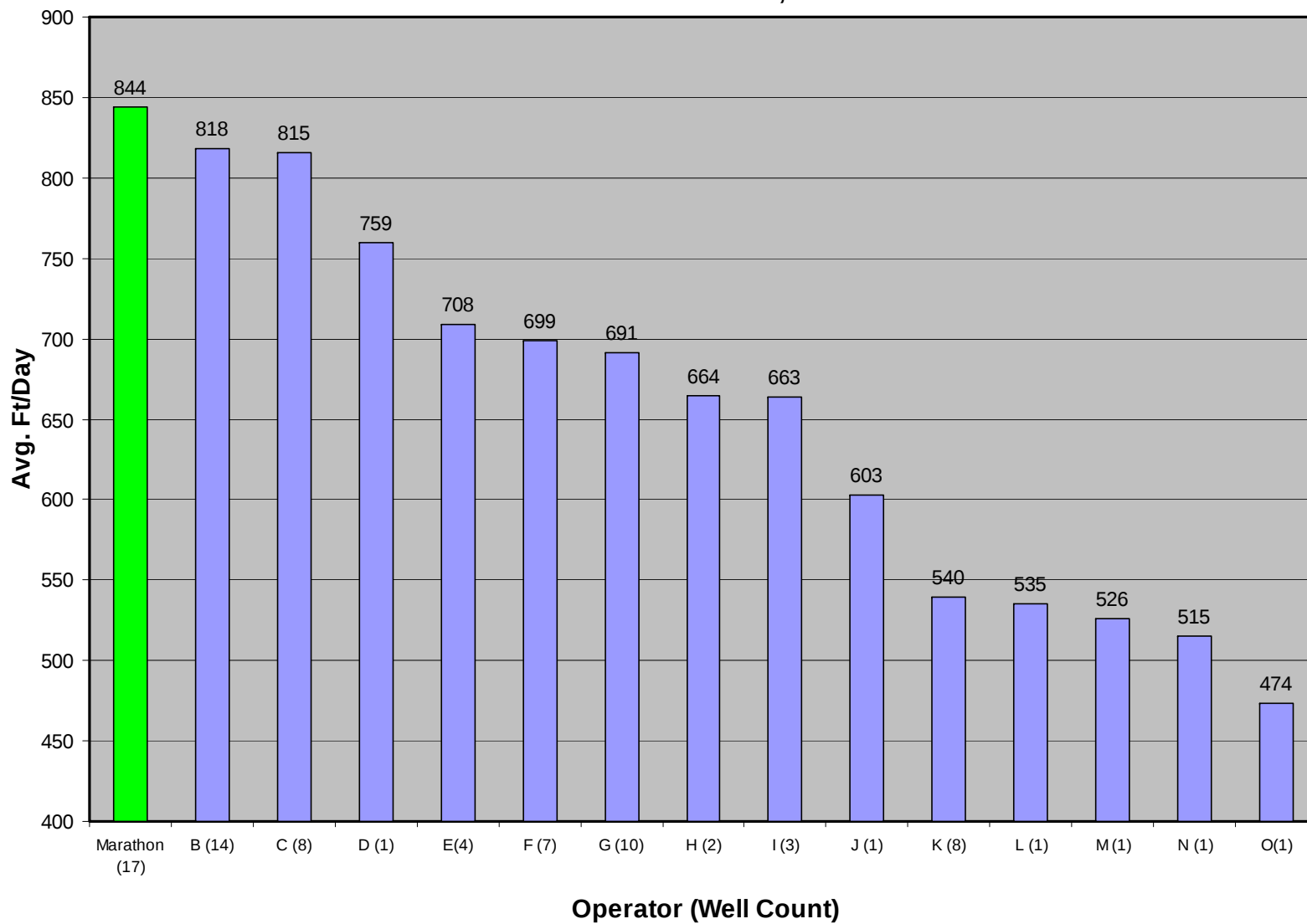
# Impact of an Improved Safety Culture



- ♦ ***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***

# North Dakota - Bakken

NDIC Well Data  
2009 ND Horiz Wells 18,000+



# ***Questions?***