



SECTION 5

CHAPTER 1

SAFETY/ENVIRONMENTAL AUDIT PROGRAM

OBJECTIVES

Purpose

This chapter outlines the policies and procedures concerning the conducting of Safety and Environmental Assessments and Audits of the Company’s Safety System within the Company’s assigned areas and locations. The purpose is to assess the areas operating compliance within the Safety System and Company operating guidelines and to determine those areas that may need additional work or training to bring them up to standard.

Scope

This section applies to all areas of the company.

In this chapter

| Topic | See Page |
|--|-----------------|
| Performing Monthly/Quarterly Inspections | 2 |
| Performing Formal Audits and Assessments | 4 |
| Developing a Work Plan Based on Assessment Results | 5 |

Performing Monthly / Quarterly Inspections

Purpose

This document outlines the policies and procedures for inspections of equipment and facilities.

**Required
monthly
inspections by
operations**

Inspections are to be performed on all equipment and vehicles in all lines of business. Supervisors are responsible for ensuring the completion of inspections of their assigned equipment. The following are written inspections that must be completed on a monthly basis:

- shop and yard
- equipment
- light vehicle
- light trailer
- truck/trailer
- rig
- forklift
- overhead crane and sling
- rigging material (wire rope, slings, chains, shackles, etc)
- saltwater disposal (brine, freshwater)

The following are inspections must be completed on a quarterly basis:

- equipment/location inspections
- HSE Reviews

All deficiencies noted on any of the above inspections must be corrected or scheduled for correction. All deficient or unsatisfactory items found shall be documented and repaired or replaced. All repairs shall be documented as to when the repair was completed and who completed it.

Required quarterly inspections by safety

Quarterly inspections are to be performed by the local HSE Coordinator. Yard Management is to ensure that all deficiencies noted on the quarterly inspection are corrected. The inspections that are to be completed quarterly are:

- HSE Review
- field audit/location inspection

All deficiencies noted on any of the above inspections must be corrected. All deficient or unsatisfactory items found shall be documented and repaired or replaced as soon as possible. All repairs shall be documented as to when the repair was completed and who completed it.

Required annual inspections

Annual inspections are required on the following:

- overhead cranes and hoists
- fire extinguishers
- DOT inspections
- state vehicle inspections

All deficient or unsatisfactory items found shall be documented and repaired or replaced as soon as possible, but before additional use. All repairs shall be documented as to when the repair was completed and who completed it.

Performing Formal Audits and Assessments

Purpose

This document outlines the procedures for performing formal assessments or audits on an area to determine compliance with all applicable policies and procedures within the Company's Safety System. The idea is to assess current practices used against those established standards to determine areas that may need improvement through additional training and understanding.

Formal Audit or Assessment

The formal audit or assessment is a tool used to determine an areas understanding of the Company's current Safety System. This tool should be used every two (2) years. This formal audit shall be conducted by Corporate Safety.

**Areas involved
in the audit or
assessment**

When the assessment or audit is conducted, the following areas will be looked at during the process:

- Hazard Communications
- Medical Services and First Aid/Blood Borne Pathogens
- Emergency Response Plan
- Employee Fire Protection Plan
- Confined Space Entry Process
- Respiratory Protection
- Lock-Out/Tag-Out
- Inspections of Equipment
- Hearing Protection
- Personal Protective Equipment
- Incident/Accident Reporting
- Fall Protection
- New Hire Orientation Process
- Safety Meetings

Developing a Work Plan Based on Assessment Results

After the Audit or Assessment is Completed When the audit or assessment is completed, a review needs to take place between those who conducted the audit and the local management over the area where the audit was conducted. During this review, all areas of the audit should be covered to assess satisfactory areas and to address those areas that need improvement.

A work plan should be developed to address those areas of the audit where additional attention may be required. Each item listed as insufficient or unsatisfactory shall be addressed on the work plan and these items should be worked to assure the item is brought into compliance with the established standard within a certain time period. Copies of the work plan should be distributed to the local management and the Line of Business Vice President.

The successful work plan shall address the following areas:

1. Identification of the problem issue.
2. Applicable method of handling the problem issue.
3. Who is responsible for handling the problem issue.
4. Applicable date to have the problem issue corrected.

Follow Up Review Of Work Plan Once the work plan has been established and agreed to by all parties a date should be established for a follow up review to determine if the results of the work plan have been successful. This is generally completed within three to



six months following the formal audit. If all areas are met as per the company standard the audit or assessment is closed and finalized. If a few of the areas are still not up to standard, a new work plan shall be addressed with a follow up meeting established until all areas are up to standard and properly documented.