

Questions about the New Incident Reporting Rule, published April 17, 2006

The table below shows questions that were discussed at the MMS Incident Reporting Workshops held on July 11, 2006 and July 12, 2006 in New Orleans and Houston, respectively. The questions were submitted to MMS by industry prior to the workshops.

| DATE | QUESTION | ANSWER Provided to industry at workshops on 7/11-12/2006 |
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| When to Notify | | |
| June 2, 2006 | 1. Again - immediate notification - weekends, nights, etc. What do you REALLY want immediate notification on? | <u>Answer to industry:</u> <i>Immediate oral notification should be made for all incidents where this is required by the rule. If the incident occurs after work hours, reporting should be made to the appropriate after hours District contact.</i> |
| June 9, 2006 | 2. Will additional guidance come up with just exactly what MMS will want as “immediate” notification, i.e. will seriousness be involved before making those nights and weekend Oral notifications? | <u>Answer to industry:</u> <i>See question # 1 above.</i> |
| June 9, 2006 | 3. Immediate Reporting – Defined as reporting “immediately after aiding the injured and stabilizing the situation”. Where Contract Operators, Contract Construction Supervisors and Contract Drilling Supervisors are offshore, generally reporting is to a Company person and then forwarded by the Company person to the MMS. As long as the reporting is expeditious, will this still be OK with MMS? | <u>Answer to industry:</u> <i>See question # 1 above.</i> |
| June 2, 2006 | 4. If there is a small fire (e.g. in a skillet immediately put out by putting the lid on the pan, etc.) and it happens midnight or weekend, do we call the pager then? Or is the next day sufficient? | <u>Answer to industry:</u> <i>It should be reported at the time it occurs. See question # 1 above.</i> |
| Who to Notify | | |
| June 2, 2006 | 5. Immediate notifications made to the district manager? Engineer? Inspector? | <u>Answer to industry:</u> <i>Operators should continue to report incidents to the people to whom they are currently reporting.</i> |

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| June 9, 2009 | 6. Is immediate reporting during the day to the District Manager or to the appropriate District personnel; ie Drilling incidents to Drilling Engineer, Supervisory Inspector for production incidents, etc. Assume report would be to whoever has the pager at night. | <u>Answer to industry:</u> <i>See question # 5 above.</i> |
| Specific Incidents | | |
| June 2, 2006 | 7. Define fires (e.g. flame, spark, smoke). | <u>Answer to industry:</u> Definition of Fire (Webster's): <i><u>A rapid, persistent chemical change that releases heat and light and is accompanied by flame, especially the exothermic oxidation of a combustible substance.</u></i> <i>A fire includes –</i> <ul style="list-style-type: none">• <i>Any incident where there is a visible flame OR</i>• <i>Any incident where there is evidence that burning has occurred even though the fire was not actually witnessed.</i> |
| June 9, 2006 | 8. Does fire include small fires associated with domestic activities i.e. stove-fire, trash can fire, etc. that are easily put out. If so do you expect immediate reporting, including nights and weekends? | <u>Answer to industry:</u> <i>Yes, these small domestic fires should be reported immediately. Also see question #1 and # 7.</i> |
| June 2, 2006 | 9. Uncontrolled flow - what about saltwater flow through a diverter? Cementing up the annulus? | <u>Answer to industry:</u> <i>Saltwater flow through a diverter and cementing up the annulus are considered uncontrolled flows and should be reported.</i> |
| June 9, 2006 | 10. Would uncontrolled flow of salt water through a diverter require immediate notification? | <u>Answer to industry:</u> <i>See question # 9 above.</i> |

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| June 2, 2006 | 11. Clarifications on what is considered a crane "incident". | <p><u>Answer to industry:</u> <i>Crane incidents include –</i></p> <ul style="list-style-type: none"> • <i>Any incident involving failure of the crane itself (failure of the boom, cables, winches, etc);</i> • <i>Any incident involving failure of the rigging hardware (failure of the slings, shackles, turnbuckles, etc); OR</i> • <i>Any incident involving the load (e.g. load striking, load dropping, etc.).</i> <p><i>A crane failure that occurs during the testing of the crane does not need to be reported provided that:</i></p> <ul style="list-style-type: none"> <i>-- the failure does not result in an injury, fire, property damage event, etc. or other reportable event AND</i> <i>-- the cause of the failure is remedied before the next use of the crane.</i> |
| June 9, 2006 | 12. Under 250.188(7) All incidents involving crane or personnel/material handling operations. There is no definition of "incident. Incidents in Newfield's world include anything out of the ordinary. There needs to be some guidance from MMS as to what triggers the report for such things as? The main question is what is the trigger? Is it the event or damage/injury caused by the event? (See examples at the end of this document). | <p><u>Answer to industry:</u> <i>For crane incidents, see question #11 above. Similarly, personnel/material handling incidents include:</i></p> <ul style="list-style-type: none"> • <i>Any incident involving failure of the lifting/handling equipment or associated rigging or other hardware; OR</i> • <i>Any incident involving the load (e.g. load striking, load dropping, etc.)</i> <p><i>A personnel/material handling equipment failure that occurs during the testing of that equipment does not need to be reported provided that:</i></p> <ul style="list-style-type: none"> <i>-- the failure does not result in an injury, fire, property damage event, etc. or other reportable event AND</i> <i>-- the cause of the failure is remedied before the next use of the personnel/material handling equipment..</i> |
| June 2, 2006 | 13. Personnel muster - what about false alarms? | <p><u>Answer to industry:</u> <i>Incidents of personnel muster as a result of false alarms do not need to be reported.</i></p> |

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| June 9, 2006 | 14. Under the requirements for reporting during a muster, is muster reporting for a false alarm required. | <u>Answer to industry:</u> <i>See question # 13 above.</i> |
| June 30, 2006 | 15. Under the evacuation issue: Does MMS want to be notified of evacuations involving illnesses, ie heart attacks, appendicitis, infections, spider bites, etc? | <u>Answer to industry:</u> <i>The rule requires reporting of injuries only. Illnesses do not need to be reported. However, the rule requires reporting of <u>all fatalities</u>. This includes fatalities that are thought to be due to natural causes.</i> |
| June 9, 2006 | 16. Under 250.188 (2) “require the evacuation” does that include all evacuations including those that are flown in as a precautionary measure. We routinely send in personnel as a preventative measure. Some of these do turn out to be more serious than anticipated and some are first aid only. Should it turn out to be a DART, then it would trigger the 15 day reporting requirement. (See examples at the end of this document. | <u>Answer to industry:</u> <i>All injuries that require evacuation should be immediately reported. After the evacuation, if it is discovered that the injury did not involve one or more days away from work, restricted work or job transfer, a follow-up written report is not required. <u>However, it will be to your benefit to notify us that the injury did not involve lost workdays, restricted work or job transfer so that we will not be looking for the follow-up report.</u></i> |
| June 9, 2006 | 17. Under 250.188(6) All collisions with damage of \$25,000. This will require an immediate report of all collisions with damage since there is no way to know damage amount without some engineering studies. Or, would it be reported immediately upon finding out damage estimates exceed \$25,000? Should an Operator report it right away to protect ourselves? Will MMS have in place a system to remove the events that turn out to be non reportable from the Company’s record? | <u>Answer to industry:</u> <i>MMS understands that an exact dollar amount cannot be determined immediately after a collision. Operators should use their best judgment about the damage amount in determining whether or not to reportable the incident. When in doubt, report it.</i> <i>If the damage is later be determined to be over \$25,000, a written report should be submitted within 15 days of determining that the incident resulted in damage over \$25,000.</i> |

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| June 9, 2006 | 18. All incidents that damage or disable safety systems. Does this include production safety systems? Would damage to a LSH or PSH in operation during construction require immediate reporting? Is there some sort of threshold or result that triggers reporting? Does this rule only address Life Saving Safety Systems? | <p><u>Answer to industry:</u> <i>The rule includes the following safety systems:</i></p> <ul style="list-style-type: none"> • <i>the ESD,</i> • <i>gas detection,</i> • <i>fire detection,</i> • <i>firefighting, AND</i> • <i>life-saving.</i> <p><i>Incidents involving these systems should be reported if the damage to the safety system or equipment disables the system from performing its intended function.</i></p> |

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EXAMPLES PROVIDED WITH INDUSTRY QUESTIONS SUBMITTED June 9, 2006
MMS Answers provided at the workshops are in Red Italics and Underline.

EVACUATION of PERSONNEL

Under 250.188 (2) “**require the evacuation**” does that include all evacuations including those that are flown in as a precautionary measure. We routinely send in personnel as a preventative measure. Some of these do turn out to be more serious than anticipated and some are first aid only. Should it turn out to be a DART, then it would trigger the 15 day reporting requirement.

- a. Example 1: A person trips and falls injuring his shin. There is a bruise and it hurts so we send him in as a precautionary measure. Is this reportable immediately? YES. Depending on what the Dr. does and decides this could be a First Aid, OSHA Recordable, and in worst case a DART. For this example if it was a First Aid or OSHA Recordable the MMS would have been notified for a non reportable injury. If it’s a DART, then the 15 day written report would catch it.
- b. Example 2: A man is carrying a box and complains of back pain and wants to be flown in. We send him in. Does MMS want to be notified? YES. In this case the Dr. could again release him to full duty (first aid), give him prescription medicine (OSHA Recordable), or give him light duty (DART) and the 15 day reporting period would apply.
- c. Example 3: A Mechanic is working on an engine and falls and we think he has a broken arm. In this case we would immediately report it since we think he is seriously injured. CORRECT. The Dr. may find that the arm is broken and it is a DART. The followup written report will so state. However, if the injury was a bruise and the Dr. releases him to full duty and may prescribe a pain killer, is a 15 day written report required since it is not a DART? To make sure that the MMS has the correct information we would have to send in a written followup report to indicate that the injury was a First aid or OSHA Recordable only. If the injury did not involve one or more days away from work, restricted work or job transfer, a follow-up written report is not required. However, it will be to your benefit to notify us of this so that we will not be looking for a follow-up report. Will the MMS have a mechanism in place to replace initial reports with followup information? YES.

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CRANE AND MATERIAL/PERSONNEL HANDLING INCIDENTS

Under 250.188(7) All incidents involving **crane or personnel/material handling** operations. There is no definition of “incident. Incidents in Newfield’s world include anything out of the ordinary. There needs to be some guidance from MMS as to what triggers the report for such things as? (*The main question is what is the trigger? Is it the event or damage/injury caused by the event?*)

- a. Crane Incidents includes such things as; all of which have no personnel injury involved:
 - i. crane damage due to operator error such as landing boom incorrectly in cradle and damaging it requiring it to be taken out of service until inspected. REPORTABLE.
 - ii. Breaking of cable due to operator error, (booming down incorrectly) with no personnel injury. REPORTABLE.
 - iii. Minor damage to loads due to rough seas and landing roughly on decks. NOT REPORTABLE.
 - iv. Shock loading the boom with no apparent damage but requiring an inspection before reuse. NOT REPORTABLE unless upon inspection it is found that the crane was damaged.

- b. Personnel Handling Incidents I assume to mean events in which movement of personnel by crane, helicopter, or boat occur. Would this cover things like:
 - i. swing rope incidents, (broken rope) but no injury with the person falling either on deck or landing or in the water? REPORTABLE if the person falls into the water.
 - ii. Personnel Basket transfer incidents where there is no injury but due to either boat or crane activity there is a near miss such as the basket hitting the platform or the boat? REPORTABLE.
 - iii. NOTE regarding helicopter incidents: Helicopter incidents that occur on the facility or that involve the helicopter striking the facility would be reportable.

- c. Material Handling Incidents could occur during operations such as:
 - i. Forklift incidents on drilling rigs. REPORTABLE.
 - ii. Construction activities loading and unloading of material and moving them around on deck. REPORTABLE.

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