



OSHA REGIONAL NOTICE

U.S. DEPARTMENT OF LABOR

Occupational Safety and Health Administration

DIRECTIVE NUMBER: CPL 2-07-13E

EFFECTIVE DATE: October 1, 2011

SUBJECT: Local Emphasis Program on Oil and Gas Operations

REGIONAL IDENTIFIER: Region VII

ABSTRACT

Purpose: This Notice continues a local emphasis program (LEP) for the purpose of conducting inspections in the Oil and Gas industry within the jurisdiction of the Wichita Area Office, OSHA Region VII. The employers to be targeted are classified in Standard Industrial Classification (SIC) codes 1381, Drilling Oil and Gas Wells, and 1382, Oil and Gas Field Exploration Services. (These SIC codes correspond to the North American Industry Classification System (NAICS) codes 213111 and 213112, respectively). Employers in SIC 1389, Oil and Gas Field Services (also NAICS code 213112), may be affected, but are not being initially targeted. The goal of this LEP is to reduce the days away case rate and fatality rate in this industry in line with OSHA's Strategic Management Plan (SMP), Goal 1.

Scope: This Notice applies to the state of Kansas, the jurisdiction of the Wichita Area Office.

References: OSHA Instructions: CPL 04-00-001, CPL 02-00-025, CPL 02-00-051, CPL 02-00-150; Kansas Corporation Commission Statewide Spud Report; and OSHA Strategic Management Plan (SMP) for FY 2003-2008

Expiration: September 30, 2012

Action Office: Region VII (Wichita Area Office)

Originating Office: Kansas City Regional Office

Contact: Enforcement Programs (816) 283-0545

By and Under the Authority of:

Charles E. Adkins, CIH
Regional Administrator

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- I. **Purpose.** This Notice continues a local emphasis program (LEP) for the purpose of conducting inspections in the Oil and Gas industry within the jurisdiction of the Wichita Area Office, OSHA Region VII.

The employers to be targeted are classified in Standard Industrial Classification (SIC) codes 1381, Drilling Oil and Gas Wells, and 1382, Oil and Gas Field Exploration Services. (These SIC codes correspond to the North American Industry Classification System (NAICS) codes 213111 and 213112, respectively). Employers in SIC 1389, Oil and Gas Field Services, may be also be inspected (see paragraph IX.B.4) if they are observed working while inspections of SIC 1381 or 1382 employers are being conducted. However, SIC 1389 employers are not being targeted initially.

The goal of this LEP is to reduce the days away case rate and fatality rate in this industry in line with OSHA's Strategic Management Plan (SMP), Goal 1.

- II. **Scope.** This Notice applies to establishments within the identified SICs in the jurisdiction of the Wichita Area Office, which is the state of Kansas.
- III. **Action.** The Regional Administrator and the Wichita Area Director shall ensure that the procedures established in this Notice are adhered to in the scheduling of programmed inspections.
- IV. **Expiration.** September 30, 2012.
- V. **References.**
- A. OSHA Instruction CPL 04-00-001, Procedures for Approval of Local Emphasis Programs (LEP), November 10, 1999.
 - B. OSHA Instruction CPL 02-00-025, January 4, 1995, Scheduling System for Programmed Inspections.
 - C. OSHA Instruction CPL 02-00-051, May 28, 1998, Appendix A revised November 20, 2006, Exemptions and Limitations under the Appropriations Act.
 - D. OSHA Instruction CPL 02-00-150, Field Operations Manual (FOM), April 22, 2011.
 - E. Kansas Corporation Commission Statewide Spud Report.
 - F. OSHA's Strategic Management Plan (SMP) for 2003-2008.
- VI. **Background.** In OSHA's Strategic Management Plan for 2003-2008, OSHA identified seven high incidence/high severity rate industry groups based upon certain selection criteria. The following selection criteria were applied to identify the industry sets: (1) no more than 30% of the injuries/illnesses that resulted in days away from work were associated with ergonomic events; (2) in calendar year (CY) 2000, the Lost Workday Injury/Illness (LWDII) rate was greater than 3.5; (3) more than 50% of all injuries resulted in at least six days away from work; (4) the industry was a non-construction industry; (5) in CY 2000, there were at least 5000 injury and illness cases in the industry; (6) no more than 10% of the injuries involved transportation accidents; and (7) no more than 10% of the

injuries involved workplace violence. The seven industries that met the criteria included: landscape/horticulture services; oil & gas field services; preserving fruits & vegetables; concrete, gypsum & plaster products; furnace & basic steel products; ship & boat building & repairing; and public warehousing & storage. The primary goal of the SMP is to reduce the number of injury and illnesses in the seven high incidence/high severity rate industries by 4%.

Of the seven high incidence/high severity rate industries identified, the Wichita Area Office chose to address oil and gas operations (SIC 138) for a local emphasis program. This industry is engaged in oil and gas drilling and servicing operations.

According to National OSHA inspection history, 90 inspections were conducted during FY 2002 in oil and gas operations. Of those 90 inspections, 29 were initiated as the result of a fatality. According to the Bureau of Labor Statistics (BLS) the fatality rate for SIC 138 was 41.6 fatalities per 100,000 workers for calendar year 2001. The fatality rate for all industries for 2001 was 5.3 fatalities per 100,000 workers. Thus, the fatality rate for this SIC is 7.8 times the average rate for all industries. Between FY1997 and FY2004 the Wichita Area Office conducted eight (8) fatality inspections in SIC Major Group 13 – *Oil and Gas Extraction*. By targeting inspection activity to employers in this industry, OSHA's goal is to reduce injury and fatality rates in the oil and gas field service industry.

Since commencement of this program, in fiscal year (FY) 2006 thru FY 2010, Team Kansas conducted 46 programmed inspections and 31 unprogrammed inspections which included 4 complaints, 21 referrals and 5 fatalities. The inspections identified 377 instances of hazardous workplace conditions of which 77% were classified as Serious. Seven Repeat violations were also issued.

During the FY 2011 implementation, inspection data through August 15, 2011 identified 18 inspections conducted with no reported fatalities. During this same period, 51 violations were issued; seven classified as Repeat. With the resulting average of 2.8 violations per inspection, Team Kansas believes the benefits of employee protection through enforcement in this high hazard industry are soundly supported. Continuation of this program through FY 2012 provides a proactive targeting scheme allowing for a broad range of coverage throughout the state of Kansas.

- VII. Outreach.** Prior to the initiation of inspection activity under the original LEP (CPL 2-07-13), the Wichita Area Office issued a news release summarizing the hazards related to this industry as well as the enforcement activities that will take place pursuant to this LEP. Area Office contact information was included. This information will continue to be made available upon request to employers, professional associations, and labor organizations. As an additional resource for achieving compliance, employers will be encouraged to utilize the OSHA Consultation Service delivered by the Kansas Department of Labor.

VIII. Scheduling.

A. Selection of establishments for programmed inspections:

1. Inspection List. A “Statewide Spud Report” will be obtained from the Kansas Corporation Commission (KCC). The Statewide Spud Report identifies the well name and location for each active drilling site in the state of Kansas. “Spudding” refers to beginning drilling by alternately raising and releasing a spudding bit with a drilling rig, or to dig, remove or otherwise treat with a spud. Employers must notify the KCC when they have begun, or intend to begin within hours, to spud. The Statewide Spud Report will be for all sites that have been spudded in the previous 5 calendar days, from the date of the request. (For example, if a request was made on the 20th, the Spud Report date range would include the 15th –19th). Each Statewide Spud Report received will be considered an inspection list.
2. Inspection Cycles. Inspection cycles will be developed as follows:
 - a. The random numbers table in CPL 02-00-025, Scheduling System for Programmed Inspections, will be applied to the inspection list to determine which well name/location will be selected for inspection.
 - b. An inspection of the well name/location identified as “1” by the random numbering will be conducted. This will be inspection cycle one. When that inspection is completed or is determined for any reason to be a “no inspection” the operator/well name/location cycle one will be considered completed. If resources are available within the same calendar week, a second site will be randomly selected from the inspection list and an inspection will be conducted. This will be inspection cycle two. The maximum number of cycles selected from any given inspection list will be two. This is due to the frequent changes to the Statewide Spud Report and the need for the most up-to-date drilling information to ensure the most efficient use of compliance resources.

B. Inspection Procedures for Programmed Inspections:

1. Inspection procedures outlined in the FOM will be followed.
2. A comprehensive safety and health inspection will be conducted at each selected site, except as stated in B.3. below.

3. OSHA Instruction CPL 02-00-051, Enforcement Exemptions and Limitations Under the Appropriations Act, will be adhered to in the implementation of this program. Affected employers who employ 10 or fewer employees currently and at all times during the last 12 months (from the inspection date) will not receive a programmed safety inspection. Only a programmed health inspection will be conducted.
4. During the course of an inspection, if it is determined that an employer in SIC 1389 is engaged in work at the inspection site, a programmed-related inspection will commence for that employer following the same conditions as identified in #2 and #3 above.
5. A Driller is defined as an employer who performs work under Standard Industrial Classification Code 1381. Once a Driller receives an inspection under this LEP, the Driller will not receive another inspection for a period of six months. The six-month period is to provide a sufficient opportunity for the Driller to ensure compliance at its other drilling sites. The only exception to this policy is that in the event that a Compliance Safety & Health Officer (CSHO), inspecting at another drilling site where this Driller is present, finds an imminent danger situation at that drilling site. Under those circumstances, an inspection will commence as outlined in subparagraph C, below.

C. Unprogrammed Inspections:

1. Reports of imminent danger, fatality/catastrophe, complaints, and referrals concerning worksites within SICs 1381, 1382, and 1389 shall be scheduled as unprogrammed inspections and will be conducted in accordance with the FOM. An inspection will be conducted in the event such report (including an OSHA referral) provides reasonable cause to believe that a serious hazard or a serious violation may exist at the worksite.
2. If a CSHO observes an active drilling rig (SIC 1381 or 1382), the CSHO will deem this a referral and will conduct an inspection. Inspection procedures as outlined in IX. B. above will be followed.

IX. **Recording in IMIS.** Inspections conducted under this LEP will be identified in the OSHA Integrated Management Information System (IMIS) as follows:

- A. Current instructions for completing the appropriate inspection classification boxes on the OSHA-1 will be followed.
- B. The OSHA-1 for any programmed inspection scheduled under the procedures in this LEP will be marked “planned” and “Local Emphasis Program” and the word “OILGAS” will be recorded in the LEP space.
- C. The OSHA-1 for any unprogrammed inspection scheduled under the provisions of the FOM related to complaints, referrals, imminent danger, and fatality/catastrophe inspections will be coded as normally required under the

FOM. In addition, the designation "OILGAS" will be recorded in the LEP space.

- D. An OSHA-55 will be generated for an employer if a programmed safety inspection cannot be conducted in accordance with the *Enforcement Exemptions and Limitations under the Appropriations Act*. Block 3b shall be marked "OILGAS Outreach".
- E. An OSHA-55 generated as a result of any other technical assistance provided to employers, professional associations, local unions, etc., throughout the duration of this program shall be marked in block 3b. "OILGAS Outreach."

X. **Evaluation.** No later than November 15, 2012, the Wichita Area Office will prepare a formal written evaluation of this LEP in the format specified by OSHA Instruction CPL 04-00-001, Appendix A.

Charles E. Adkins, CIH
Regional Administrator, VII

Date

Office of the Solicitor Concurrence

Date

DISTRIBUTION:

Director of Enforcement Programs
Regional Office of the Solicitor
Regional Administrator/Deputy Regional Administrator
Assistant Regional Administrators
Area Directors
Supervisory Investigator