

CSB Meeting Leading and Lagging Indicator Metrics

Houston, TX July 23, 2012



CSB's Request

- The USW and API were identified in a recommendation from the CSB to develop an ANSI based standard to identify leading and lagging indicators for use in the refinery and petrochemical industries
- Identify leading and lagging indicators for public reporting as well as use at individual facilities



CSB's Request

- Committee be open, balanced, use due process and consensus

- Diverse representatives from industry, labor, government, public interest, environmental, experts and scientific organizations and disciplines



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A Better Process and Outcome

1. USW view of how the process did not function as requested
2. The current RP failed to meet the CSB recommendations – and more importantly – it will not make a meaningful impact on the industry
3. If indicators are to be a driving force for needed improvements, changes need to be made in both measuring and reporting
4. Proposals for moving forward



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Consensus?

- Consensus needs to be among the stakeholders identified by the CSB (industry, labor, government, public interest, environmental)
- A representative stakeholder process would preclude industry from consistently dominating and outvoting other stakeholders – a strange notion of consensus



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Consensus?

- Treating each meeting attendee as a stakeholder does not work, especially when meetings are consistently dominated by industry
- No stakeholders should be allowed to game the systems because they can afford more representatives at the table



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Unlikely to Make an Impact

- With the limiting definitions adopted, Tier 1 and 2 indicators are for low probability events
 - ✓ Statistical validity will be difficult to achieve except at the corporate or industry levels – and maybe not even there
 - ✓ This was by design
- There will be very limited reporting
 - ✓ To the public and employees
 - ✓ No site-specific reporting
- In sum, Tier 1 and 2 indicators and their reporting will be insufficient to drive needed change



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Limited Public Reporting

- Tier 3 and 4 leave too much definition to the individual corporation and site
- No public reporting – No driver for change
- Summary data may be of little value, even to employees
- Companies will determine reporting method



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Loss of Primary Containment

- Committee majority classified release to effluent destructive systems as non-events; the system functioned as designed
- Union minority argued to move these events to a publically reportable level – higher tier
- These systems are the last line of defense and require multiple system failures prior to activation



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Transparency

- More concern with the perception of company performance than actual numbers
- Expressed concern that the general public was not knowledgeable enough to use this type of information
- Early draft language stated “Transparency can be counterproductive at national level (name & shame) and a hindrance to participation”



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(Non) Reporting Examples

- A charge pump motor failed causing a motor fire and the shutdown of the entire unit. Damage estimate from the fire is greater than the \$25,000 threshold for Tier 1, but there was no hydrocarbon released, no LOPC, therefore the incident is not API reportable. Cost of new motor alone is over \$200,000
- Feed line leak on an ISOM unit releases 773 lbs. of hydrocarbon, (butane, isobutane and pentane) over 24 hours, doesn't meet the one hour release criteria, not reportable



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LOPC Non Reportable

- April/May 2010 release BP Texas City refinery
- 40 days of flaring 513,793 pounds of hydrocarbons
- Material routed to an effluent destruction device (flare) and didn't result in:



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LOPC Non Reportable

1. liquid carryover or discharge to a potentially unsafe location
 2. No on-site shelter in place issued, no public protective measures taken
 3. No regulatory exposure limits exceeded at any time during the flaring.
- Though something went wrong, this event would not qualify as a Tier 1 or 2 event and would not be reportable.



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Effective Regulation

Quote from the Gulf Oil Disaster and the Future of Offshore Drilling Report to the President:

Based on this Commission's multiple meetings and discussions with leading members of the oil and gas industry, however, it is clear that API's ability to serve as a reliable standard-setter for drilling safety is compromised by its role as the industry's principal lobbyist and public policy advocate.



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Steps Going Forward

- Set up a multi discipline group consisting of industry, labor, OSHA and EPA to develop indicators
- Add environmental and community groups to help with reporting
- Use OSHA as the focal point
- Make meetings accessible to all who want to participate



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Steps Going Forward

- Set up a separate governmental regulating authority for the oil and petrochemical industry
- Develop a rule making process to set standardized, uniform, enforceable regulations
- Involve industry labor and regulators in developing the agency and rules



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