

From: McMahan, Larry (Houston) [/O=CORPORATE/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=LMCMAHAN48116378]
Sent: Monday, September 28, 2009 6:30:09 PM
To: Allen, Reyna (Houston)
Subject: FW: Preliminary thoughts and supplementary info

Reyna,

Please print ...thanks. All of the documents and email.

Larry

From: Newman, Steven (Geneva)
Sent: Friday, September 25, 2009 12:59 PM
To: Rose, Adrian (Houston); Saltiel, Rob (Houston); Bobillier, Arnaud (Geneva); McMahan, Larry (Houston)
Subject: FW: Preliminary thoughts and supplementary info

What are we going to do???

1. 3rd Party / Independent Review

Here is the remit which Adrian and I have developed:

1. Management System

Review the Safety related aspects of the Company's management system and comment on its:

Thoroughness (does it contain all of the necessary elements)

Clarity (is it understandable, user-friendly, etc.)

Tone (is it demanding enough)

2. Management System Implementation and Safety Culture

Through interviews and observations, review the Company's current approach to management system implementation and comment on its effectiveness. Such review should be focused on the basic elements of the company management system, specifically Think (pre-task planning tool), START (behavior based observation and monitoring tool), and Time-Out for Safety (stop work authority).

Management System Training and Education (Master's Class, Safety Leadership Foundation, etc.)

Management System Understanding (by senior managers, mid-level managers, front-line supervisors, unskilled laborers)

Management Leadership in Company Management System Application (behaviors consistent with the management system and supportive of a strong safety culture)

Management System Implementation (at the worksite, by the workforce)

3. Recommendations

Based on the observations and conclusions reached in steps 1 and 2, develop recommendations to:

Improve the Company Management System (CMS)

Enhance the effective application of the CMS' basic safety tools (Think, START, and TOFS) at the worksite to improve safety performance

4. Limitations

No (re)investigation of past incidents.

No revision of the conclusions reached in past incident investigations.

Limit work to Safety (avoid Quality, Health, and Environment)

This should start ASAP.

2. Modify our Behaviors (demand something different from ourselves)

Monthly Discussions

Our focus in discussions with the leadership team around the world has been on incidents (witness the monthly HSE call). Going forward, I think we should re-focus these discussions, initially on leadership and culture. For the end-October call, I believe we should talk specifically about Leadership, and ask ourselves and the MDS

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these pointed questions:

What do you see that clearly indicates safety is a core value?

What safety leadership behaviors are you modeling?

What safety leadership behaviors are you demanding from your team?

We can then brainstorm what subsequent discussions should focus on.

Weekly Discussions

Each week, the QHSE team reviews all of the incidents from around the fleet. Today, I don't think that anyone outside the QHSE team benefits from this review. Going forward, I expect that a short summary, focusing on one specific lesson learned, should be captured from that review and distributed worldwide to the management team. To ensure that this is actually being discussed in the field, QHSE will collect one (at least) best practice from the field to address the identified lesson learned. This best practice will then be fed back out to the field as part of the subsequent week's incident review report.

Incident Reviews

Based on guidance from QHSE (as part of their weekly reviews), any incident deemed "significant" will be reviewed with the OIM (and his team?) and members of Senior Management. The OIM will need to explain the incident in the context of the leadership culture on the rig and the effectiveness of the processes applied on the rig. (We would need to spend some time on the practicalities of these reviews, but I believe it will make accountability more personal for our OIMs.)

Leading Indicators

I am not convinced at all that we have the right leading indicators. The leading indicators we report today are all just different incident metrics - they have nothing to do with actually preventing incidents. What if we asked our OIMs to report the number of tasks that proceeded without a think plan discussion? Their first response would obviously be zero - which would then be the start of an interesting conversation (how do you KNOW that?). This is by no means a scientifically measured leading indicator, but the nature of the discussion would get the OIMs thinking about the culture on the decks - and the only way they could really meaningfully answer the questions would be to get out on the decks.

3. Modify the Behaviors of Others (demanding something different from them)

We are already embarking on a new initiative with the OIMs (getting them to spend more time in town as part of the rig management team) - I fully support this.

We need to think about how to get them to spend more time building their leadership team and driving the culture on their rigs. Arnaud's idea of a small group of practical experts has some merit in this regard. (Larry has also mentioned this as well.) If we are to really make a difference, it should be a small team for each division - otherwise, it will take a long time to get across the entire fleet. These teams should be capable of coaching leadership, Think, and Start, and their focus should then be on coaching the rig leadership team. The rig leadership team then has the responsibility to coach the rest of the rig crew. (We have to maintain line responsibility.)

Adrian - please organize a meeting for Monday 5th to discuss.

Thanks.

SN

Steven L. Newman
President and Chief Operating Officer
Transocean
"Operations conducted in an incident-free environment - all the time, everywhere."

From: Rose, Adrian (Houston)
Sent: Thursday, September 24, 2009 9:11 PM
To: Newman, Steven (Geneva)
Subject: FW: Preliminary thoughts and supplementary info

Steven,

As requested.

Regards Adrian

From: Lacy, Kevin [mailto:Kevin.Lacy@bp.com]
Sent: Tuesday, September 22, 2009 1:28 PM
To: Rose, Adrian (Houston)
Subject: Preliminary thoughts and supplementary info

Adrian,

Here are several files to discuss when you have time. The first is a brief summary of my thoughts about next steps, including a slide on why am I personally engaged to help, and includes some of the most relevant slides from some of my last ten years of leading safety and culture change. The first part should be pretty clear but the appendix slides need explanation to make them make sense. Rob was in here for a lunch meeting and I gave him a hard copy and reviewed them briefly with him.

Also on schedules I am available in Houston till early afternoon on Thursday and by phone on Friday as I will be in Tulsa for a family reunion in case you do want me to participate with your LT.

<<TO BP KDL Preliminary Frame for Safety .ppt>>

The next slide set is a public copy of the Dupont Review of the Australia SDU in CVX that is a good example of a regional or business unit review. If I was looking at key areas I think Dupont is good and has high credibility but they are more experienced in plants and upstream facilities. It might be a coin flip between Lloyds, DNV or Dupont but in any case a clear terms of reference is absolutely required to get good assessments. I will continue to check on Lloyd's within BP.

<<Summary-Findings-Recs-Way forward.ppt>>

I can forward on the full slide set from the Baker Hughes Management Safety Leadership Workshop I led but the key slides from the 45 slide deck have been moved into the appendix of the first deck above. I think you will need something like this but it will only be one part of an overall broad effort. The outline of that meeting is attached.

<<Creating an Incident Free Operations CultureBHI Mtg.doc>>

I mentioned to Rob the effectiveness of Personal Safety Performance Contracts that I helped initiate via Step Change in the North Sea with Roger Ramshaw of Conoco. I have enclosed a copy.

<<KDL2007Safety Perf Contract.doc>>

Am in till around 3:30 and can be called on cell anytime at 832-729-9163

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Creating an Incident Free Operations Culture

- Introductions and Expectations
- Safety Moment
- Today's Key Themes
- Why am I here and why should I care?
- Break
- Culture, Behavior, and Leadership – which of these comes first?
- Attributes of an Incident Free Operations Culture
- Why do people behave unsafely?
- Break
- Three key dimensions of safety leadership
- Challenges and what's in our way?
- Break
- Good intentions vs changing outcomes.
- Wrap up and roundtable discussion

2008 PERSONAL SAFETY PERFORMANCE CONTRACT

FOR KEVIN LACY OF BP

I am personally committed to BP's group and D&C efforts intended to achieve a step change in our safety performance. In addition to my daily safety leadership role, I pledge the following actions to also support our operational integrity agenda.

Internal to D&C

I will focus my efforts on demonstrating and building visible, effective leadership behaviors in the Drilling and Completions management and supervisory positions. Jointly we will focus on building and reinforcing an "incident free operation" mindset and behaviors throughout our workforce. We will focus on high risk operations and on implementing more effective and comprehensive contractor safety management systems.

I will constantly demonstrate through my personal behaviors that safety is core value, each individual has a personal leadership role, and that any person or group can have an impact and play a role to achieve significant improvements. I will strive to visit at least six well sites to review safety procedures, crew perspectives, and lead a discussion on safe operations.

I will strongly encourage employees to seek a healthy balance between home and work. I will actively seek ways to minimize stress in the workplace and adjust workloads throughout the year. I will take my full vacation to insure I spend adequate time off with my family.

External to D&C

I will work to seek out and understand other company's best practices and strive to implement those within BP as quickly and as thoroughly as possible.

I will make the most of my HoD role to influence and assist the BU Leadership Teams to build collective accountability on our safety and operational integrity performance, highlight our gaps compared to best in class performers, and lead efforts to close those gaps.

I will volunteer to provide my insights and experience to any group or company seeking assistance to improve their safety and operational integrity performance.

Personal

I will always use my seatbelt and insist others do so also. I will drive safely at all times. I will not use a cell phone while driving. Now that my son is within a year of starting to drive I will take him for driving observation practice at least twice a month.

I will take time weekly to improve my personal fitness and minimize time spent on email after hours especially while traveling and working from an undocked laptop.

I will not take shortcuts or work unsafely at home. I will teach my children safe work habits. I will at least quarterly spend the time needed to properly inspect my home for hazards to my family. Once a quarter, over dinner, we will have a family discussion to insure our children understand the risks they face and the proper response to an emergency.

CHEVRON TEXACO ASBU

2002 Safety Evaluation

Draft

Key Findings & Recommendations

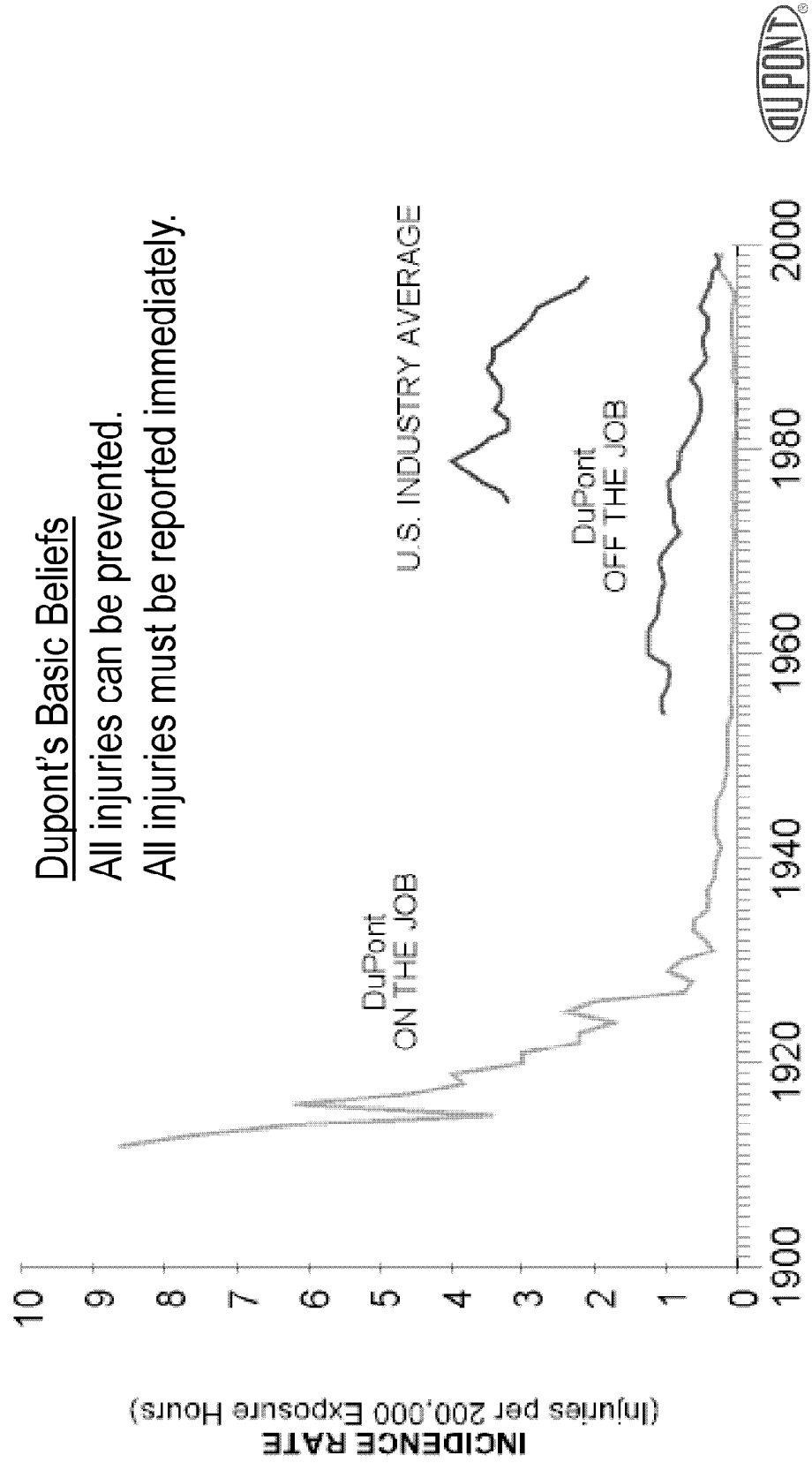
WHY USE DUPONT FOR A SAFETY EVALUATION

DuPont Safety Performance (LWCR per 200,000 Hours)

DuPont's Basic Beliefs

All injuries can be prevented.

All injuries must be reported immediately.



DUPONT'S ESSENTIAL ELEMENTS OF SAFETY

- Strong, Demonstrated Management Commitment
- Working Safety Policy
- Integrated Organization For Safety
- Line Management Accountability for Safety
- Proactive Safety Monitoring
- High Standards of Performance
- Challenging Safety Goals & Objectives
- Supportive Safety Personnel
- Progressive Motivation
- Comprehensive Injury & Incident Investigation and Reports
- Effective Two - Way Communication
- Continuous Safety Training and Development
- Managing Contractors



CHEVRON TEXACO ASBU SAFETY EVALUATION KEY STRENGTHS

- Most of the management team demonstrates a genuine desire to significantly improve safety.
- ASBU overall has a very caring & committed workforce with demonstrated pockets of safety excellence.
- Many essential elements of a sound safety management system already exist and provide a strong foundation on which to build.



CHEVRON TEXACO ASBU SAFETY EVALUATION KEY STRENGTHS CONT'D

- Building on a very good safety record, BUT your vision is to be world-class and your goal is for “incident free operations” .
- Energetic safety organization with strong desire to do what’s right.
- Safety metrics are a part of everyone’s personal appraisal.



CHEVRON TEXACO ASBU SAFETY EVALUATION AREAS OF CONCERN

- There is limited visibility of both senior and field operation management in the field.
- Management at all levels is not seen to be “walking the talk” .
- Management is viewed by most to be reactive versus proactive.
- There is limited use of “safety tours” to observe & correct unsafe acts and conditions.



CHEVRON TEXACO ASBU SAFETY EVALUATION AREAS OF CONCERN CONT'D

- The lack of clear, well understood safety principles contributes to many inconsistencies in safety culture and behavior.
- There is limited sharing of “best practices” across the ASBU.
- Although there are some excellent examples of first line supervision, there appears to be an overall lack of leadership at the ground level to consistently enforce standards.



**CHEVRON TEXACO ASBU SAFETY EVALUATION
AREAS OF CONCERN CONT'D**

- There is limited auditing of outside contractors to ensure compliance with ASBU standards. The ASBU cannot achieve “IFO” without the contractors achieving same goals.
- Many high potential “near-misses” are not reported nor investigated.
- Security issues at PNG have increased dramatically in past few months.
- Morale @ Barrow Island is very low. Management trust/credibility has eroded considerably.



CHEVRON TEXACO ASBU SAFETY EVALUATION PRIORITY RECOMMENDATIONS

- **Develop a clear vision: Develop a renewed Safety Policy that makes safety a core value of the ASBU. Incorporate Safety Principles that can be used to guide day to day behavior. The MST should reach agreement on what should be centralized as part of ASBU & what should be most effectively be decentralized. Use the discussion around a renewed Safety Policy to spread what working in an injury free environment really means. Roll out a clear safety vision to the entire organization.**



**CHEVRON TEXACO ASBU SAFETY EVALUATION
PRIORITY RECOMMENDATIONS CONT'D**

- Re-organize to succeed in safety - Refocus SEPG1 to provide strategic leadership for safety, management and define direction, align activities, and monitor progress towards the shared vision. Utilize sub-committee structure to increase employee involvement in the safety effort. Focus on critical current needs such as PTW, LTT, procedures, discipline process, etc.
- Train managers at all levels to be better able to undertake responsibilities of managing people to work safely and to bring about the cultural change necessary to achieve IFO.



**CHEVRON TEXACO ASBU SAFETY EVALUATION
PRIORITY RECOMMENDATIONS CONT'D**

- Train crew members in safety techniques necessary to take individual responsibility for safety. Use the training time to help foster the culture change necessary to reach a shared commitment on what's necessary to achieve an injury free workplace.
- Actively use management safety tours as the mechanism to increase the effectiveness of management field time and to open up routes of communication. Collect information from these tours to monitor positive safety metrics and guide safety needs.



CHEVRON TEXACO ASBU SAFETY EVALUATION PRIORITY RECOMMENDATIONS CONT'D

- Learn from reality - Enhance the incident investigation process to learn from current and past events. Train all line managers to understand the incident investigation process and how to drive for underlying “root” causes as well as immediate causes. Use the data that is developed to drive clear corrective action to prevent future recurrence. Develop an ASBU culture that fosters the reporting of high potential near-misses.
- Develop the contractor relationships to enhance clarity of behavioral standards required and to monitor and support their efforts to improve.



WAY FORWARD (ASBU's Plan)

- Appoint a full time 3 member team for 12 months
- Team reports to OE Committee - MD Chair
- Through multiple ASBU subteams, recommend and implement actions to close gaps identified by Dupont assessment
- Use CPDEP for change process



Slide Notes

Slide 2:

Slide 19:

Throughout the years – and particularly since adopting our safety philosophy – our lost time injuries have more or less steadily declined.

**Preliminary thoughts on a
response and plan to transform
personal safety within Transocean**

**Kevin Lacy
VP D&C GoM BP
September, 22 2009**

My personal motivation to assist

A major event like a fatality, fire, explosion, or loss of well control doesn't "just happen" nor does it just impact one company.

It is preventable and it affects all of us as leaders in the industry. We must assume "it could happen to me."

If we truly accept personal accountability for keeping people safe – not just the ones who work for us – we must act directly or assist where we can.

This is important to me, to BP, and to Transocean and therefore I am obligated to assist however I can.

Avoiding an emotional response when emotions are high & action is required.

In cases like these there are not only personal emotions involved but also “ organization emotions”

These range from public embarrassment, loss of confidence, shock / trauma, anger, blame, denial.

Emotional triage is required to deal with those emotions but that must be separated from an objective response plan and actions.

A stand-down provides the opportunity to deal with the emotion, create personal commitment, reestablish control, confidence, and commit to next steps.

What would an exceptional leadership response look like?

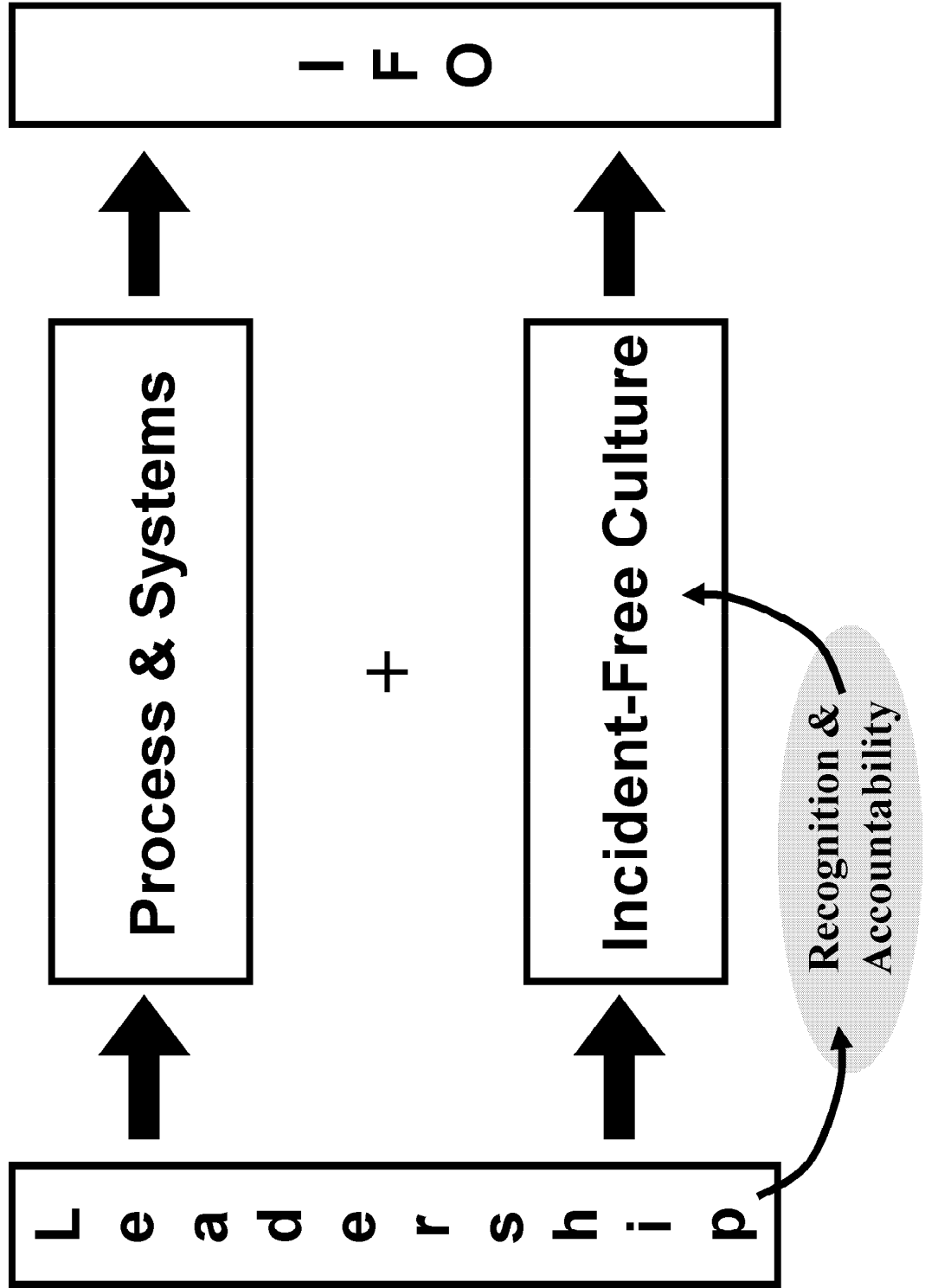
The Executive Leadership Team needs to reflect deeply and personally – how do I feel? Why?

Clearly differentiate the “need to get into action” from the opportunity to act now so that in the future the Executive Leadership Team will not ask “ Was there more I could have personally done to prevent the incident” .

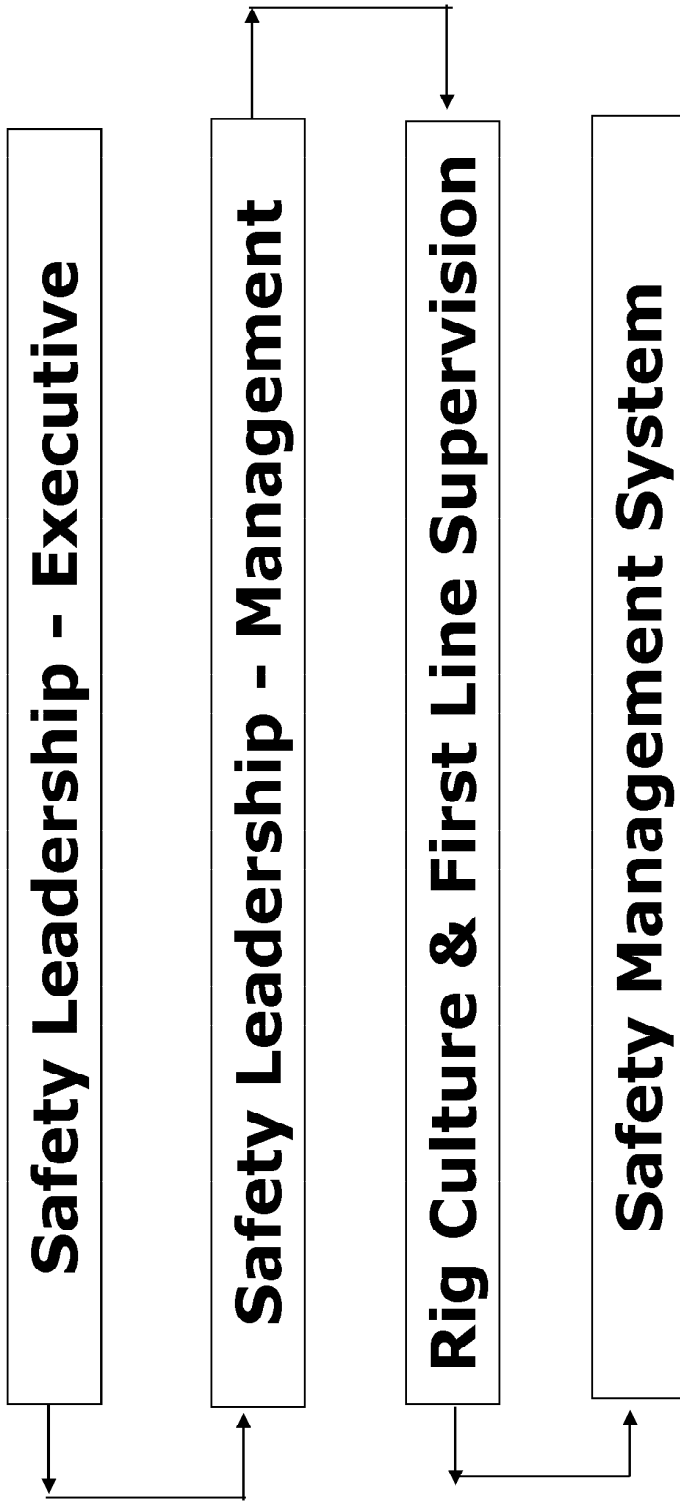
A major negative event is a failure at multiple levels and with many systems – it starts with leadership.

Fortunately strong leadership initiates the recovery.

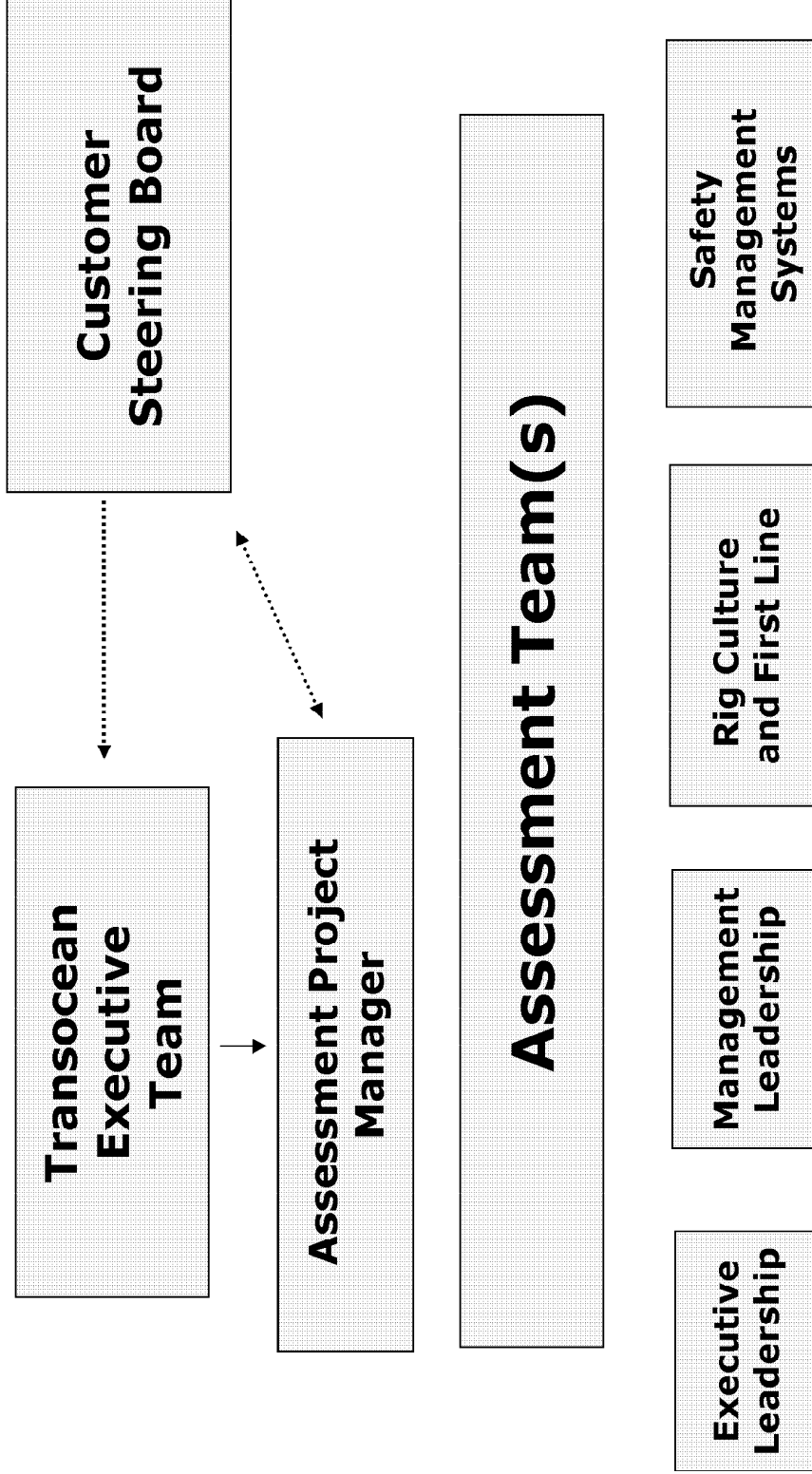
Achieving Incident-Free Operations



Key Areas to Assess



Assessment Governance / Structure



Appendix

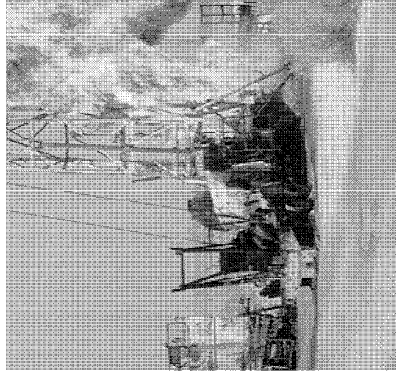
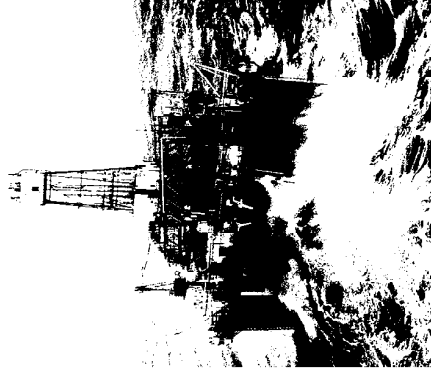
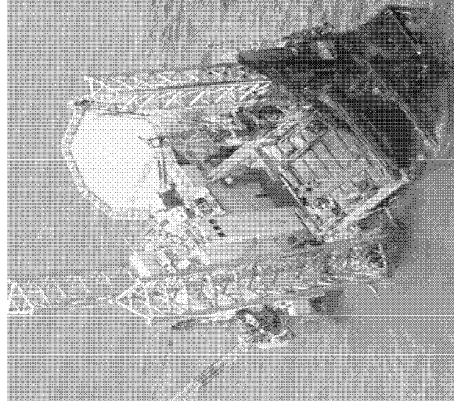
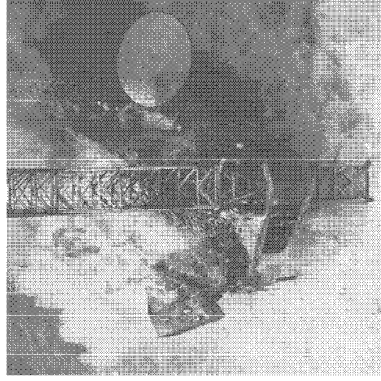
Welcome to our world.....

We operate daily in many high risk areas and with many non-routine and “abnormal” conditions.

Our employees work for many companies. There is often high turnover at each site over time.

Incidents have high potential for major costs, severe injury, or a fatality.

Crews can consist of up to 15-20 different nationalities.

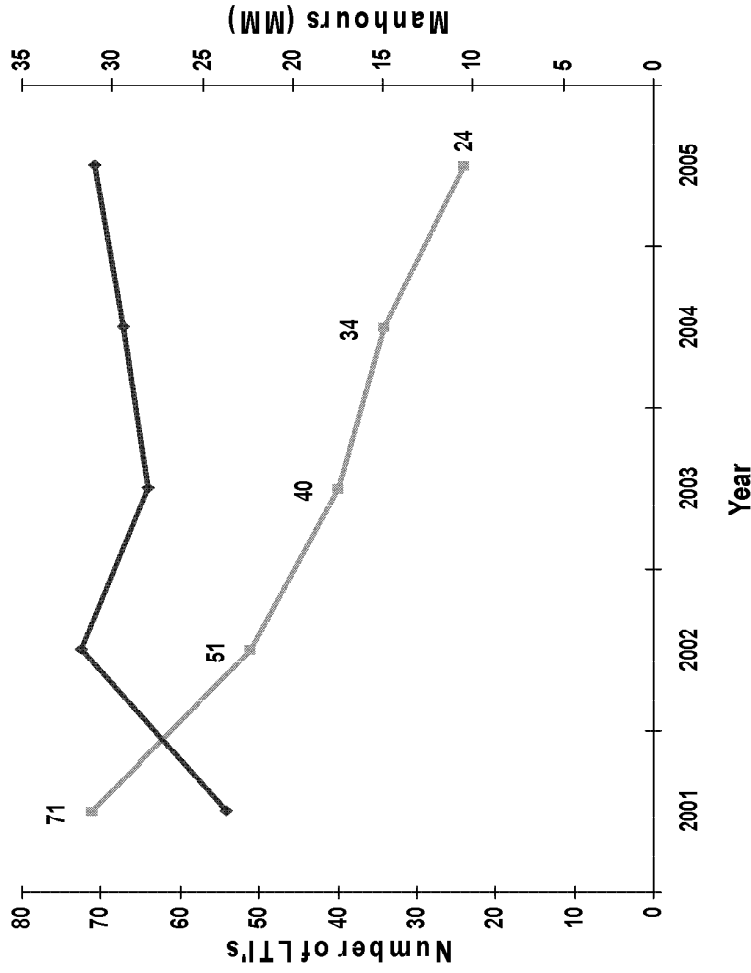


Lost Time Incidents decreased in spite of more man hours worked

Safety Focus:

- Leadership
- Rig site IFO Culture
- Core Drilling Contractors

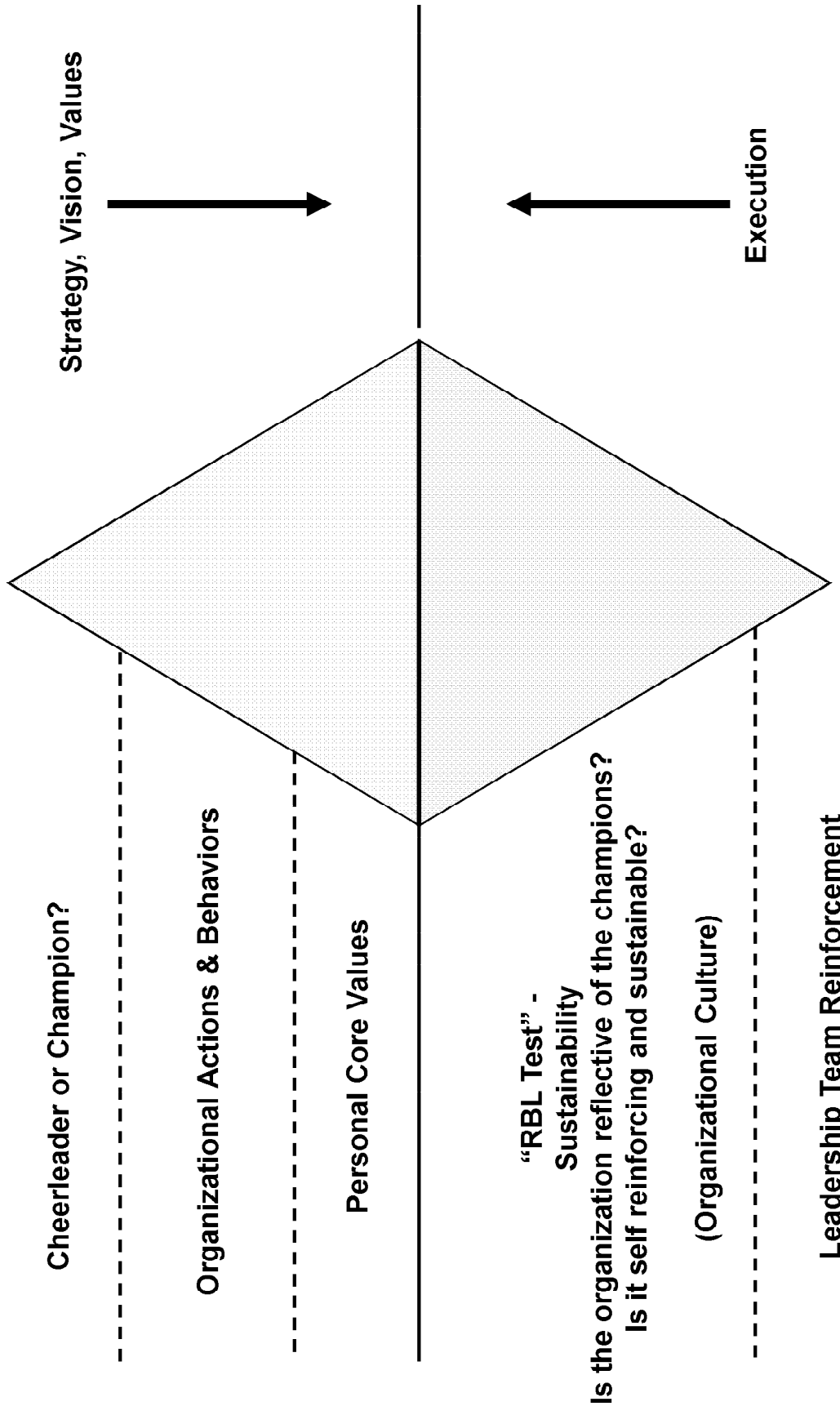
- Focused on actions and behaviors and accountability on actions and behaviors instead of metrics.
- Most importantly focused on each employee and contractor to achieve an IFO culture.
- Focused on leadership – made it personal, made it visible, and had people commit to changes.



An example - Collective commitments of Drilling Management in support of IFO

- Share examples of where we are performing well
- Reinforce / reward best behaviors and results
- Influence the other functional groups – lead
- Make certain you are perceived as champion – ask.
- Verify that the contractor has the right tools and practices in place on our rig. Not all of the contractors rigs are the same and they can quickly go from first to last
- Guard against Complacency
- Set accountability measures, expectations and consequences
- Take “time out” following a serious event
- Networks should be “lit up” with E&S topics and tips
- Select contractors that meet high standards of E&S performance
- Emphasize SAFETY is a CORE VALUE not only a priority
- Training – better and consistent
- Continually challenge the targets 0/0/0
- Be observed exhibiting the right behaviors. BE about IFO.

Building an IFO Organizational Culture



A,B,C's of personal behaviors

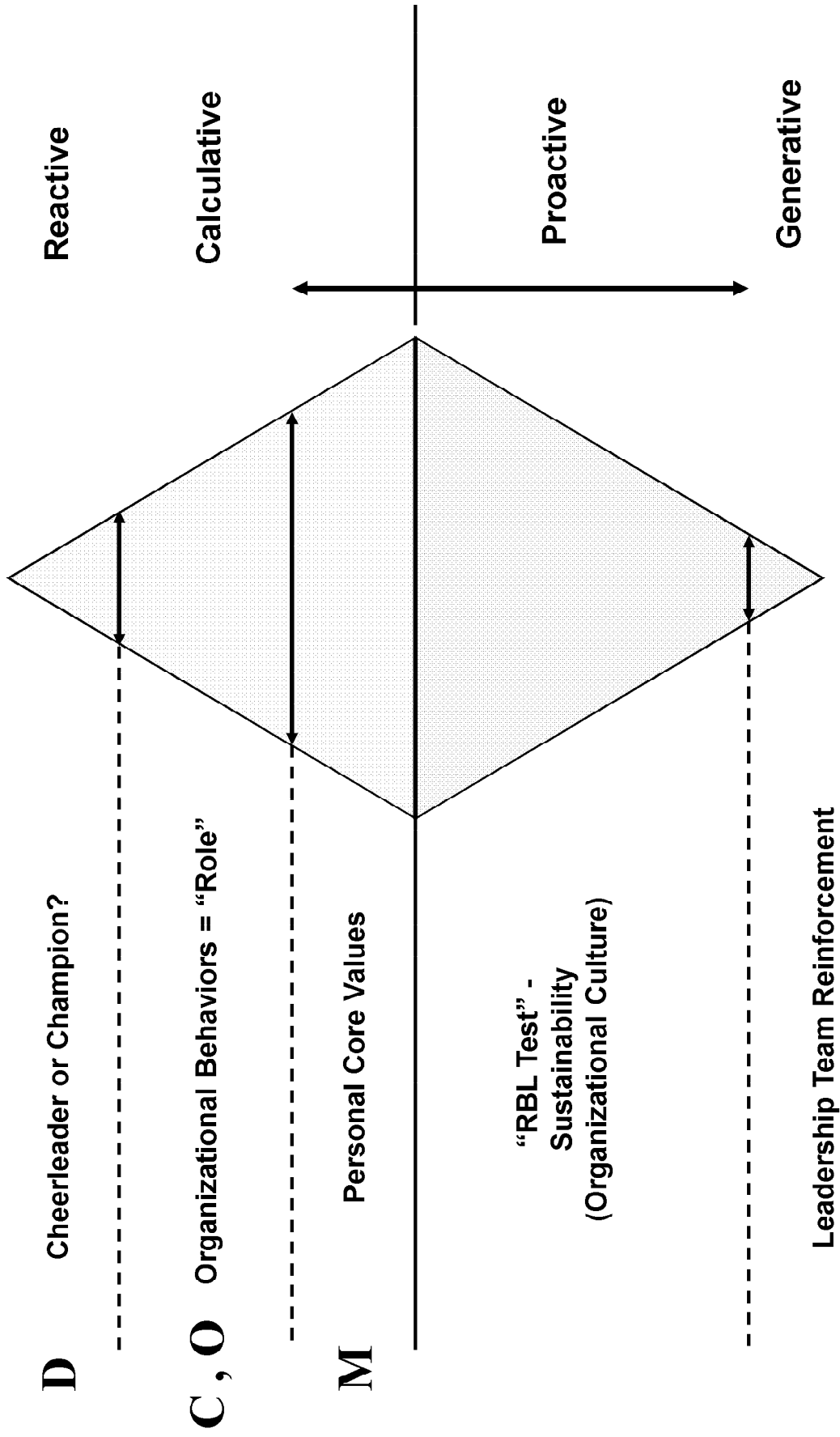
- People behave rationally (to themselves)
- Antecedents may initiate or influence a behavior but consequences matter most.
- Consequences may be positive or negative, certain or uncertain, immediate or future. The most powerful combination in influencing behaviors are positive, certain, and immediate.
- Peers are the most powerful influence group.

RBL – Reinforcement Based Leadership*

- RBL focuses on understanding and obtaining “desired” behaviors.
- DCOM is a insightful tool to analyze why behaviors and results are different than expected or desired.
- D= Direction (Leadership)
- C= Competence
- O= Opportunity (Enablement)
- M= Motivation (Performance or IFO Culture)

***Aubrey Daniels – “Bringing out the best in people.”**

Building an IFO Organizational Culture



What is an IFO culture?

Many things get in the way of an IFO culture if we don't address them before initiating IFO sessions.

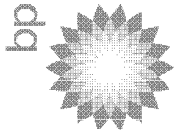
An IFO culture is initiated by organizational leadership but it is characterized by personal leadership throughout all levels.

People working in an IFO culture act as if incidents are preventable, they are responsible for themselves and all around them, and they actively use stop / question work authority. Tenets are well known and upheld as principles not rules.

Incidents are few - near misses and routine inspections provide the feedback of how things are going.

In spite of few incidents no one relaxes or assumes the risks have gone away – they continue to overwhelm them everyday.

Personal behaviors, maturity of the (S&OI) culture
– the linkage to performance and outcomes



Key Insights - look for Golden
Rules, Stop Work Authority, Team =
Family

Believe for me,
family, and
teammates

Believe for me
and family

Comply when I
have to

Comply when it
is convenient



HSSE EXCELLENCE : THE BP WAY

EXPLORATION & PRODUCTION
2007 HSSE
GLOBAL CONFERENCE

Top Ten Safety Best Practices

- “Felt” Leadership
- IFO Team Building Programs
- IFO Culture and SWA programs
- Frequent , visible leading and lagging indicators
- Dedicated HSE rep / Field Safety reps
- Comprehensive Internal Review Process
- Comprehensive safety management program
- Risk assessments / JSA’s / and BBS systems
- Near miss reporting / quality incident investigation
- Best Practice seeking, sharing, and adoption

Safety is our first priority.

We have processes in place.

I do what I need to do.

You need to improve your safety results – do you know how?

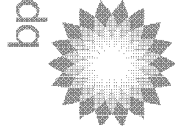
How do you know they are effective?

What would I see that clearly indicates safety is a core value?

Three questions each individual needs to answer in assessing their personal leadership.

"We enter this world naked, wet, and hungry – then it gets worse." – O. Wilde

Closing comments – our role as leaders



- Visible, “felt” leadership
- “Walking the talk” - trust and integrity
- Keeping the message simple and clear
- Priorities change – core values remain constant

“We create our culture by what we demonstrate personally and by what we reward and tolerate in others”

Slide Notes

Slide 5:

2

Slide 12:

2

Slide 15:

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