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The Role of a Non-Operating Partner in contributing to HSE Excellence

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Abstract

The Macondo event brought into sharp focus the role and liabilities of non-operating partners in oil and gas developments. One of the partners in this tragic event recently settled liabilities of some $4 Billion, to pay for damages incurred by the operating party. This has raised the question among oil and gas companies, most of whom function as both Operator and Non-Operating Partner, as to what extent they should or could influence the HSE performance of an operating partner.

There are still many conflicting opinions about the role that a non-operating partner should fulfil; from almost no involvement on the one hand to close supervision and direction at the other end of the scale. Non Operating Companies are being held liable for the actions of their operating partners and their contractors, so they must be prepared to take action to ensure that their operating partners develop and maintain HSE excellence throughout the lifetime of the project.

Background

The Paper will examine how non operating partners can influence the HSE philosophy and standards of the companies operating on their behalf. The paper will review the opportunities to influence these HSE performance standards during; pre-start contractual phase; development phase and the production phase of a project. The opportunities that exist through the regular; Operating Committee Meeting (OCM) and the Technical Committee Meeting (TCM) structure to drive HSE continuous improvement. The Paper will review what processes can be applied to assist the operator to reach HSE excellence; through assurance activities, auditing and reviews. The Paper will also review some of the pitfalls and difficulties; such as how the above processes should be managed

when there are 10 different non operating partners. The Paper seeks to provide practical guidance, based on experience of how non-operating partners can make a positive contribution to the HSE performance of their Operating Partners.

Duties and Responsibilities

The Macando event has resulted in many changes and improvements across a wide range of activities in the oil and gas market. Not least in the area of health, safety and environment. One such outcome has been a fundamental review of the role of the "non-operating" partner (NOP). It has been immediately clear that NOPs share in any financial liabilities, what is not necessarily clear is what liabilities and legal duties these partners face in criminal law. There are very few examples of national legislation defining the legal responsibilities of a NOP. Norway is one such example where they have enshrined in their legislation a "see to it" responsibility on the NOPs. In essence, the regulatory authorities expect the NOPs to "see to it" that their operating partners are fully compliant with national legislation. The NOPs have to be able to demonstrate how they have achieved this. There are similar parallels in the UK Safety Case legislation (The Offshore Installations (Safety Case) Regulations 2005). The extract below from the Safety Case Regulations sets out the legal framework that the Company must comply with as a licensee.

Extract from Section 5:

"Duties of licensee

5. The licensee shall—

(a) ensure that any operator appointed by him is capable of satisfactorily carrying out his functions and discharging his duties under the relevant statutory provisions; and

(b) take all reasonable steps to ensure that any operator appointed by him carries out his functions and discharges his duties under the relevant statutory provisions."

It has not been possible to identify any specific case where a national regulatory authority has taken legal action under criminal legislation against an NOP. NOPs would accept, that even if there is no specific legal duty to manage an operating partner, there is a; financial; strategic and perhaps moral obligation to oversee the work of the operating partner. The issue that many oil and gas companies have been reviewing post Macondo is what this "supervisory" role should look like, how involved should a non-operating partner be in the work of the operator.

Non-Operating Companies opportunities to influence HSE

It is a fact that most oil and gas companies function both as an operator and a non-operator; so it is in every company's best interests to find a sensible balance.

The relationship between the operator and their non-operating partners (this number can be wide ranging, from just one partner to, in some cases, up to 6 or 7 partners) usually commences at the license application / license

award stage. There will then be a planning process involving the exploration departments of the various partners to determine, for example, if seismic data should be collected and eventually over the selection of suitable candidate wells for exploration drilling. So one of the first managed processes between the partners maybe the award of a contract(s) to acquire seismic data. This process will hopefully continue through to well planning and the selection of; a rig / drilling contractor; service companies; etc. There are many "drivers" in these processes; rig availability, vessel availability, weather, to name but just a few. NOPs will be asked to support the decisions of the operator with regard to the award of these various contracts and if a NOP partner has had some specific HSE issues with one of the tendering parties then this could and should be raised with the operator during these discussions. There will always be some form of pre-qualification for these large contract awards, the industry has worked very hard over the last 10 to 15 years through organisations like; OGP, IADC and IAGC to develop "industry" standards for these processes. This provides reassurance to the NOPs that the pre-qualification process takes adequate account of the minimum HSE requirements.

Influence of stake / investment?

The question will inevitably come up about how much "effort" a NOP should contribute if they only have a 1.5 % share in the asset. The percentage by itself is not necessarily a good measure. 1.5% of $100 million is a step change different from 1.5% of $200 Billion. Similarly, if you had 20% and the operator is a well-established, highly experienced, global oil and gas company, you may choose to do less than a venture where you had only 5% but the operating company was largely unknown and new to the industry. At a 1.5% share, it is likely that the NOP company in question would have little influence if there was to be a vote on a particular issue. Voting requirements vary from contract to contract, but typically there would require to be at least a 75% majority agreeing to a decision which usually means that at least 2 or 3 NOPs have to agree with the operator's proposals. Those that disagree can then find that even if they object, they are "voted in". This may lead to an NOP opting to be less involved on the basis that they have little influence on the process and that with finite resources they may choose to allocate their manpower to projects with a greater % or a greater financial commitment or where there are some concerns over the ability of the operator. However, operating partners will always seek to be inclusive and to bring all their NOPs with them, no entity would be marginalised just because they had a smaller percentage of the venture and so all NOPs do have an opportunity to contribute. As an example, a new project in which OMV UK is a NOP, was conducting a design review of an FPSO. One of the smaller NOPs sent an FPSO specialist to the meeting, on reviewing a design DVD he commented to the operator that something appeared to be "wrong" with the design. The operator duly reviewed his comments and subsequently agreed with him and amended the design accordingly; it would be very difficult to fully quantify the; time, money and effort that this intervention prevented. But it highlights two key points, namely; that all partners have a positive contribution to

make regardless of their "share" of the project and secondly, the advantages of having a positive relationship between the operating and NOPs.

Engagement / Influence Assessment for a Non-operated Asset

As stated previously it is not clearly just how much a NOP is expected to do to discharge their "duty of care". It is clear that even with a very small percentage, they cannot do "nothing". OMV UK has attempted to address this issue by developing a systematic review process to consider all the various criteria to help to identify a non-operating strategy on a project by project basis. This systematic approach begins with an Engagement/Influence Assessment. The desired level of OMV engagement / influence for an individual "Non-Operated Asset" (NOA) depends on several factors, including though not limited to; Technical. Economic, Commercial, Operational and Political:

- Share of OMV UK production
- Resources (net to OMV)
- HSSE risks
- NPV (net present value)
- NBV (net book value)
- OMV Asset share (%-interest)
- CAPEX next 5 years
- Ability to influence operator
- Strategic importance for OMV UK future
- Contractual obligations/commercial risk
- Quality & experience of operator
- Annual OPEX

The Engagement / Influence Assessment provide a mix of scoring criteria, which has a pre-assigned weighing depending upon the importance of the criteria.

This Engagement / Influence Assessments again should be completed by a multi-disciplinary team for each NOA. The team should be made up of the following disciplines:

- OCM rep;
- TCM reps (one for every committee);
- HSSE rep;
- Drilling Manager;

- Commercial and Legal Manager; and
- Either the Development & Production Manager or the Exploration & Reservoir Manager (if not already present as the OCM rep).

This team should then use the criteria and weightings as outlined in the NOA Assessment Form. The scores from these assessments can be classified as; small, medium and high. OMV's approach is essentially a "sliding" scale, where participating and involvement may be very high through the initial phases of design, development, FEED and sanction. But once the project has been sanctioned and if the operator has a well-established track record, then the involvement may be reduced somewhat. There are two important observations here; large well-established operating companies do have incidents and HSE events the same as every other operator and secondly, that regardless of how well established the operator is, OMV's involvement would never drop to zero, there is an identified minimum level of involvement that will always be maintained. An example of this would be regular participation in Operating Committee Meetings (OCMs) and Technical Committee Meetings (TCMs).

Assurance Activities Assessment

Once the Engagement / Influence Assessment has been completed, the next phase is an Assurance Activities Assessment. The level and type of assurance activities to be conducted by OMV for a particular NOA shall depend upon the outcome of the Engagement / Influence Assessment and the stage of the E&P lifecycle which the NOA is currently at. The NOA Assessment Form (see Appendix 1) provides a table of the minimum assurance activities that are required depending on the Engagement Score of NOA.

The OCM Rep is then responsible for assessing if any additional assurance activities should be carried out. They must also ensure that the stated actions for engagement score are completed as a minimum. If any activity is deemed not necessary requires a full justification to be recorded in the form. Part 3 of the NOA Assessment Form is not exhaustive and the company may undertake any additional activities deemed necessary to ensure the Operator is carrying out their function and discharging their duties effectively, these shall be captured in the Asset Influencing strategy.

Detrimental affects of a lack of communication between NOPs

Having established that some form of involvement is required, it is worth spending a short time looking at the opposite end of the scale where too much involvement or uncoordinated involvement may be detrimental to the relationship. If an operating partner has 8 partners, it is not helpful, indeed it could be argued to be wasteful if all 8 partners determine that they would like to conduct an audit of the operating company's well planning process. Ideally activities like this need to be coordinated between the partners. It is clear that this type of review and

verification is very useful for both the operator and the partnership, but it should only be conducted once and the results shared amongst the partners. Not all partnerships have this level of trust and coordination, but it is something to aspire to as verification activities will undoubtedly increase in the industry over the next few years. One area where this does work particularly well is in the field of "rig consortium" where several operating companies will secure a rig on a longer term contract and then share out rig slots. Although not all the participants will be joint venture partners in each other's wells, they can and do assist each other by leading and sharing verification audits of all the various contractors. They will often assist in auditing each other as consortium partners to ensure that minimum standards are being met and to share best practise. OMV Norway was involved in a Borgland Dolphin Consortium in 2011, which demonstrated the advantages of sharing information and joint auditing. There are many such consortiums around the world today and they do generally function very effectively from an HSE perspective, perhaps confirming that 8 eyes are better than one.

Farm-In Options

It is worth drawing attention to the scenario where a NOP is not involved from the start and where they have perhaps "farmed in" to an existing project. These projects could be at a variety of stages; from exploration to appraisal perhaps they may already be in production. It may take time for the new NOP to understand and evaluate the competency of the operator and thus to assess how best to contribute to the HSE performance of the joint venture. It could be that the new NOP is already involved with said operator on other ventures and may thus be in a position to contribute immediately.

Having established that NOPs should endeavour to contribute to the HSE success of a project, the following paragraphs will examine ways in which NOPs can make a positive contribution to a successful project. There have been several references to the concept of auditing; both in terms of auditing the operator and also potentially assisting in the auditing of contractors. The industry focus on process safety in the aftermath of several high profile incidents has meant that many oil and gas companies have significantly revised their approach to issues like; well design and barrier. OMV, like many other companies have completely revised many of their procedures and are keen to conduct some form of gap analysis between their own procedures and those of their operating partners. This process can assist both companies; by potentially identifying any shortcomings in the operators system or identifying shortcomings in the OMV system, so this type of review is almost more of an opportunity for lateral learning and sharing best practise.

Opportunites to add HSE value

Beyond auditing and review, NOPs can contribute by conducting field visits. This can be conducted as part of an organised "partner" visit, where NOPs travel to an assist together and review on-going progress. This can also be an opportunity to reinforce an HSE message to the contractors. It demonstrates a serious commitment to HSE if

senior management from the NOPs visit the asset and pass on a consistent message. But visits should not be limited to organised partner visits; NOPs should not hesitate to be proactive with their interaction with the operator. This was highlighted last year for OMV UK when an operating partner was struggling with a succession of service quality and HSE issues. OMV senior management asked if it might be possible to go offshore and review what steps the operator was putting in place to rectify these issues and to reinforce to the offshore workers that HSE was paramount. The purpose of such a visit was to reinforce the positive commitment that was being made by the operator and to encourage the offshore staff to strive for improvement. It was an opportunity to show commitment and to listen to what the various parties involved had to say. In the event, the visit highlighted several shortcomings in the approach to HSE some of which were technical and some cultural. These findings were passed on to the operator who immediately put an action plan in place. The operator was very pleased that a NOP partner had bothered to spend the time and effort to assist in the process of continuous improvement and the visit was seen as being a very positive experience for all concerned.

A further type of field visit where NOPs can help add value could be a visit to a manufacturing / construction yard. OMV recently participated in an operator led visit to a major shipyard in South Korea to review the HSE arrangements for the construction of an FPSO. The operator wished to use the visit to highlight to the construction company how important that HSE was to not only the operator, but also to their 4 NOPs, all of whom sent representatives to participate in the visit. The operator was able to explain to the construction company that their NOPs were by themselves large international oils and gas companies all of whom may at some point in the future be in the market for a vessel / FPSO / FSO etc, and that they would be much more likely to bring their orders to a shipyard with an excellent attitude to HSE. So the visit had an element of "carrot and stick" for the construction company. This particular visit also coincided with a "Safety Day" that had been organised by the Construction Company; it involved 250 representatives from their senior / middle management; their trade union representatives and contractors. Again it was an excellent opportunity for operator and NOPs to pass a strong consistent message that HSE must come before on-time delivery. One additional benefit arising from this visit was the strong bond and great working relationship that developed between the operator and all the NOP representatives. This has resulted in a very positive atmosphere in subsequent project meetings back in Aberdeen.

Effective Communication

This concept of communicating and sharing lessons learned is another positive and yet simple way in which NOPs can assist operating partners. This can be as simple as ensuring that a Safety Alert is communicated to an operating partner (and of course the reverse when an operating partner is furnishing NOPs with the same), allowing a two way flow of information on hazard identification and risk control. The two way communication is another to tap into local knowledge, OMV has been involved in Erbil in the Kurdistan Region of Iraq for many

years now and has successfully drilled several exploration and appraisal wells. Several operating partners have subsequently approached OMV to seek guidance and advice on issues like; HSE performance and availability of contractors in the region; security and driving safety. This is an opportunity to pass on helpful HSE information to an operating partner to try and ensure HSE excellence.

Appendix 1 provides some detailed guidance on the types of activities that NOPs can engage in to assist operators in attaining HSE excellence. The list is indicative and by no means exhaustive. OMV UK's use this checklist to help determine what verification activities they can use to influence and assist operating partners, the level and volume of activities is commensurate with the perceived risk and phase of any given project. If certain activities are not deemed necessary for whatever reason, they may be omitted provided that a detailed justification is recorded as to why said item was not being implemented. The document must be reviewed on a regular basis to ensure that it is current and reflects the current status of a project. The document can be updated inconjuction with a management of change process.

Conclusion

As stated previously, it is not always clear exactly what responsibilities and duties a NOP company has under criminal and civil law, but what is clear is that NOP companies can play a significant role in the development of HSE excellence in any project regardless of the size of their investment. A close working relationship, with open two way dialogue and commitment on both (all) sides has been proven to add significant HSE value to on-going oil and gas developments. NOPs should embrace the possibilities to work as part of a partnership team.

Appendix 1 – Example of an Assurance Activities Assessment

Assurance Activities from Non-Operated Asset Management Bowtie				
SECTION A				
Activity Specific Threat: Error in Joining/ Constructing JV				
Controls & Escalation Factors		Engagement Score	y / n	**If yes, required activities**
Critical review of whether proposed operator has HSE management system at least as good as OMV's		Medium		Critical Review of HSEQ management system
HSE MS of Operator not up to OMV Standard	OMV to provide assistance to Operator in building appropriate HSE MS	Medium		Provide assistance of HSE support
	Write into contract that OMV or other competent Operator will take over Operatorship if required HSE MS standards are not achieved within specified time frame	Medium		Write into contract that a competent Operator will take over Operatorship if required HSE MS standards are not achieved
	JV not entered into by OMV if	Medium		Decision not to enter JV

	assistance to build appropriate HSE MS refused or change of Operator if HSE MS standards not archived agreed			
Check f relevant MS certification e.g. ISO 9001, 18001, 14001 (only recognised accreited certificate e.g. UKAS, ANAB)		Low		Check of relevant MS certification
Review recent Operator HSE MS audits and Management Review to evaluate whether HSE MS is implemented		Medium		Review third party/operator audits
OMV audit to evaluate if Operator has implemented HSE MS and the ability of the Operator to deliver on OMVs perforequirements		High		Audit of implementation of HSE-MS
Operator's HSE statistics reviewed against industry norms, outstanding HSE and legal issues identified and addressed		Low		Review of HSE statistics Review of HSE Improvement / Prohibition Notices
Any special risks involved in project/ activity identified together with whether proposed Operator has relevant experience		High		Implementation / development of procedure to assess project/activity risks and operator experience
Influencing strategy, including goals, developed for each JV		Low		Implementation / development of Asset Influencing Strategy
OMV toll gate 2 carried out for New Ventures		Low		Implementation of Tollgate, EXCOM or CAPEX Process
JV formed by contract between partners, taking due account of legal issues (e.g. English/ Scottish law etc)		Low		Development of JV Contract
OMV has Inadequate Influence	Influencing strategy defines required contractual points	Low		Implementation / development of Asset Influencing Strategy
	Choice of equity level and agreements with other minor partners	Low		Development of JV Contract
	If contract is not favourable may not be signed by OMV	Low		Decision not to enter JV

Controls & Escalation Factors	Engagement Score	y/n	Activities
Critical review of work program content and corresponding budget prior to agreement	Medium		Critical Review of Work Program
Critical review of HSE plans, safety assessments, audit reports, etc appropriate to activity	Medium		Critical review of HSE Studies
Review recent Operator HSE MS audits during Exploration & Appraisal activities to evaluate whether HSE MS is implemented	Medium		Review third party/operator audits
OMV audit during Exploration & Appraisal activities to evaluate whether operator has implemented HSE MS	High		Audit of implementation of HSE-MS
Review recent Operator audits to evaluate whether HSE arrangements during Exploration & Appraisal activities e.g. logistics, operations etc are appropriate	Medium		Review third party/operator audits
OMV audit to evaluate whether HSE arrangements during Exploration & Appraisal activities e.g. logistics, operations etc are appropriate	High		Audit of HSE Arrangements
Participate in operating committee meetings which review HSE statistics, operating statistics, technical integrity, etc.	Low		Attend operating committee meetings
If appropriate OMV personnel placed in operational role to gain first hand experience of activities	High		Placement of OMV personnel placed in operational role
OMV toll gate or EXCOM carried out for exploration & appraisal	Low		Implementation of Tollgate, EXCOM or CAPEX Process
Threat: Error in Managing the JV during Development Activity			
Controls & Escalation Factors	**Engagement Score**		**Activities**
Critical review of work program content and corresponding budget prior to agreement	Medium		Critical Review of Work Program

Review of HSE plans, safety assessments, audit reports, etc appropriate to activity/ project	Medium		Critical review of HSE Studies
Check that PHSERs have been conducted by Operator	Low		Check that PHSERs have been conducted by Operator
Critically review Operator PHSERs to confirm suitable standard	Medium		Critical review PHSERs
OMV conduct PHSERs during Development activities	Medium		Conduct PHSER
Review recent Operator HSE MS audits during Development activities to evaluate whether HSE MS is implemented	Medium		Review third party/operator audits
OMV audit during Development activities to evaluate whether operator has implemented HSE MS	High		Audit of implementation of HSE-MS
Review recent Operator audits to evaluate whether HSE arrangements during Development activities are appropriate	High		Review third party/operator audits
OMV audit to evaluate whether HSE arrangements during Development activities are appropriate	High		Audit of HSE Arrangements
Participate in operating committee meetings which review HSE statistics, operating statistics, technical integrity, etc	Low		Attend operating committee meetings
Competent OMV personnel participate in Project review meetings e.g. design reviews	Medium		Attend project review meeting
Check that Operator has Design Safety Case and Formal Safety Assessments	Low		Check Design Safety Case and FSA in place
Critically review or review independent critical review of Design Safety Case and Formal Safety Assessments to provide assurance that risks are being minimised to ALARP during design	High		Critical Review of Design Safety Case and FSA
OMV toll gates carried out during Development activities	Low		Implementation of Tollgate, EXCOM or CAPEX Process
Independent peer review prior to toll gating carried out by OMV or equivalent Operator process	Medium		Independent peer review undertaken
Controls & Escalation Factors	**Engagement Score**		**Activities**
Critical review of work program content and corresponding budget prior to agreement	Medium		Critical Review of Work Program
Critical review of HSE plans, safety assessments, audit reports, etc. appropriate to activity	Medium		Critical review of HSE Studies
Review recent Operator HSE MS audits to evaluate whether HSE MS is implemented	Medium		Review third party/operator audits
OMV audit to evaluate whether operator has implemented HSE MS	High		Audit of implementation of HSE-MS
Review recent Operator audits to evaluate whether HSE arrangements e.g. logistics, operations etc are appropriate	Medium		Review third party/operator audits
OMV audit to evaluate whether HSE arrangements e.g. logistics, operations etc are appropriate	High		Audit of HSE Arrangements
Participate in operating committee meetings which review HSE statistics, operating statistics, technical integrity, etc.	Low		Attend operating committee meetings
If appropriate OMV personnel placed in operational or observation role to gain first hand experience of operations	High		Placement of OMV personnel placed in operational role
Review Operators maintenance management philosophy	Medium		Review operational and maintenance management strategies
Controls & Escalation Factors	**Engagement Score**	**y/n**	**Activities**
Critically review well design to ensure it complies with OMV Well Construction Process and Technical Policy	High		Critical review of well design
Critical review of well delivery process that defines the well design and programming procedure e.g. DWOP	High		Critical review of well delivery process
Check that well examination performed by independent well examiner on behalf of Operator	Low		Check that well examination has been performed
Check Regulatory submission of well design to HSE to demonstrate integrity of pressure envelope	Low		Check Regulatory submission of well design to HSE

OMV representation at risk assessment/ DWOP to identify any issues with well		Medium		OMV representation at drilling risk assessment/ DWOP
Controls & Escalation Factors		**Engagement Score**		**Activities**
Critically review Drilling Programme		Medium		Critical review Drilling Programme
Perform daily review of Operators drilling report which gives detailed information on progress / activities / plans		Low		Review of daily drilling report
Perform weekly monitoring of HSE performance		Low		Review of weekly HSE performance
Examine critical data (real time and other) to identify potential issues		High		Review of real time critical data

SECTION B

General Threat: Uncontrolled Change

Controls & Escalation Factors		**Engagement Score**	**y/n**	**Activities**
Review Operators Management of Change Processes to ensure appropriate quality		Medium		Review Management of Change Processes
Review recent Operator MoC processes audits to verify MoC arrangements		High		Review Management of Change Processes Audits
OMV audit Operator MoC processes to verify arrangements		High		Audit of MoC Processes
TCM review and approve change committee recommendations, OMV represented		Low		Conduct TCM review
OMV ensure that they are notified of key changes to personnel, equipment, contractors, well design. Concerns raised with operator		Low		Assurance of MoC notification
Controls & Escalation Factors		**Engagement Score**		**Activities**
Check that Operator has competency MS for personnel & contractors		Low		Check that competency management system and contractor management system are in place
Critical review of Operator personnel competency MS and contractor MS against OMV procedures to ensure appropriate quality		High		Critical review of competency management system and contractor management system
Review recent Operator audits of competency management to verify arrangements		Medium		Review third party/operator audits
OMV audit Operator competency management to verify arrangements		High		Audit of Competency Management System
Controls & Escalation Factors		**Engagement Score**		**Activities**
In UK waters UK HSE approved Safety Case required to operate		Low		-
Obtain copy of HSE approved Safety Case		Low		Obtain copy of HSE approved Safety Case
OMV or independent 3rd party critically review asset Safety Case and thorough reviews		High		Critical review by OMV or independent 3rd party asset Safety Case and thorough reviews
SCEs, PS and WSE approved by IVB and critically assessed by OMV (and partners)		High		Critical review of SCEs, PS and WSE
Backlog of SCE Examination	OMV confirm that SCE examination backlog is within acceptable limits	High		Critical review of SCEs, PS and WSE

Controls & Escalation Factors	**Engagement Score**		**Activities**
Ask Operator to demonstrate application of safety culture	High		Review evidence from operator to demonstrate Safety Culture
OMV review to verify HSE arrangements/ culture	Medium		Review HSE arrangements to verify culture
Participate in operating committee meetings which review HSE statistics, trends identified and addressed	Low		Attend operating committee meetings
Encourage shared HSE learnings between Operator, Contractors and Shareholders	Medium		Encourage shared HSE learnings
Controls & Escalation Factors	**Engagement Score**		**Activities**
Approve pre-qualification list for ITTs	Low		Approve pre-qualification list for ITTs
Review procurement strategy inc ITT, type of award etc to ensure that they are up to OMV standards and appropriate for JV	Medium		Review of procurement and contractor management processes
Review bid evaluation criteria to ensure appropriate for JV	Medium		Review bid evaluation criteria
Review contractor management procedure for adequacy	Medium		Review of procurement and contractor management processes
Controls & Escalation Factors	**Engagement Score**		**Activities**
For specific major exposures take out insurance against loss of production - generally not done due to expense	High		Decision to take out insurance
Gas sales contracts allow for production interruption	Low		Development of JV Contract
Oil & Gas transportation agreements allow for interruption	Low		-
Operator formulates recovery plan, OMV work as necessary with operator to develop and review plan	Medium		Develop and Review recovery plan with Operator
OMV prosecute Operator if they are considered negligent (wilful misconduct)	High		Decision OMV to prosecute Operator
Controls & Escalation Factors	**Engagement Score**		**Activities**
Check that ERP includes appropriate medical contingencies	Low		Check that ERP arrangements are in place
Critically review ER arrangements especially wrt medical contingencies	High		Critical review ER arrangements
OMV duty manager procedure ensures that OMV offer assistance as required during incident	Low		Implement Duty Management Procedure
Controls & Escalation Factors	**Engagement Score**		**Activities**
Check that Oil/ Chemical Spill Response exists, including relief well if appropriate	Low		Check that ERP arrangements are in place
Critically review Oil/ Chemical Spill response plans	High		Critical review ER arrangements
OMV duty manager procedure ensures that OMV provide assistance as required during incident	Low		Implement Duty Management Procedure
Controls & Escalation Factors	**Engagement Score**		**Activities**

OMV duty manager procedure ensures that OMV offers assistance as required during incident	Low		Implement Duty Management Procedure
OMV UK Non Operated Asset ER Team forms and takes appropriate action	Low		Implement Non Operated Asset ER Plan
Plan for media response during an incident (OMV UK & Vienna)	Medium		Implement Media Response Plan
OMV Vienna Crisis Management Team forms and takes appropriate action	Low		Implement Non Operated Asset ER Plan
Controls & Escalation Factors	**Engagement Score**		**Activities**
Legal support engaged (by JV, OMV or both) immediately following incident with the potential for prosecution	Low		Engage legal support
Demonstration through document management system that adequate measures were taken by OMV to ensure Operator measures to prevent MAH were ALARP	Low		Internal audit of NOA documented evidence gathered by OMV
OMV reviews Operator's incident investigation report (and may participate in investigation) to establish facts	Medium		Review of Incident Investigation Reports
Review HSE incident investigation, independent establishment of facts	High		Review of Incident Investigation Reports
Conduct OMV internal investigation to establish facts and evidence prior to possible prosecution	High		Implement Incident Investigation Process

Additional Assurance Activities

Controls & Escalation Factors	Engagement Score	y/n	If yes, required activities
Conduct Non-operated Well Pre-spud Review (NOW)	Medium		• Conduct Non-operated Well Pre-spud Review (NOW)