

From: Apodaca, Alfred

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To: Accardo, Angelo C; Bond, Stan L; Braaten, Dennis; Clasen, Philip F; Daigle, Keith G; Donatto, M. Alvin; Dopjera, Douglas E; Emmerson, Tony C; Epps, David S; Fortune, Steve; Foster, Jerry L; Gruver, Jim; Haaland, Kurt S; Hauser, Todd A; Hill, Perry L; Holt, Charles A; Hunger, Drew F; Huston, John A; Imm, Gary R; Kirton, Bill; Loveland, Richard K; Macon, Richard; Malczewskyj, Mike; McDaniel, Sammy; Murray, Phillip C; Naeger, Robert J; Neumann, Scott N; Nohavitzka, Glenn R; Petersen, Jonathan J; Philips, Thomas; Porter, David A; Quinn, Brian J; Quintos, Roberto M; Ray, Amal K; Reeves, Harold J; Romero, Donald; Ross, Brent D; Ruehle, Steven A; Russell, Virgil; Shero, Winston A; Sims, David C; Skelton, Jake; Smit, Dirk; Sprague, Jonathan D; Steel, William JM.; Straub, Thomas J; Sutton, Wayne L; Taylor, Charles E; Taylor, Alastair; Thierens, Harry H; Tomberlin, Steven L; Veerkamp, Karen S; Woodhall, Paul; Zanghi, Mike; Bailey, Anthony; Barker, David C; Broadwell, Lindsey M; Counterman, Justin; De La Cerda, Jesus; Edwards, Monique; Garrett, Tamara A.; Gauthier, Michael; Harman, Ronald E; Harper, Mario A; Harris, Mark S; Harton, Hollie; Kalugin, David; Kay, Gregory K.; King, Bill; Kuykendall, Ross D; Lichtenauer, Mike; Lyoen, Max; Malczewskyj, Mike; Martinez, Rachel; Melgoza, Taryn; Moline, Allison; Morse, Lynda; Poston, Alyson W; Rodriguez, Pedro; Sheehan, Christopher; Smith, Steve (PSCM); Wilson, Mary Sue; Louviere, Molly; Mays, Steven A; Taylor, Alastair; Thierens, Harry H; Vandebossche, Michael P; Maguire, Niall J; Piotrowski, Dave A.; Greene, Walter S (Wally); Darlington-Lusk, Stacy; Williams, Tonya; Litschewski, Michael; Sowinski, Laura; Thompson, Mike W. (HSE); Baudoin, Dean D; Srinivasan, Sundry; Bigi, Chuck; Grundmeyer, Joe A

Subject: GoM Contractor Safety CPET Process Overview Presentation held August 12, 2008 (Contractor Performance Evaluation Team)

Importance: Normal

Attachments: CPET PRESENTATION 20080812 with Process Flowcharts.ppt; Practice Document GoM CPET.pdf; Contractors with Class_Sector_SvceLine Plus SL.xls; Site Specific Requirements Matrix 20080812 - New Format.pdf; Service Line Map as of 05-12-2008.xls

Thanks to all of you who attended the GoM Contractor Safety CPET Process Overview Presentation held today, August 12, 2008. This presentation provided insight from the HSSE perspective as to how Suppliers (contractors, consultants, vendors) are categorized and processed based on the "scope of work" that is being contracted for to meet the needs of our Operations personnel. One full hour of presentation/discussion is not enough time to cover all questions. Please feel free to contact me with your questions whenever they arise.

Another presentation will be scheduled in the next couple of months. For attendees and for you who were unable to attend this presentation, attached are some of the helpful documents managed or used by the GoM CPET core group. Again, please contact me with any questions you may have regarding the CPET process.

Main Presentation:

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CPET Practice Document which was originally written for CPETs (GoM, NAG, Canada):

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List of Sector Leaders and CAMs (sort as needed):

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Link to Supplier Management System (SMS):

BP Supplier Management System: <http://suppmgmt.bpweb.bp.com>

Site Specific Requirements Document (HSSE Statuses used by GoM):

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North America SPM Contractor Web Site accessible worldwide:

BP Contractors Web Site: <http://nasupplierhsse.bpglobal.com>

BizFlow MOC Database used by GoM:

<http://bp1xtxap142:8080/bizflow/index.jsp>

Business Owner is Vani Rao.

Sectors and Service Lines Matrix (PSCM):

<<...>>

Thanks again for your participation in the CPET process.

Al Apodaca

GoM CPET HSSE Contractor Safety Coordinator

BP America

Ph: 281-366-2904

Joint Contractor HSE Symposium: www.jchse.com

BP Contractors Web Site: <http://nasupplierhsse.bpglobal.com>

BP Supplier Management System: <http://suppmgmt.bpweb.bp.com>

ISNetworld Contractor Safety Questionnaires: <http://www.isnetworld.com>

BP Supplier Evaluation & Audit Manager (SEAM): <http://seam.bpweb.bp.com>



Supplier Performance Management

&

GoM CPET

(Contractor Performance Evaluation Team)

Managing SAFETY Performance

through continuous communication between

Operations - PSCM - HSSE



What is the Purpose of SPM & CPET ?

- To Use Sector Teams to establish a consistent method for improving supplier performance and limiting the number of new suppliers.
- To establish consistent HSSE requirements and processes across all suppliers.

Who are the CPET Team Members ?



- CPET Chairperson – Curtis Jackson
- HSSE Manager, Programs – Dennis Johnson
- Operations Line Managers / Representatives
- Supply Chain Management Representatives
- CPET HSSE Contractor Safety Coordinator – Al Apodaca
- CPET HSSE Advisor – Steven Mays

Sector Leader



Objective of Role:

To provide leadership in the management of the sector and ownership of contractor's performance. This role provides guidance and is the 'voice for BP' for contractors.

KEY ROLES & RESPONSIBILITIES

- Developing and managing sector contracting strategy on an ongoing basis, including BP demand and market dynamics.
- Provide strategy context to contractors through the performance review process and leads these meetings on behalf of BP.
- Being accountable for establishing the Sector Team members to monitor/improve Sector/Contractor performance, which may include the CAM appointments.

CAM – Contractor Accountable Manager



Objective of Role:

The CAM is the single point of accountability for the contractor. CAMs are assigned by the Sector Leader on an as needed basis or when a contractor does not fall into a designated Sector.

KEY ROLES & RESPONSIBILITIES

- ✓ Serves as 'BPs voice'
- ✓ Accountable for effective SPM across all contracts with the specific contractor.
- ✓ Understands the contracts thoroughly.
- ✓ Accountable for performance management of the contractor.
- ✓ Establishes annual goals and objectives for the contractor.
- ✓ Supports the development of KPIs and monitors performance of the contractor.
- ✓ Participates in supplier performance reviews.



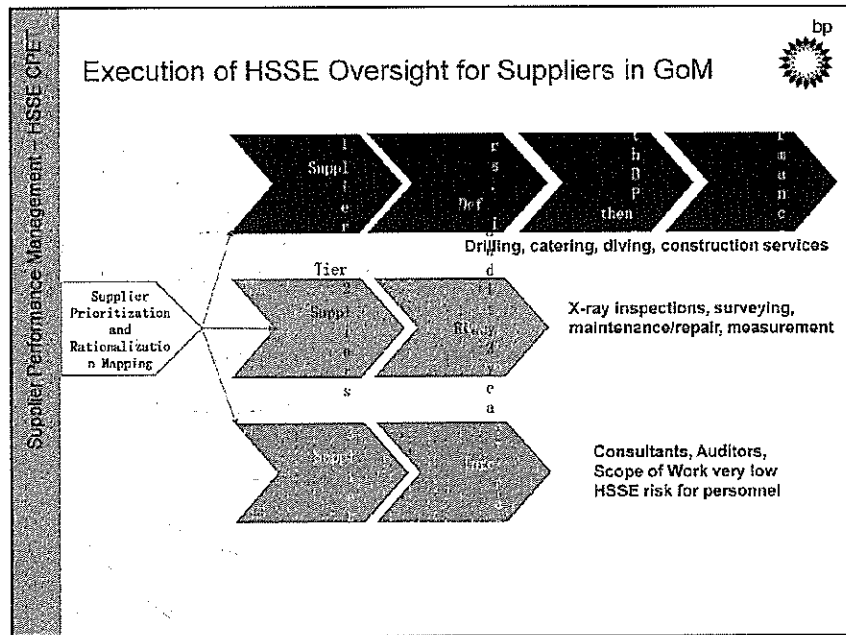
How do Contractors Impact BP GoM Work?

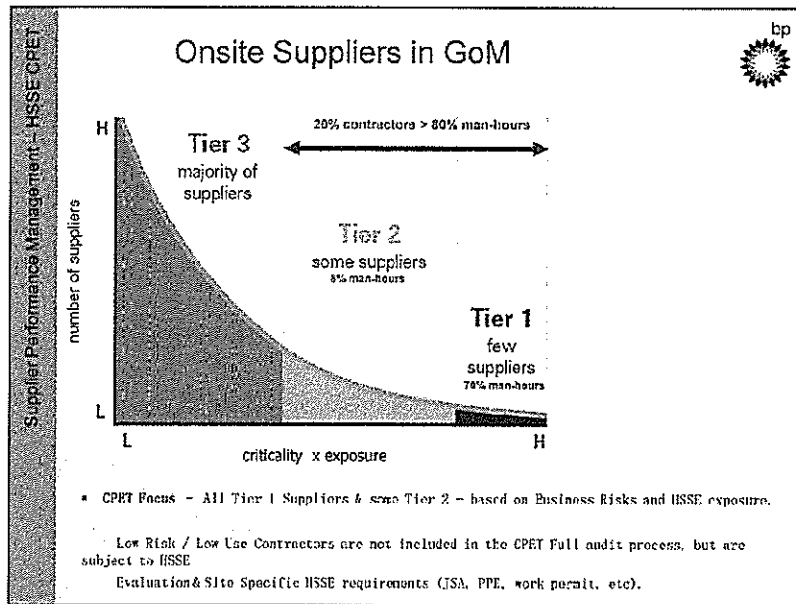
- 70% of the personnel on BP sites are Contractors
- 80% of our spend is with Contractors
- 90% of our incidents happen to Contractors
- 80% of the exposure hours are worked by 20% of Onsite Contractors

A Few Statistics



- Number of contractor HSSE audits conducted / Incidents recorded
 - 2006 82 / 46
 - 2007 74 / 43
 - 2008 38 / 17 ytd 08/08/08 (project 57 for the year)
- Number of individual contractors with an OSHA incident
 - 2006 24
 - 2007 21
 - 2008 10 ytd 08/08/08
- Most Incidents have historically occurred in these Sectors:
 - Drilling & Completions
 - Operations
 - Projects
 - Subsea





- To prioritize suppliers we can use this matrix so that only suppliers where we have significant commercial and business risk are identified for highest level of SPM.
- This does not mean we do not do SPM with other suppliers. However, the level of resource would be less for those other suppliers.
- For Tier 3 suppliers it is about org competence and individual people in the line understanding that they are responsible for ensuring supplier performance meets expectations.
- For tier 1 suppliers we would expect that cross-functional teams (normally the same team that developed and implemented the sector strategy) manage performance across the business using full set of measures and process
- The yellow box provides some context for what the SPMcp monitoring process will be looking for to be satisfied that SPMcp is being followed. You will see that there is some flexibility in this and it is not prescriptive in the



How does the CPET Audit Process Work?

- "On Site" Contractors listed in SMS are risk ranked by Service Line and assigned a Risk Status (Low, Med, or High).
- Medium and High Risk Contractors are placed on CPET Audit Schedule.
- Sector Leader verifies Med/High status and requests audit.
or
Verifies the reason an audit should not be completed (change in scope of work, no further use, etc.).

Note:

Contractors determined to be "Low Risk" or "BP Accompanied" currently have no further evaluations.



How Contractor HSSE Audit Results are Utilized

- Results are reviewed by CPET HSSE team – audit findings are listed and HSSE status recommendation is made to Sector Leader
- Sector Leader reviews audit findings and concurs or disagrees with CPET HSSE team's recommendation – agreement is reached before CPET Committee meeting
- CPET Committee members concur or disagree with HSSE status recommendation – agreement is reached at CPET Cmte meeting
- Contractor is notified of audit findings (if any) and of new GoM HSSE status
 - If Green status, contractor will be placed on 3-year audit cycle
 - If Yellow/Red status, will be placed on 12-month audit cycle or less (e.g. 60-day, 90-day) to close out audit findings

Supplier HSSE Statuses in SMS

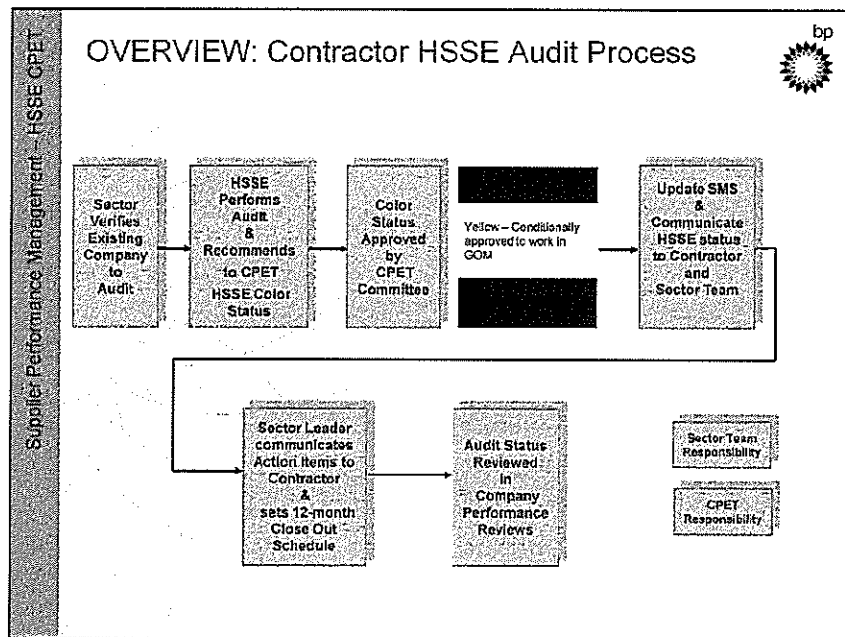


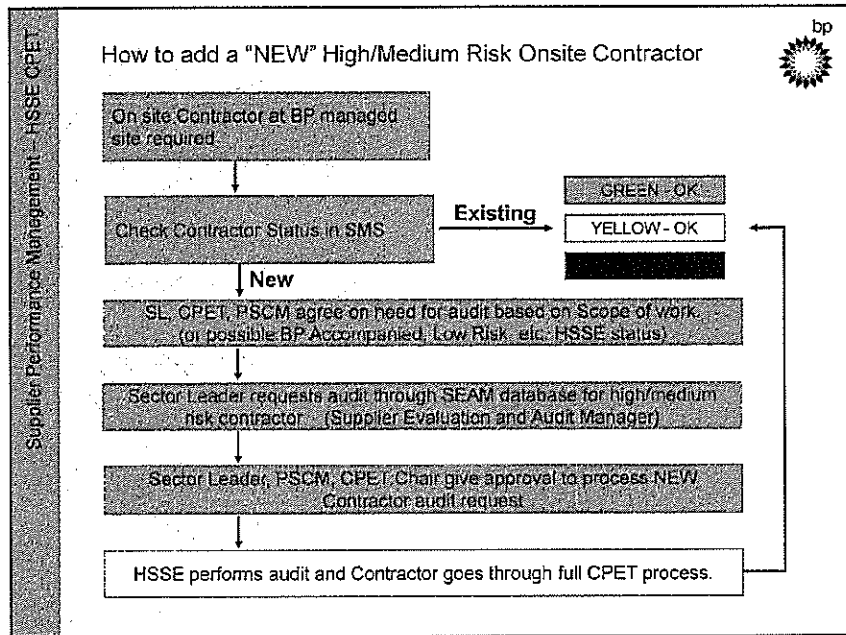
Contractor – Onsite

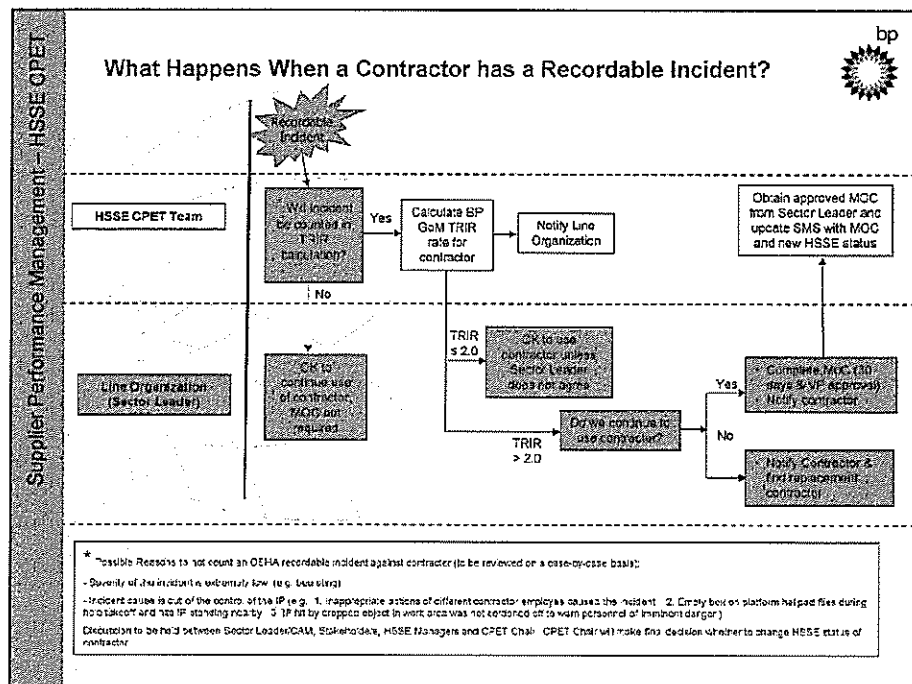
- Green - Approved
- Yellow – Conditionally Approved, New Cond. Approved
- Red – Not Approved, Approved MOC Only
- Gray – No status / not reviewed

Site Specific Requirements – Click Here (N/R)

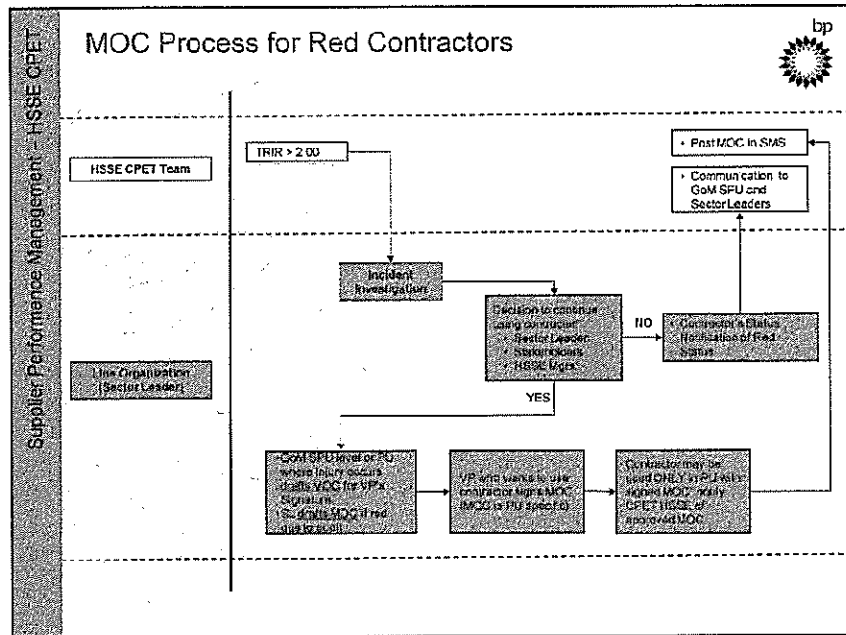
- Consultant – Onsite / Offsite
- Vendor – Onsite / Offsite
- Contractor - Offsite
- BP Accompanied Contractor
- Onsite Low Risk Contractor

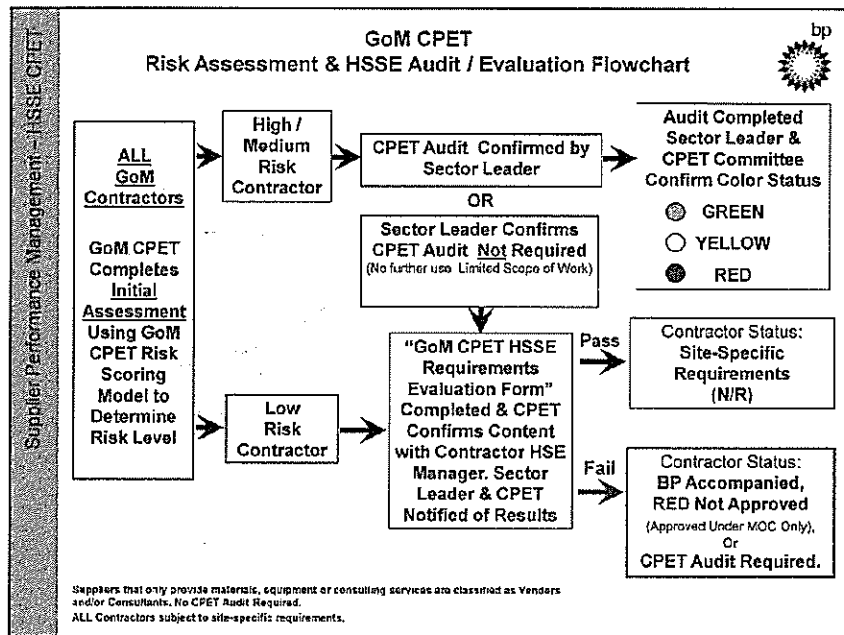






For Production





Supplier Performance Management - HSSE CPET

bp

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GoM CPET
(Contractor Performance Evaluation Team)
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