The Code of Federal Register 30 CFR Part 250 - Oil and Gas and Sulphur Operations in the Outer Continental Shelf—Safety and Environmental Management Systems Final Rule (SEMS) requires each “operator (a lessee, the owner or holder of operating rights, or the designated operator)”\(^1\) on the Outer Continental Shelf of the US to develop and implement a SEMS plan by 15 November 2011.

SEMS clearly states that operators will be held accountable for complying with this new regulation, it is understood that operators cannot do this alone. Contractors, defined in SEMS as “anyone performing work for the lessee,”\(^2\) must also be aware of the regulation and be prepared to support operators in their efforts.

The purpose of this document is to assist operators and contractors in assessing readiness to meet SEMS requirements including the required contents of an operator’s SEMS plan. This tool represents the collective view of professionals from the oil and gas industry that have reviewed the SEMS rule and identifies where contractors / facility owners need to take specific actions and/or supply documents or records in support of an operator’s SEMS plan.

**Disclaimer:** Because each operator’s SEMS plan will be different, these draft documents are generalized and are only being published to facilitate the broad availability of possible approaches. The formulation and publication of these draft documents is not intended in any way to inhibit anyone from using any other practices. Users of these draft documents should not rely exclusively on the information contained in the draft documents. Sound business, scientific, engineering, safety and legal judgment should be used in employing the information contained herein, and these documents cannot provide specific guidance or assure compliance with any given operator's SEMS plan.

The following additional disclaimers are provided:

- These documents do not constitute legal advice. Consult with your own company counsel for advice on compliance with all applicable state and federal regulations.
- Neither OOC, API nor any of OOC’s or API’s employees, subcontractors, consultants, committees, or other assignees make any warranty or representation, either express or implied, with respect to the accuracy, completeness, or usefulness of the information contained herein, or assume any liability or responsibility for any use, or the results of such use, of any information or process disclosed in this publication. OOC AND API DISCLAIM ALL OTHER WARRANTIES EXPRESS OR IMPLIED INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Taking actions suggested in these documents does not guarantee that an operator or contractor will be in compliance with SEMS. Ultimately every company is responsible for determining the applicability of each section of SEMS to its own operations.
- Each operator’s SEMS plan will be different. Mapping safety and environmental management policies, procedures, or operations using this document does not guarantee compliance with an operator’s SEMS plan.
- These documents are a set of draft documents that do not represent the views of any one company or organization, and are not approved or endorsed in any way by API or COS. Likewise the listing of a company or organization as providing a participant to the development process does not signify that company’s or organization’s endorsement of this document.
- Under BOEMRE’s SEMS regulations, an operator has responsibility for complying with SEMS. Contractors are not required to have a SEMS plan. Any references to contractor actions indicated in this document mean that the contractor’s participation in the SEMS process may be required to help the operator comply with SEMS.
- Not every action suggested for contractors will be required of every contractor. Subject to existing contractual obligations, contractors must determine the applicability of each suggested action to their business.
- Although a contractor may have a SEMS plan in place, 30 CFR 250 does not require contractors to have a SEMS plan.

The developers of these documents invite contractors and operators alike to use them as tools for helping with evaluation of a company’s readiness to assess SEMS requirements. They may also assist in identifying gaps in a company’s current policies, procedures or documentation.

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\(^1\) Federal Register/Vol. 75, No. 199/ Friday, October 15, 2010/Rules and Regulations pg. 63610

\(^2\) §250.1914(a) "A contractor is anyone performing work for the lessee. However, these requirements do not apply to contractors providing domestic services to the lessee or other contractors. Domestic services include janitorial work, food and beverage service, laundry service, housekeeping, and similar activities."
This Agreement is made by and between ____________, the Operator, and ___________, the Contractor.

Under the requirements of Federal Regulation 30 CFR Part 250 (Regulation), the Operator and the Contractor must agree to the Safety and Environmental policies and practices to be used at each facility and clearly define roles and responsibilities under such policies and practices prior to performance of oil, gas and sulphur activities in the Outer Continental Shelf.

This Agreement specifies the expectations regarding safety and environmental management between the Operator’s SEMS and the Contractor's safety and environmental policies and practices.

This Agreement does not supersede the requirements of any applicable regulations or any other Service Agreements between the Operator and the Contractor.

The Contractor agrees to the following:

  o The Contractor will communicate all identified hazards to all appropriate personnel (including Contractor, Operator and 3rd Party personnel) prior to performing oil, gas and sulphur operations for the Operator;

  o All Contractor personnel performing work for the Operator will have the skills and knowledge to perform their assigned duties in a safe and environmentally sound manner;

  o The Contractor will have written safe work policies that help minimize the risk to personnel and the environment for all work conducted for the Operator;

  o All activities performed by the Contractor will be conducted in accordance with the requirements of the Contractor’s safe work policies;

  o All personnel performing work for the Operator will have been trained to perform their work in a safe and environmentally sound manner;

  o All personnel performing work for the Operator will undergo periodic retraining to ensure that there is an adequate retention of the skills and knowledge required to perform their assigned duties;

  o The Contractor must have written operating procedures to ensure the safe operation of critical equipment that is operated and maintained by the Contractor;

  o The Contractor must periodically review their written operating procedures used to operate critical equipment to ensure they reflect actual operating conditions;

  o The Contractor will develop and implement a mechanical integrity program for any critical equipment that will be maintained and operated by the Contractor. Such a program must include, as applicable:

    ▪ The design, fabrication, procurement, installation, testing, calibration and inspection criteria and limits;

    ▪ The basis for maintenance (manufacturer’s recommendation, industry standards, etc.)

    ▪ A quality assurance program to ensure the mechanical integrity and safe operation of the equipment

  o All documents required under 30 CFR 250, Subpart S and API RP 75 will be maintained in an orderly manner, will be readily identifiable, retrievable, and legible, and will be available for review on request
by the Operator or appropriate regulatory authorities. Examples of such documentation include, but are not limited to:

- Safe work practices and policies
- Training records, including certifications for specialty work, as applicable
- Verifications that personnel are skilled and knowledgeable in their assigned duties
- Injury and illness reports

In addition, for oil, gas and sulphur activities performed for the Operator in the OCS and on the Contractor's facility, the Contractor agrees to the following:

- The Contractor will conduct, keep current and provide upon request to the Operator, Hazards Analyses (including Mitigation plans) of the Contractor’s facilities and ongoing operations;
- The Contractor will manage and document all changes to the Contractor’s facility that is directly involved in performing oil, gas and sulphur activities for the Operator;
- The Contractor will develop and communicate an Emergency Action Plan to all personnel on the Contractor's facilities;

The Operator agrees to the following:

- The Operator will communicate its safety and environmental management expectations to the Contractor, including any specific requirements that must be met by the Contractor;
- The Operator will provide the Contractor with any relevant permits that create a regulatory obligation for compliance by the Contractor or Contractor’s employees.
- The Operator will provide the Contractor information of any known hazards at the Operator’s facility the Contractor is working on and that it may reasonably be exposed to while performing its assigned duties;
- The Operator’s operating procedures will be made available, as appropriate, for Contractors assigned operational duties;
- The Operator will inform the Contractor of any changes to the Operator’s safe work policies related to the contractor’s assigned duties;
- The Contractor will be provided with appropriate safety, environmental and emergency evacuation information prior to commencement of work performed hereunder, including any site-specific information, as appropriate;

The Operator has reviewed the Contractor’s safe work practices, as applicable, and has determined they conform to the Operator’s SEMS. The Contractor confirms that its personnel have the skills and knowledge to perform their assigned duties in a safe and environmentally sound manner, has documented such, and the information contained therein is accurate, timely and reflective of all applicable regulations.

The undersigned subscribe to the above described principles, and to the applicable requirements of 30 CFR 250, Subpart S and API RP 75. By our signatures, we affirm and endorse the content of this Bridging Agreement and Certification.

Operator-Contractor Agreement Letter Template 3 – ver4 29Aug2011
Center for Offshore Safety

SAFETY ENVIRONMENTAL MANAGEMENT SYSTEM (SEMS)

Operator-Contractor Agreement Letter

______________________________
Operator Representative – Signature/Date

______________________________
Contractor Representative – Signature/Date