**UNITED STATES DEPARTMENT OF THE INTERIOR**
**BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT**

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NATIONAL NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL, GAS, AND SULPHUR LEASES, OUTER CONTINENTAL SHELF

# Guidance on the Development, Implementation and Maintenance of a Safety and Environmental Management Systems (SEMS) Program for Outer Continental Shelf (OCS) Oil, Gas and Sulphur Operations

## Purpose

The purpose of this Notice to Lessees and Operators (NTL) is to clarify the policies, procedures and requirements for OCS lessees and operators as included in 30 CFR 250, Subpart S regulations.

This NTL collects and consolidates the guidance and clarifications that have emerged from workshops and discussions with industry and interest groups over the past year. In the interest of maximizing transparency, the NTL also addresses issues relating to how the Bureau of Safety and Environmental Enforcement (BSEE) will implement the SEMS program as provided for in existing regulations, and describes the anticipated interactions between BSEE personnel and the operator community. No new requirements are contained in this document.

Items of interest for this NTL include:

- specifying who needs a safety and environmental management systems (SEMS) program;
- specifying environmental information requirements;
- information related to conducting a Hazards Analysis (HA);
- details on conducting a Job Safety Analysis (JSA);
- Management of Change (MOC) requirements;
- operating procedures requirements;
- safe work practices and contractor selection criteria;
- personnel training expectations as it applies to your SEMS;
- mechanical integrity (MI) documentation procedures;
- independent third party (I3P) or designated and qualified personnel (DQP) audit requirements;
- BSEE evaluations of your SEMS program;
- critical equipment; and
- identification of operator contact information for SEMS

## Authority

Under 30 CFR 250.1900, Subpart S – Safety and Environmental Management Systems (SEMS), BSEE has the authority to require the development, implementation, and maintenance of a SEMS program for oil and gas and sulphur operations in the OCS. You must comply with the provisions of this subpart and have your SEMS program in effect on or before November 15, 2011.

## Policy

BSEE has established the following policies and guidance with respect to your SEMS:

### 1. Who Needs a SEMS program?

As defined in 30 CFR 250.105, ***"You"*** as used in Subpart S, includes a lessee, the owner or holder of operating rights, a designated operator or agent of the lessee(s), a pipeline right-of-way holder, or a State lessee granted a right-of-use and easement.

30 CFR 250.1900 requires entities included in the term ***"You"*** to have a SEMS program. Subpart S ***does not require*** a contractor or subcontractor performing work for you on a facility as described in 30 CFR 250.1911 to have a SEMS.

### 2. Environmental Information

As required in 30 CFR 250.1910, your SEMS program must include environmental information, which in accordance with API-RP 75 Section 1.1.1(incorporated by reference at 30 CFR 198(e)(80)), must include your policies and objectives concerning environmental impacts over which you have control and can be expected to have an influence.

You must review your environmental requirements aimed at preventing environmental impacts as set forth in BSEE regulations, clarifying NTLs, or applied through lease stipulations, mitigations, or conditions of approval (API RP-75, Section 5.2). Additionally, you must address relevant environmental requirements throughout all phases of your SEMS program including planning; implementation and operation; verification and corrective actions; management review; and continual improvement (API RP-75, Section 1.1.1).

Environmental resources to be considered in your SEMS program include but are not limited to:

- Water Quality
- Air Quality
- Biological Resources including protected species, chemosynthetic, and benthic communities
- Archeological and Cultural Resources

### 3. Hazards Analysis

Management of safety hazards and environmental impacts is an integral part of the design, construction, maintenance, operation, and monitoring of a facility (API RP-75, Section 1.2.2[j]).

As stated in 30 CFR 250.1911(a), an initial Hazards Analysis (HA) needs to be conducted on your facilities by November 15, 2011. An existing HA can be used by an operator ***only*** if it is accurate, up to date and reflects the current level of operational complexity on a facility. If an existing HA is not up-to-date, a new HA will need to be developed for all of your facilities in accordance with 30 CFR 250.1911.

If piping and instrument diagrams (P&ID) are used as part of the HA, the diagrams must accurately reflect the facility's layout and operation.

The results of the initial HA need to be used in formulating your SEMS program. No extensions will be granted to implement a SEMS program later then November 15, 2011.

### 4. Job Safety Analysis

As required in 30 CFR 250.1911(b), a Job Safety Analysis (JSA) needs to be developed and implemented for all activities identified or discussed in your SEMS program. The regulations provide information on major areas that need to be addressed in an operations/task level JSA, but do not specify a JSA format that needs to be used by an operator. The operator should define a JSA format that fits the intent, scope and depth of their operations.

Multiple JSA formats within a particular company are allowed for use in addressing different OCS operations (i.e., drilling, production, lifting, construction, pipeline, etc.), or on different types of facilities as defined in an operator's SEMS program.

The supervisor of the Person-in-Charge (PIC) of a task must approve a JSA prior to the commencement of work (250.1911(b)(3)). This approval can be either by email, by a web-based program, or in writing as defined in the operator's SEMS program. The supervisory approval should only be given after the PIC has completed a visual onsite inspection of the work area in advance of initiating the task and has determined that it is safe to start work. Though BSEE recommends that the supervisor of the PIC be located on the facility on which the actual work is taking place, the supervisor may be located nearby.

As required in 30 CFR 250.1928(b), the PIC of a task must document the **"results"** of the JSA in writing and keep these records onsite for 30 days. As used in this NTL, the term **"results"** means a completed form, document, or other type of written evidence that the JSA was completed.

**5. Management of Change**

In accordance with 30 CFR 250.1912(a)(3), written Management of Change procedures (MOC) are required for personnel changes including those associated with your contractors. Personnel changes that would trigger a MOC under Subpart S include, but are not limited to, the following:

i. Company mergers and acquisitions,
ii. Substitution of personnel (replacements),
iii. Changes in company management, and
iv. Personnel vacancies (hiring).

The regulatory text at 30 CFR 250.1912(a)(3) ***does not require*** a MOC for a tour rotation (i.e.,12-hour crew rotation) or shift rotation (i.e., 7, 14, or 21-day change-out of crews).

The requirement to conduct a MOC, included in 30 CFR 250.1912(a)(3) for personnel changes associated with personnel vacancies and replacements, goes beyond what is required in API RP 75, Section 4.3. As stated in 30 CFR 250.1900(c), if there is a conflict between the requirements of Subpart S and API RP 75, you must follow the requirements of Subpart S.

Under 30 CFR 250.1912(b), a MOC for situations involving a replacement in kind of components with the same performance capabilities is not required. However, a MOC would be required if the replaced parts are not the same as those provided by the Original Equipment Manufacturer (OEM). A MOC will also need to be conducted if the replaced parts have performance capabilities exceeding those of the OEM.

**6. Operating Procedures**

Under 30 CFR 250.1913(a)(1), the development and implementation of written operating procedures for the **"Initial startup"** of a facility is required. For this purpose, the term "initial startup" not only means when a facility is first brought online, but also includes the startup of that facility after it has been shut down temporarily for emergency, maintenance, or other reasons.

In accordance with 30 CFR 250.1913(b), operating procedures must be accessible to all employees involved in an operation. The intent of this requirement is to make sure that the employees involved in a particular operation have the ability to review and use a set of operating procedures specific to the particular job or activity they will be involved in. This requirement does not call for these employees to have access to **"ALL"** of the operating procedures in use on a particular facility.

**7. Safe Work Practices and Contractor Selection Criteria**

In 30 CFR 250.1914, an operator is required to document contractor selection criteria. To accomplish this, an operator needs to evaluate information related to a contractor's safety performance. This evaluation may be asked for by BSEE during a BSEE-conducted evaluation

of your SEMS program. Information that can be used by the operator for this evaluation includes, but is not limited to:

i. Verification of a contractor's safety record,
ii. Verification of contract personnel training activities,
iii. Verification of contractor-conducted (internal or external) audit(s) of their safe work practices and/or safety program.

As stated in 30 CFR 250.1914, an operator must ensure their contractors have their own written safe work practices. Documentation showing that the operator has ensured that the contractors have their own safe work practices needs to be available to BSEE during a BSEE-conducted evaluation of the operator's SEMS program. Documentation showing that you have accomplished this include, but are not limited to, the following:

i. An operator-conducted pre-work audit of their contractors' safe work practices, or
ii. An operator-conducted evaluation of their contractors' focus on their safe work practices.

In accordance with 30 CFR 250.1914, a copy of the contractors' safe work practices must be made available to BSEE should we evaluate your SEMS program. The safe work practices can be in either paper or electronic format. Also, under this section, the operator and contractor must document their agreement concerning use of appropriate contractor safety and environmental policies and procedures before the contractor begins work at the facility. This agreement may be requested by BSEE during a BSEE-conducted evaluation of your SEMS program. There is no BSEE-specified format for this documented agreement—for example, a signed letter between the two parties is acceptable to BSEE.

Under 30 CFR 250.1914(b), the operator is required to document that ***each contractor*** working for you is knowledgeable and experienced in the work practices it will be performing. This documentation needs to be available to BSEE should we ask to see it during a BSEE-conducted evaluation of your SEMS program. BSEE has not specified a format for you to use in preparing this documentation. Acceptable verification procedures include but are not limited to the following or combinations thereof:

i. An operator-administered written, oral, or hands-on test of each contract employee focusing on the actual job, task and/or piece of equipment the employee will be performing/operating for you;
ii. An operator-conducted review and written evaluation of each contract employee's training and work history, showing appropriate knowledge and skill in regard to the actual job, task and/or piece of equipment the employee will be performing/operating for you (this can be achieved by reviewing contract employee certificates for completion of training, education or other activities);
iii. An operator-administered on-the-job evaluation of each contract employee focusing on the actual job, task and/or piece of equipment the employee will be performing/operating for you; or

iv. An operator-documented interview/discussion with a particular contract employee showing evidence that such employee has the appropriate knowledge and skill in regard to the actual job, task and/or piece of equipment the employee will be performing/operating for you.

In 30 CFR 250.1914(e), the operator is required to perform ***"periodic evaluations"*** of the performance of contract employees to verify they are fulfilling their obligations. These periodic evaluations may include the verification techniques listed above in relation to complying with 30 CFR 250.1914(b), or they may include other operator-conducted verification techniques. These periodic evaluations need to be available to BSEE should we ask for them during a BSEE-conducted audit of your SEMS program.

If you have a Subpart O training program in place which complies with the provisions of 30 CFR 250.1500, Subpart O -- Well Control and Production Safety Training, then the parts of your existing Subpart O program that address the evaluation of your contractors, may be used to comply with the provisions of 30 CFR 250.1914(e)(1). These areas include, but are not limited to, 30 CFR 250.1501, 30 CFR 250.1503(b)(2), 30 CFR 250.1503(b)(3), and 30 CFR 250.1506(c). See Section 8 of this NTL for further information on the relationship between Subpart O and SEMS.

For purposes of Subpart S, the operator will need to define the term ***"periodic"*** with regard to evaluation of contract employee performance as required in 30 CFR 250.1914(e)(1). This definition may vary from operator to operator, or within a particular operator's SEMS program for different contractors (i.e., production and drilling, long term or short term, construction, pipeline, etc.). During a BSEE-conducted SEMS evaluation, we will check to see if the recurring interval specified by the operator is adequate, as determined by you and your contractor's safety record and operational performance, and is being followed.

In accordance with 30 CFR 250.1914(f), the operator is required to inform its contractors of any known hazards on the facility they will be working on. Whichever technique(s) is chosen by the operator to achieve this, it needs to be documented and the relevant documentation made available to BSEE upon request. Acceptable techniques include, but are not limited to, the following:

i. An operator's verbal explanation of a facilities hazards;
ii. An operator's written explanation of a facilities hazards;
iii. An operator-conducted training course/class concerning the hazards on a specific facility;
iv. An operator-conducted review of an up-to-date hazards analysis of the facility;
v. An operator-conducted walk-through of the facility; or
vi. An operator-conducted review of facilities, technical specifications, schematics and/or P&IDs.

An operator may adopt or incorporate sections of a contractor's safety policies and procedures into its SEMS program if the program meets the requirements of this rule and meets the operator's expectations of the SEMS program.

## 8. Training

In accordance with 30 CFR 250.1915 and API RP 75, Section 7, an operator's SEMS program is required to address the training of ***all personnel*** to assure they have the necessary skills to work safely in accordance with their duties and responsibilities, including operating procedures, safe work practices and emergency response and control measures. As defined in 30 CFR 250.1903, personnel means "direct employees of the operator and contract workers."

SEMS training requirements are in addition to those included in Subpart O. Subpart O requirements are specific to and focus ***only*** on well control and production safety activities, as defined at 30 CFR 250.1500. The training requirements in a SEMS program will normally exceed those included in Subpart O because they apply to all personnel and all activities, not just well control and production safety activities.

Depending on the operations the operator has in progress on a facility, as described at 30 CFR 250.1911, the operator may or may not need to include the provision(s) of their Subpart O training program as part of their SEMS program.

To facilitate a logical and orderly transition to a SEMS program, the following techniques may be used for integrating your Subpart O program with your SEMS program:

i. An operator may integrate their existing Subpart O program into their SEMS program if an operator determines their Subpart O program meets the requirements of the SEMS training element (for well control and production safety activities), or

ii. An operator may incorporate by reference its existing Subpart O program as part of its SEMS program if an operator determines that its Subpart O program meets the requirements of the SEMS training element (for well control and production safety activities).

A BSEE evaluation of the operator's SEMS program may focus on the training element. Should we pursue this, and your operations include activities covered under Subpart O (well control and production safety), then you may provide BSEE with your Subpart O program and associated documentation to show compliance with the SEMS program. However, as part of this evaluation, you need to be able to provide additional program-related material and training documentation in relation to operations on your facilities in areas other then those addressed by Subpart O.

As of November 15, 2011, any audit of training-related activities conducted by BSEE, including provisions under Subpart O (such as tests, interviews, audits etc.), will be implemented under the authority of Subpart S, 30 CFR 250.1900, and will be deemed a SEMS evaluation.

Under 30 CFR 250.1915, the operator is required to document the qualifications of your training instructors. Though BSEE does not specify what qualifications are acceptable, you must be prepared to show appropriate documentation to BSEE during an evaluation of your SEMS program, and you must be able to show why you used a particular instructor for a specific subject.

In accordance with 30 CFR 250.1915(d), the operator is required to describe in its SEMS program how it will verify that its contractors are trained in the work practices they are performing. This information may be requested by BSEE during an evaluation of your program. Acceptable forms of verification could include one or more of the following techniques:

i. Administer a written, oral, or hands-on test to contract personnel;
ii. Review contractor personnel's certificates, degrees, or accreditation statements showing completion of appropriate training; or
iii. Review an electronic or paper spreadsheet of contract personnel training records, dates and locations.

## 9. Mechanical Integrity

In accordance with 30 CFR 250.1916(d) and API RP 75, Section 8.6 (incorporated by reference at 30 CFR 198(h)(80)), documentation is required concerning the inspection and testing of the operator's equipment and systems. The documentation must include, among other things, the date of the inspection or test and the name, position, and signature of the person who performed the inspection or test. This documentation needs to be available to BSEE if requested during an inspection, evaluation, or audit. An operator can use an electronic or original signature, and can use a single signature to represent acceptable documentation for multiple pieces of equipment inspections and/or tests.

## 10. SEMS Submittals – Operator-Conducted SEMS Audits

In accordance with 30 CFR 250.1920(a), your Independent Third Party (I3P) or Designated and Qualified Personnel (DQP) will conduct an audit of your SEMS program within 2 years of the initial implementation of your program, and once every 3 years thereafter. This audit will be composed of two distinct parts:

i. A **comprehensive evaluation** of all thirteen elements of your program for compliance with Subpart S and API RP 75; and
ii. A field evaluation of at least 15 percent of your facilities in accordance with API RP 75, Section 12.3.

During each audit, at least 15 percent of the facilities you operate, with a minimum of one facility, must be audited. If your offshore portfolio consists of only one facility, you will be expected to conduct an audit on this facility every 3 years. The audited facilities should be a representative cross section of your offshore portfolio and/or the types of operations you conduct on these facilities. Examples of facilities and/or operational criteria you should evaluate in determining a representative cross section can include the following:

i. Facility date of installation (old, new);
ii. Oil production vs. gas production;
iii. Manned facility vs. unmanned facility;
iv. Type of structure (caisson, fixed platform, floating production system);
v. Sour production vs. sweet production;
vi. Water depth:
vii. Distance from shore; and
viii. Proximity to environmental features (i.e., coral reefs, bird sanctuaries, etc.).

In accordance with 30 CFR 250.1920(b)(4), BSEE reserves the right to modify the list of facilities you have proposed to audit should the agency feel that your sample does not adequately address the diversity and scope of your OCS operations.

In accordance with 30 CFR 250.1920(b)(4), you must submit your written ***Audit Plan*** to BSEE at least 30 days in advance of your audit by either an I3P or DQP. The contents of your Audit Plan should comply with the provisions included in API RP 75, Section 12.4. Your Audit Plan needs to be submitted to the National SEMS Coordinator for the Office of Offshore Regulatory Programs (OORP) (see the Contact Information section in this NTL for the address).

The list of facilities you have proposed to audit can be modified in the event of weather-related problem(s), operational issues, safety concerns, or other unforeseen circumstances. In the event one of these conditions exists prior to initiating your audit, you need to contact BSEE as soon as practical to inform us of your modified list of facilities to audit. Your initial contact to BSEE will be by phone to the National SEMS Coordinator for OORP at (703) 787-1029. The modified list of facilities to be audited needs to be submitted within 7 days of the audit.

After completion of your audit, the I3P or DQP must submit an ***Audit Report*** to BSEE within 30 days of completing the audit in accordance with 30 CFR 250.1920(c). This audit report needs to outline the results of the audit in accordance with the provisions in API RP 75, Section 12.7. The Audit Report needs to be submitted to the National SEMS Coordinator for OORP.

If the I3P or DQP identifies deficiencies as part of its audit, you are required to submit to BSEE within 30 days of completing the audit a copy of your ***Corrective Action Plan*** (CAP) addressing each of these deficiencies in accordance with 30 CFR 250.1920(d). Your CAP will be submitted at the same time you submit your Audit Report.

**11. BSEE Evaluations of your SEMS Program**

To determine that an operator's SEMS program is in compliance with 30 CFR 250.1924(b)(5), BSEE may review a variety of documents including, but not limited to, the following: documentation of contractors, I3P and DQP qualifications, training instructor qualifications, HA records, JSA verifications, training records, evidence of SEMS implementation and/or SEMS policies and procedures associated with your or your contractors' implementation of your SEMS program during our evaluation of your program.

Under 30 CFR 250.1924, BSEE or its authorized representative is provided the authority to conduct an evaluation of your SEMS program to determine if your program is in place, addresses all required elements, effectively protects the safety and health of workers and the environment, and prevents incidents.

BSEE evaluations will commence on or after November 15, 2011.

These BSEE evaluations may be conducted in an operator's office, on an operator's facility, on a MODU under contract by an operator, at both an office location and an operator's facility, or on a MODU.

A BSEE evaluation may address all elements of the operator's SEMS program (complete evaluation), or focus on a single element or concentrate on more than one element of your SEMS program (partial evaluation).

BSEE will use a variety of techniques in conducting either complete or partial evaluations of your SEMS program which may involve either operator personnel, contractor personnel, or both. These techniques include, but are not limited to, the following:

i. Records and documentation review;
ii. Audits;
iii. Tests;
iv. Personnel interviews (operator and contractor related);
v. Witnessing of an operator-conducted JSA, MOC or safety meeting; and
vi. BSEE-initiated oil spill response drills (in accordance with 30 CFR 254.42(g)) or well control drill (in accordance with 30 CFR 250.462(d)).

During an evaluation of an operator's SEMS program, BSEE will look to the operating company to explain its SEMS program as the program relates to its use of contractors. An operator can decide to have its contractors in attendance during an evaluation; however, the operator's employees must not rely on the contractor to answer the questions during the audit. BSEE expects an operator to be knowledgeable of how its contractors are incorporated into the operator's overall SEMS program and their philosophy with regards to safety management.

An evaluation should not be confused with an inspection performed by BSEE for the purpose of gauging compliance with regulations. A SEMS evaluation will not be used in lieu of a prescriptive inspection.

Evaluations may be conducted by BSEE on either an announced or an unannounced basis. Should BSEE decide to conduct an announced evaluation of your SEMS program, a notification letter will be sent to you at least 30 days in advance of the evaluation. This letter will identify the time and location of the audit, who from BSEE will be participating in the audit, the scope of the audit, and a request for you to provide BSEE with a copy of your SEMS program.

After completion of a BSEE-conducted complete or partial audit (announced or unannounced), we will provide you a copy of our ***BSEE Audit Report*** within 30 days. If BSEE has identified any deficiencies in your SEMS as part of our audit, an Incident of Noncompliance (INC) or INCs will be issued as part of the BSEE Audit Report. Each INC will specify a date by which the correction needs to be made.

Depending on the seriousness, complexity, and scope of the INC, Form BSEE-1832 requires you to correct the identified deficiency within 14 days or some other period of time as specified by BSEE.

Upon receiving the ***BSEE Audit Report*** and INC(s), the operator will be required to submit to BSEE within 30 days a CAP, for addressing the INC(s) (in accordance with § 250.1920). If for any reason you will be unable to meet the corrective action time specified by BSEE for an INC, the operator must submit a request for an extension. This time extension request should include a detailed timeline needed to reach compliance and any resources that may be needed by you to comply.

Upon receiving your INC extension request, BSEE will let you know within 14 days if we approve your request. If BSEE approves your request, we will specify a schedule for updating BSEE on your progress in reaching compliance.

**12. Critical Equipment**

The operator is responsible for identifying **"critical equipment"** and systems on SEMS-covered facilities and operations as described at 30 CFR 250.1911.

The term is defined in RP 75, Appendix D, item D.2. The determination concerning which piece of equipment or system should be deemed **"critical"** may vary from operator to operator and from facility to facility within a given operator's portfolio.

**13. Identification of Operator's SEMS Contact**

To assure a smooth transition into a SEMS compliance environment, please provide BSEE with a primary and an alternate SEMS contact within your company. These individuals will be contacted by BSEE for all issues and concerns within your company on Subpart S, including, but not limited to, audit scheduling and SEMS submissions. Please provide the primary and alternate SEMS contact names, mailing addresses, email addresses, and phone numbers to the National SEMS Coordinator for OORP by November 15, 2011.

**Guidance Document Statement**

BSEE issues NTLs as guidance documents in accordance with 30 CFR 250.103 to clarify and provide more detail about certain BSEE regulatory requirements and to outline the information you provide in your various submittals. Under that authority, this NTL sets forth a policy on and an interpretation of a regulatory requirement that provides a clear and consistent approach to complying with that requirement. However, if you wish to use an alternate approach for compliance, you may do so, after you receive approval from the appropriate BSEE office under 30 CFR 250.141.

**Paperwork Reduction Act of 1995 Statement**

The information collection referred to in this NTL provides clarification, description, or interpretation of requirements contained in 30 CFR 250, Subparts D, O, S, and 30 CFR 254. The Office of Management and Budget (OMB) approved the information collection requirements for these regulations and assigned OMB Control Numbers 1010-0141, 1014-0008, 1010-0186, and 1014-0007, respectively. This NTL does not impose any additional information collection requirements subject to the Paperwork Reduction Act of 1995.

**Contact**

**For Questions Regarding General SEMS or Safety Requirements**
Please contact the National SEMS Coordinator, David Nedorostek, Office of Offshore Regulatory Programs, Safety and Enforcement Branch by email at sems@bsee.gov or telephone at 703-787-1029 or by mail at 381 Elden Street, MS-4023, Herndon, VA 20170.

**For Questions Regarding Environmental Requirements of SEMS**
Please contact Chuck Barbee of the BSEE Headquarters, Environmental Enforcement Division by email at sems@bsee.gov or by telephone at 703-787-1567 or by mail to 381 Elden Street, Herndon, VA 20170.

OCT 21 2011
Dated

Michael R. Bromwich
Director
Bureau of Safety and Environmental Enforcement