



A History and Overview of the OQ Rule

1992 -2017

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Agenda

- History of the Operator Qualification Rule – The OQ Rule
- Overview of the Current OQ Rule – Your Role
- PHMSA Enforcement and Consequences of Non-Compliance

The History of OQ

Jan 1992

Gas release, explosion, & fire – Chicago IL

Chicago Tribune

Gas Disaster Lingers In West Town

February 05, 1992 | By Helaine Olen.

Federal Study Says Quick Action, Better Training Of Employees Might Have Limited Damage In 1992 Chain-reaction Explosions

January 05, 1993 | By Rob Karwath, Chicago Tribune.

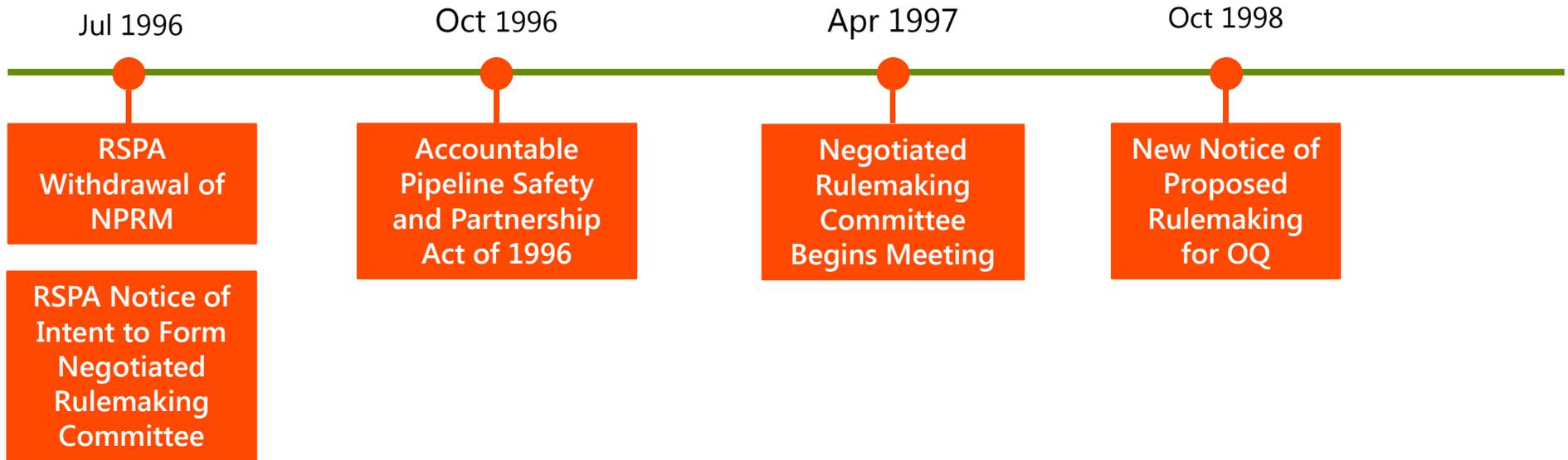
Oct 1992

Pipeline Safety Act of 1992

Aug 1994

RSPA Notice of Proposed Rulemaking (NPRM) for OQ

The History of OQ



The History of OQ

Jun 1999

Pipeline Rupture
& Release of
Gasoline -
Bellingham WA



Aug 1999

Final Rule:
Qualification of
Pipeline Personnel

Aug 2000

Pipeline Rupture
& Fire –
Carlsbad NM

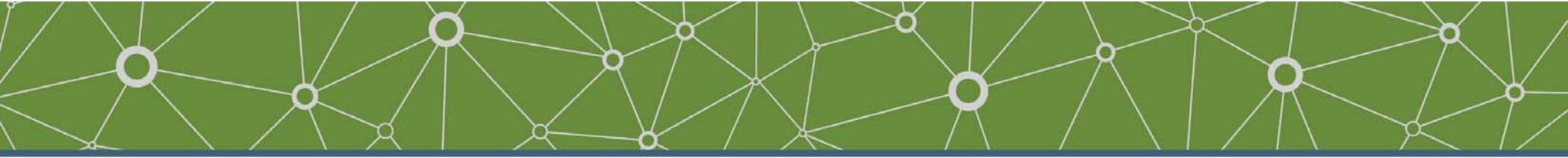


The History of OQ

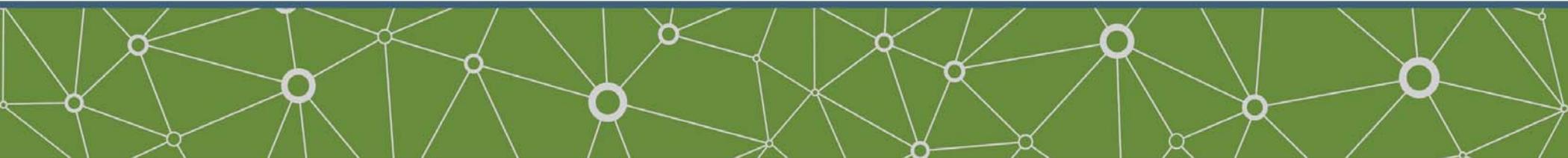


Current Status

- PHMSA issued new OQ NPRM July 2015
 - Determined that existing regulations were not prescriptive enough
 - NTSB findings and safety recommendations
 - Gaps between the current OQ requirements and observations during audits and inspections in the field
 - Key elements missing or need clarification
- Comments received through September 8, 2015
 - Utilities – 5, Pipeline – 9, Others – 25
- OQ changes placed on hold January 2017



The Current OQ Rule – An Overview



The OQ Rule

- The OQ Rule requires affected companies to:
 - Identify “covered tasks” and “abnormal operating conditions”
 - Implement a process for evaluating personnel
 - Develop and follow a written qualification program
 - Maintain records to document compliance

Intent of the OQ Rule

- Ensure a qualified workforce on regulated pipelines
- Reduce the probability and consequence of pipeline incidents or accidents caused by human error

Covered Tasks

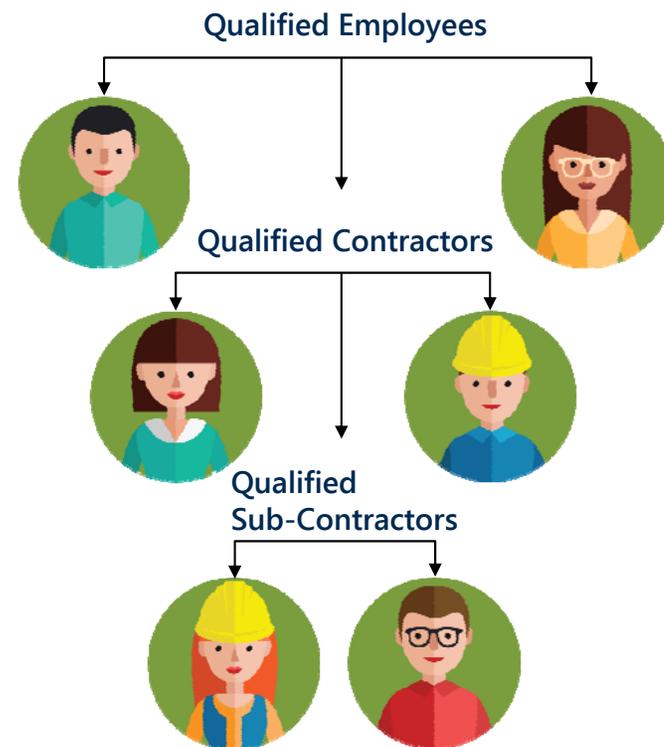
- A covered task is an activity identified by the operator that has all of the following four characteristics (i.e., the “4-part” test):
 - Is performed on a pipeline facility
 - Is an operations or maintenance task
 - Is performed as a requirement of 49 CFR Part 192 of the federal pipeline safety regulations
 - Affects the operation or integrity of the pipeline

Abnormal Operating Conditions (AOC)

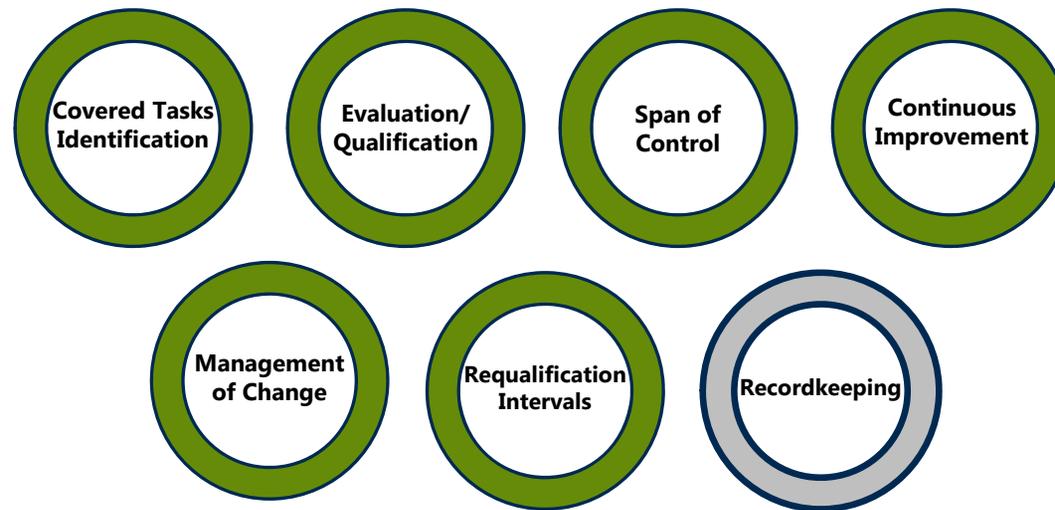
- Qualified individuals must be able to recognize and react appropriately to an AOC.
 - Recognize: able to identify a situation or event on the pipeline that is out of the ordinary and could become a hazard to the public or environment if not promptly corrected.
 - React appropriately: knows what to do to ensure that the hazard is promptly addressed. This could include notifying the employee's supervisor or site inspector or taking the correct action to mitigate the hazard, whichever is appropriate for the AOC.

Who Must be Qualified

Companies must ensure that all individuals who operate and maintain pipeline facilities are qualified to perform covered tasks

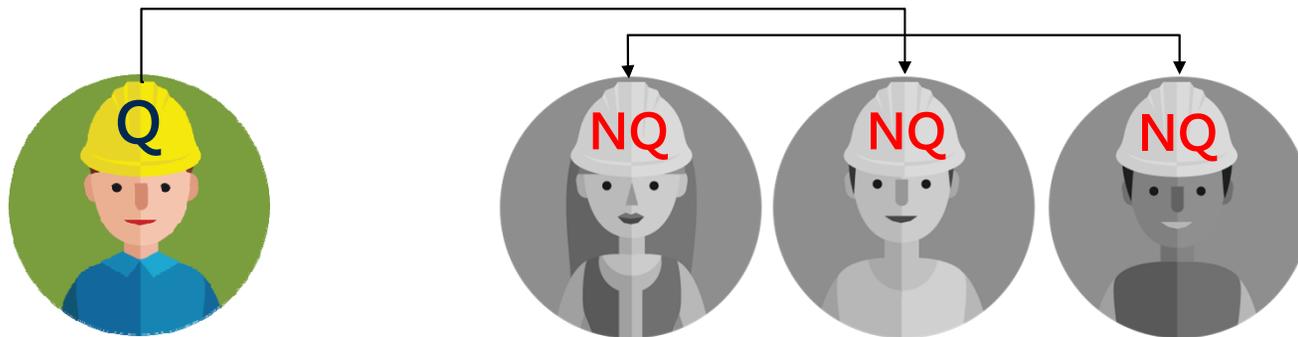


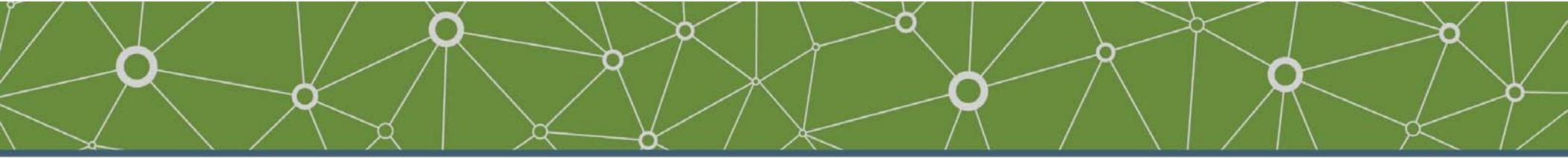
Operator Qualification Program



Span of Control (SOC)

- No one can perform a covered task unless they are specifically qualified to perform that task or are directed, and observed by a qualified individual (if span of control is allowed) as outlined in the OQ plan
- A SOC ratio of 1:3 would mean that one qualified employee could direct and observe up to three unqualified employees





OQ Rule Enforcement and Consequences of Non- Compliance

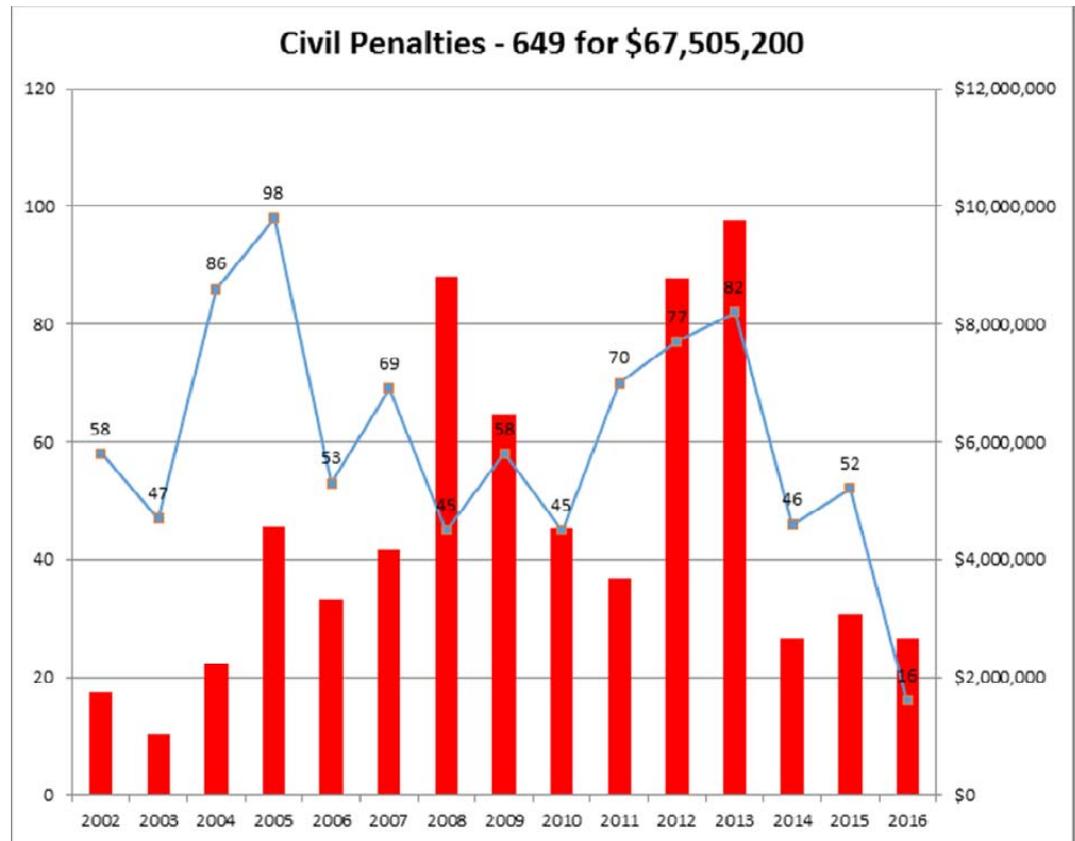


OQ Rule Enforcement

- During inspections, PHMSA and state agencies can review records of any operations or maintenance activity
- For covered tasks, this includes the:
 - Qualifications
 - Evaluation methods
 - Date each individual was evaluated
- Inspectors seek to ensure that each individual is qualified prior to their performance of specific covered tasks on an operator's pipeline

PHMSA Enforcement Actions

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 increased the civil penalty authority of PHMSA to a maximum of \$200,000 per violation per day, up to a maximum of \$2,000,000 for a related series of violations.



Criminal Penalties

- The United States Code and the pipeline safety regulations specify conditions under which criminal penalties may be taken

Violation	Subject to
Violate a pipeline safety requirement	<ul style="list-style-type: none">• Fine ≤ \$25,000 for each offense• Imprisonment ≤ 5 years• Or both
Violate a regulation for off-shore gathering lines	<ul style="list-style-type: none">• Fine ≤ \$25,000 for each offense• Imprisonment ≤ 5 years• Or both
Injure or destroy any interstate pipeline facility	<ul style="list-style-type: none">• Fine ≤ \$25,000 for each offense• Imprisonment ≤ 15 years• Or both
Deface, damage, remove, or destroy any pipeline sign, right-of-way marker, or marine buoy	<ul style="list-style-type: none">• Fine ≤ \$5,000 for each offense• Imprisonment ≤ 1 years• Or both

Additional Fallout Actions

- A number of issues can occur following an accident or incident that can impede an operator's ability to maintain business goals:
 - Lawsuits against the company
 - Lawsuits against individuals involved
 - Negative publicity
 - Increased scrutiny from all regulatory agencies
 - Criminal penalties including fines and jail time

OQ NPRM Update Overview

Key proposed changes and additions

- Expanded definition of covered task
 - New Construction
 - Emergency Response
 - Integrity Management
- Focus on training as part of qualification
- Apply Management of Change to OQ
- Emphasis on program effectiveness review
- Document, document, document



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