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

Oct 1992
- Pipeline Safety Act of 1992

Aug 1994
- RSPA Notice of Proposed Rulemaking (NPRM) for OQ

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.
The History of OQ

- Jul 1996: RSPA Notice of Intent to Form Negotiated Rulemaking Committee
- Apr 1997: Negotiated Rulemaking Committee Begins Meeting
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

Oct 2002

OQ Rule Effective

Dec 2002

Pipeline Safety Improvement Act of 2002

2004

Pipeline and Hazardous Materials Safety Administration – PHMSA Created
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

- Covered Tasks Identification
- Evaluation/Qualification
- Span of Control
- Continuous Improvement
- Management of Change
- Requalification Intervals
- Recordkeeping
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

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<tr>
<th>Violation</th>
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<td>Violate a pipeline safety requirement</td>
<td>• Fine ≤ $25,000 for each offense</td>
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<td>• Imprisonment ≤ 5 years</td>
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<td>• Or both</td>
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<td>Violate a regulation for off-shore gathering lines</td>
<td>• Fine ≤ $25,000 for each offense</td>
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<td>• Imprisonment ≤ 5 years</td>
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<td>• Or both</td>
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<tr>
<td>Injure or destroy any interstate pipeline facility</td>
<td>• Fine ≤ $25,000 for each offense</td>
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<td>• Imprisonment ≤ 15 years</td>
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<tr>
<td>Deface, damage, remove, or destroy any pipeline sign, right-of-way marker, or marine buoy</td>
<td>• Fine ≤ $5,000 for each offense</td>
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<td>• Imprisonment ≤ 1 years</td>
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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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