

Distinguished Lecturer Program

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Society of Petroleum Engineers
Distinguished Lecturer Program
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Making Safety Personal In the Oil & Gas Industry

Warren Hubler, CSP

Helmerich & Payne International Drilling Co.

Industry Co-Chairman for NIOSH O&G Extraction Council

Society of Petroleum Engineers
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Presentation Outline

1. Tailor safety information to your audience
(Ex: Business Impact of Injuries)
2. Focus on critical issues
(Ex: Top cause of O&G fatalities)
3. Engage their minds with relevant data
4. Engage their hearts with personal stories

Business Impact of Injuries

DIRECT
costs on top

INDIRECT
costs on
bottom are
5X-7X larger

Understanding Injury Costs



Business Impact of Injuries

- **Source: Workers Comp Loss Run for an international drilling contractor with 250+ land and offshore rigs over a 5-year period**
- **(218) Medical Treatment Cases (MTC) +**
- **(103) Restricted Workday Cases (RWC) +**
- **(27) Lost Time Injury / Lost Workday Cases =**
- **(348) Total Recordable Injuries**

Cost of Injuries by Severity

- **DIRECT + INDIRECT (5-7x) = TOTAL COST**
- **MTC/RWC \$12,500 + \$62,500 = \$75,000 / Event**
- **LTI/LWC \$200,000 + \$1 MM = \$1.2 MM / Event**

Business Impact of Injuries

Question:

How many days must a rig work AFTER a work-related injury to cover the TOTAL COST of the injury?

Tailor Information to Your Audience

Positive Cashflow for a Drilling Contractor

Market Conditions	<u>Up</u>	<u>Down</u>
Revenue (Dayrate)	\$25,000	\$16,000
<u>- Operating Costs</u>	<u>\$15,000</u>	<u>\$15,000</u>
Cashflow / Margins	\$10,000	\$ 1,000

Tailor Information to Your Audience

**Answer in ZERO MARGIN Days
(i.e. no contribution to profits)**

Market Conditions	<u>Up</u>	<u>Down</u>
MTC / RWC	7.5 days	75 days
LTI / LWC	120 days	1,200 days

Tailor Information to Your Audience

**Answer in DOWNTIME Days
(i.e. off the payroll at ZERO Dayrate)**

Market	<u>Up</u>	<u>Down</u>
MTC / RWC	3 days	4.6 days
LTI / LWC	48 days	75 days

Now ... Personalize the Concept

Q1: How do you measure financial performance in your business?

Q2: How much in sales will you have to generate to offset the TOTAL COST of your injuries?

Famous Quote for Consideration

“No margin ... No mission!”

M.A. “Pete” Miller

former H&P VP U.S. Land Operations

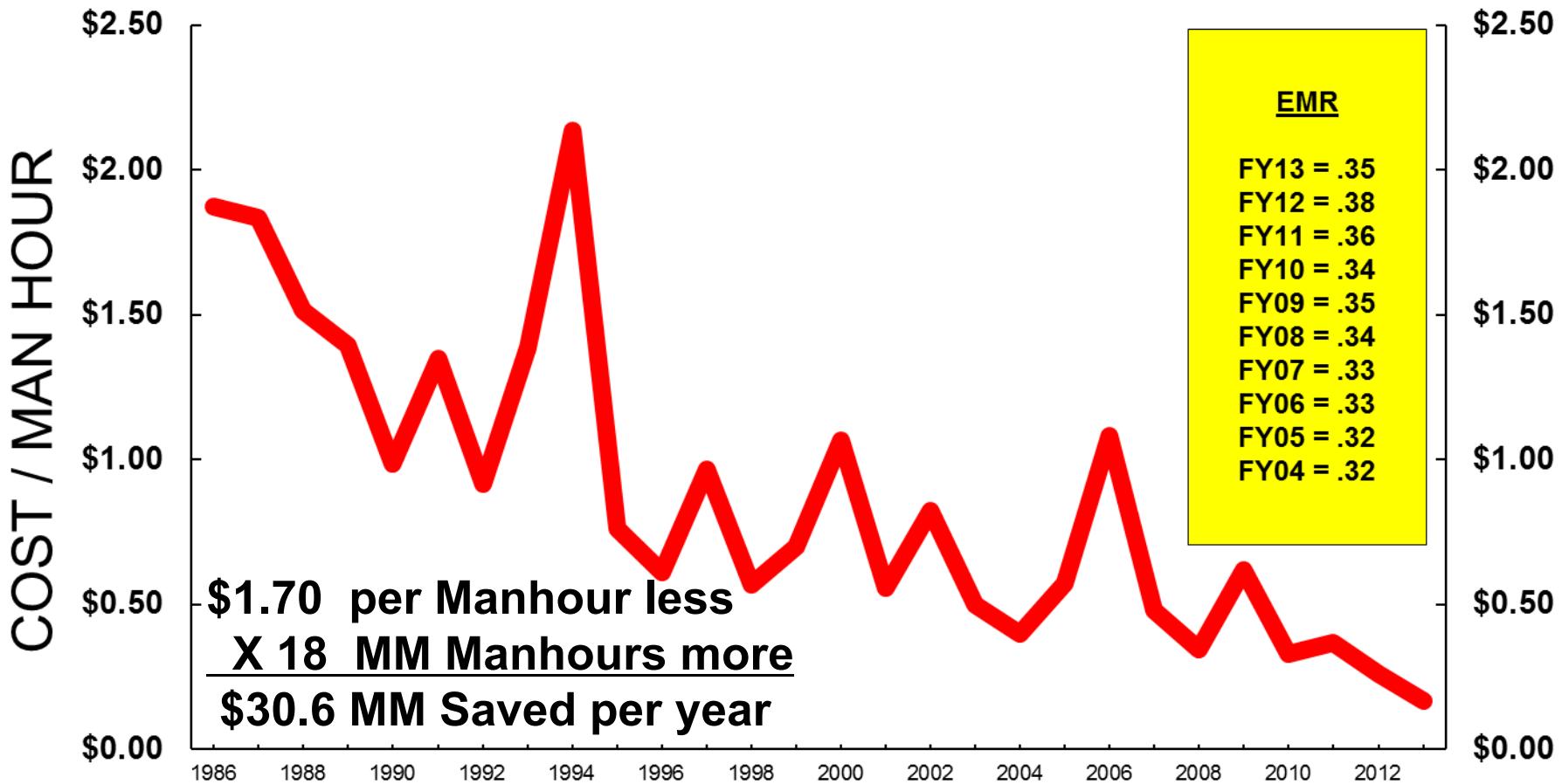
and former CEO and President of

National Oilwell Varco (NOV)

Executive Chairman of Distribution NOW

The Proof ...

Actual Cost Per Man Hour Worked



Focus on Critical Issues

Question:

**What is the most hazardous
POSITION in the oilfield?**

Work-Related Motor Vehicle Fatalities

- **Source: U.S. Census of Fatal Occup Injuries (2003–2012)**
- **40% of all U.S. O&G Extraction Deaths involved motor vehicles. Increasing. Up to 45% in 2012 and 48% in 2013.**
- **50% of all U.S. O&G M/V Deaths involved light vehicles**
- **80% of all U.S. O&G M/V Deaths occurred on highways**

Motor Vehicle Deaths are our greatest threat !

Work-Related Motor Vehicle Fatalities



Source: KZTV

Engage Their Minds (with Relevant Data)

72 : 1

Engage Their Minds

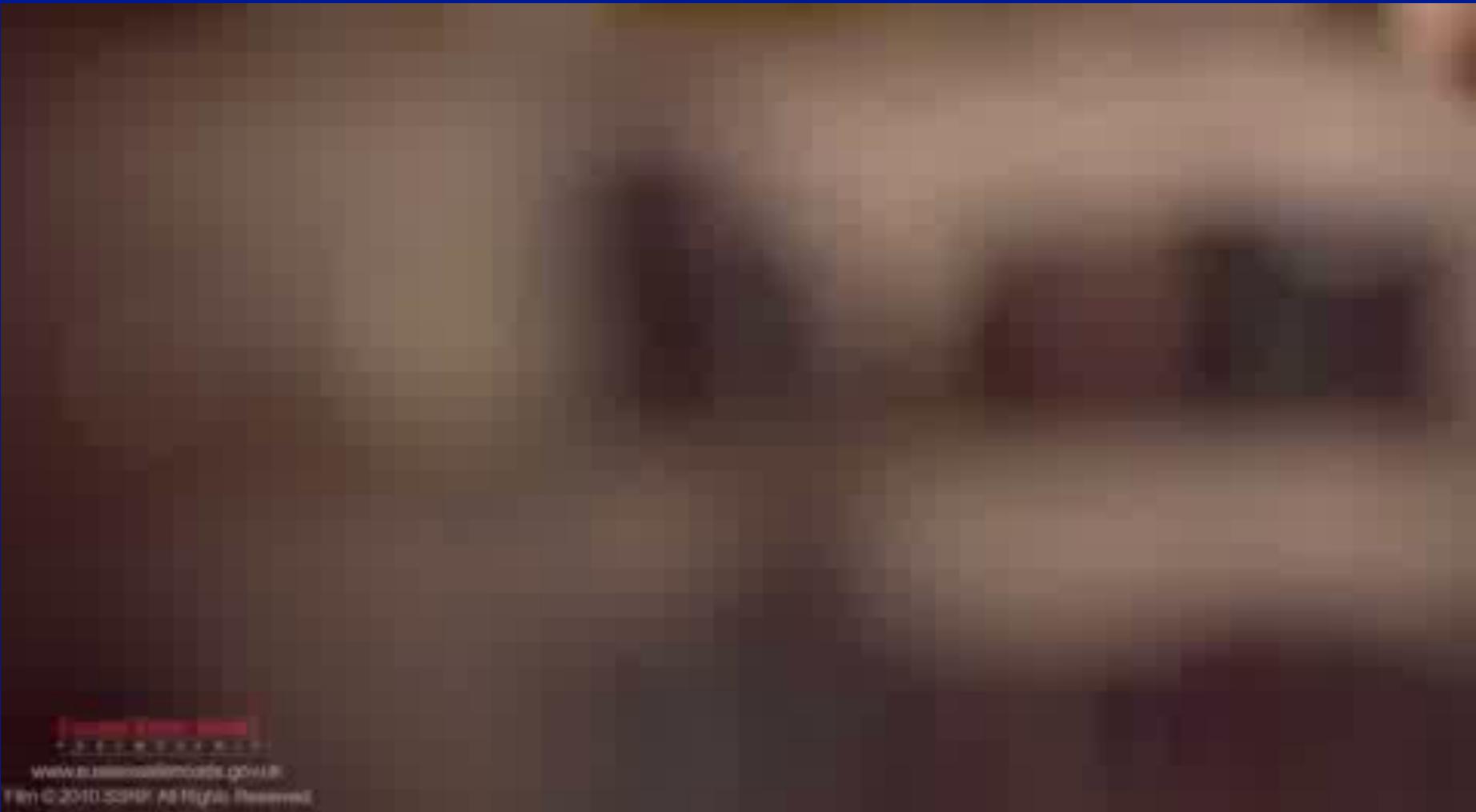
(Motor Vehicle Fatalities at H&P since 2001)

72 : 1

Off-Duty vs. On-duty

Q: *Where are we REALLY more at risk?*

Engage Their Hearts



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Engage Their Hearts (with Personal Stories)

My FIRST one ...

... July 17, 1995.

My First One

Struck by High Pressure Drilling Fluid

due to Mismatched Hammer Unions

2" Figure 1502 wingnut installed on

a 2" Figure 602 or 1002 thread half

It's a Deadly Combination !!!

Corrective Actions



602



1502

- 1. Standardize on 2" Fig 1502**
- 2. Go / No-Go Ring Gauge**

My First One



Engage Their Hearts (with Personal Stories)

... then my
GREATEST DAY
in the oilfield...

February 11, 2011

Summary

1. Tailor safety information to your audience
2. Focus on critical issues
3. Engage their minds with relevant data
4. Engage their hearts with personal stories
5. Develop a personal creed

MAKE SAFETY PERSONAL !!!

Additional Resources

1. www.oshastanddown.org

**Making Safety Personal Videos in
3-parts for 15 minute safety meetings**

2. **Complete NIOSH / NORA O&G Council
Business Case for Safety powerpoint
You Tube – Warren Hubler**

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