

Pipeline & Gas Journal

Koch Pipeline Achievement

Extraordinarily Safe Operations Result From Constant Attention

By Jeff Share/Editor

You might expect the folks at Koch Pipeline Company, L.P. to be feeling pretty good about themselves and their company these days, and with good reason. In April, the company won the API Pipeline Distinguished Environmental and Safety Award in recognition of its employees having worked all of 2010 with no minor or significant injuries. That performance, along with the company's environmental record, was recognized by industry peers at the annual API Pipeline Conference held in San Antonio, TX.

This most recent accolade is a continuation of the company's recognition of safety's importance in its ongoing operations. For example, Koch was named one of the Safest Companies in America by *EHS Today* magazine in 2008. It was a recipient of the Occupational Safety Award, API's top industry safety award in 2007. In addition, employees in Texas have achieved Voluntary Protection Programs Star status — one of only six pipeline companies across the nation that is qualified and the only pipeline company that has had an entire system (vs. a single location) qualified as a Star site.

While they have every reason to be proud of their award, you can also be certain that no one at Koch Pipeline is resting on those laurels because they each understand that pipeline safety as a core principle never leaves you, even for a moment.

To learn more about this outstanding safety achievement, *P&GJ* interviewed



Bob O'Hair, left, executive vice president of Operations and Compliance Excellence for Koch Pipeline Co., receives the coveted API Pipeline Distinguished Environmental and Safety Award from Peter Lidiak, center, pipeline director for API, and Harry Pefanis, president and chief operating officer for Plains All American and chair of the API Pipeline Subcommittee.

Bob O'Hair, executive vice president of Operations and Compliance Excellence for the company. He shared some very useful best practices.

P&GJ: Why has Koch Pipeline Co. been so successful in its employee safety program?

O'Hair: Obviously, everyone wants to be safe. What our employees have done —throughout all levels — is embrace a culture of openness, commitment and teamwork. Koch Pipeline is supported by a very strong management commitment which extends to our shareholder. In the past dozen years, we've worked very hard to develop safety programs so that each employee understands his or her role in ensuring that our goals are met. From there, we've discovered a real entrepreneurial spirit within our workforce

— constantly challenging themselves and each other to improve our processes and programs. It's more than simply complying with laws and regulations — it's about being the best we can be. It is a key part of our culture and we believe that being safe should be the top priority of every employee.

Being safe pays off in many ways. We recognize that the same attention to safe working habits applies to our ability to work in an environmentally responsible manner as well. In fact, in 2010, the volume of substances that met reportable release amounts declined and we are fully committed to continuous improvement.

P&GJ: When did the company begin to emphasize employee safety and why?

O'Hair: It has always been important for Koch companies to create an employee safety culture that was better than the industry standard. About a dozen years ago, we challenged our employees to be better than that: to be injury and incident-free. It's an expectation and our employees are proving that — with determination, dedication and a stop, think and ask approach — we can meet that expectation.

P&GJ: What is the process involved in making this a core value in company culture?

O'Hair: It begins with Charles Koch, chairman and CEO of Koch Industries, Inc. In his book, "The Science of Success," he describes the evolution of Koch Industries

and Market-Based Management (MBM®), our business philosophy. MBM includes five dimensions: 1) vision, 2) virtue and talent, 3) knowledge process, 4) decision rights and 5) incentives. As he notes, one person who is not compliant can put the entire company at risk; therefore, we have to select and retain the right people with the right values, train them and reward them to reinforce these values. Our MBM® Guiding Principles include:

- Integrity (Conduct all affairs lawfully and with integrity) and
- Compliance (Strive for 10,000% compliance, with 100% of employees fully complying 100% of the time. Ensure excellence in environmental, safety and all other areas of compliance. Stop, Think and Ask.)

This philosophy provides the foundation from which we build our systems, including safety excellence. From there, we have developed an Environmental, Health & Safety policy that clearly establishes employee expectations and accountability. This policy's fundamental principle is that no job is so urgent that employees or contractors should compromise health and safety, and employees and contractors are expected to stop any job or shut down any pipeline if conditions appear to be unsafe.

Safety is not one person's responsibility: it's everyone's responsibility. Our employees are empowered by our "We Own It" focus. This is a strong commitment to incident prevention, predictable execution and competitive results. Management also reinforces that it is a strength to ask for help.

P&GJ: Can you provide some examples of what employees do to make their jobs safer, particularly in the field? How else are employees involved in this program? Do they receive any incentives?

O'Hair: Each Koch Pipeline employee has safety expectations written into documents outlining his or her role, responsibilities and expectations. This puts the correct focus on accountability. Koch Pipeline also uses subject matter experts to own the development and sustainability of safety processes and procedures, as well as other compliance focus areas. In addition to our field mitigation strategies, we have

a decision-making framework to identify the weekly field activities that have a high potential for negative consequences. Employees are notified and specific people have the responsibility to conduct additional activity oversight, which has significantly increased our awareness and allowed us to focus resources where they are most needed.

We recognize that driving is a key risk to employees and the public. We also recognize the elevated risk of distracted driving. The National Safety Council has conducted and compiled numerous tests that clearly demonstrate talking on a cell phone while driving increases the risk of a crash by four times; the NSC also found that texting while driving may increase the risk of a crash by as much as 23 times. KPL has taken a strong step towards minimizing those risks by implementing a policy that prohibits talking on a phone, texting, emailing, programming GPS, or any other similar activity that may distract the operator from the primary task of driving. We also reinforce safe driving habits by exercising the Smith System Driver Training for all KPL vehicle operators.

P&GJ: For those who don't have physically hazardous jobs, what do they need to be made more aware of?

O'Hair: Koch Pipeline has conducted health and safety compliance applicability for each of its locations. This provided us with our roadmap for program and system development and implementation — and covers areas for all levels of employees based on their responsibilities within the organization. Our driving policy also is emphasized throughout our entire organization, regardless of job responsibility.

P&GJ: How does management connect employees to KPL's safety program?

O'Hair: We've developed our programs so that employees see that safety is a continuous improvement process. To leverage an employee's talent potential, written plans are developed by the employee and supervisor and are designed to focus on the top two or three things that will improve their capabilities and better position the employee to take advantage of future opportunities. Plans are

reviewed and adjusted based on the performance of the individual.

Managers also periodically review employees' current contributions and potential contribution, with the intent to better leverage KPL talent across each capability. Safety and compliance are rooted deeply into that review process.

P&GJ: How many people are involved in directing the safety program and what are their assignments?

O'Hair: The number varies — but generally about 35 employees have safety leadership responsibilities as part of their roles. Employees may serve on Local Safety Committees. LSC meetings/workshops are conducted regularly and involve employees in the development and review of KPL Standards and Guidelines, field audits and evaluations, and development of new safety initiatives. The LSCs are also used to communicate emerging issues to management and as a conduit for management to communicate issues to the organization.

P&GJ: When you have a chance to talk to your employees, what do you say that especially encourages them to practice safety first?

O'Hair: Don't cut corners; we will not tolerate employees or contractors that cut corners. We give employees the decision rights — as well as the responsibility — to stop any activity that might be unsafe. We regularly receive feedback that our commitment to this is valued by our employees — and by our contractors.

P&GJ: What would you tell other pipeline companies looking to improve their employee safety record?

O'Hair: Clearly define employee expectations, and encourage them to challenge and practice entrepreneurship. As demonstrated by our ability to earn VPP Star Status and by operating with no recordables or lost-time incidents in 2010, working safely, day in and day out is an attainable goal. We will not rest on our accomplishments, though...we will continue to find better ways to be more efficient and work safely. *P&GJ*

Reprinted with permission from Pipeline & Gas Journal, June 2011. © On the web at www.pgjonline.com.
© Oildom Publishing. All Rights Reserved. Foster Printing Service: 866-879-9144, www.marketingreprints.com.



www.kochpipeline.com