Changes In Law, Attitudes Promote Safety As An "Operational Strategy"

By Keith Blouin

Safety is big business in the oil field these days.

Although no one can accurately estimate what companies spend each year to insure the safety of workers or to recover losses to life, health and property resulting from accidents, higher-ups in corporate quarters are opening their eyes to the role of safety as "an operational strategy."

Made aware by the glare of statistics, government regulations and the ever-swelling ranks of safety professionals—those schooled in personnel management, claims, health and safety prevention—many in top management are growing increasingly astute as to causes and prevention of mishaps on the drilling floor.

Not last among the reasons for the increased scrutiny of operating practices among some producers and contractors may be reforms in Louisiana law. The state threw out indemnity ("hold harmless") agreements in 1981, by which companies were once able to pass along liability for personal injury accidents. The recently-passed reform of workers compensation laws, a crusade led by the business community, actually mandates the formation of safety programs and orders employers to pay for employee rehabilitation.

But are efforts in these veins adequate?

Statistics point squarely to the fact that oil and gas mining is risky business by anyone's standard.

The Occupational Health and Safety Administration (OSHA), the wing of the U.S. Department of Labor charged with oversight of the nation's workplaces, reported 24 fatalities in Louisiana's mining industry for calendar year 1982. (OSHA does not have jurisdiction beyond the three mile limit offshore.) That, out of a total of 106 occupational fatalities in the state in 1982. The year equally saw 23 fatalities in construction and 36 in manufacturing in Louisiana.

OSHA, established in 1971 to regulate all U.S. industries, reports accidents as "incidents," the measure of injuries and/or illnesses during a given time for a select group of employees. The universal measure is 100 employees per year, working 50 weeks, 2,000 hours, or a total of 200,000 hours per year. Fatalities are not included in the incidence rate.

Joe M. Ansley Jr., Louisiana's area director of OSHA, explained to ENERGY that generally 87 percent of incidents were accidents, and only three percent were illnesses—because, he said, occupational illnesses are harder to track and can take 20 or more years to manifest themselves.

In 1981, the U.S. incidence rate for all industries was 8.3 incidents per 100 worker hours, compared with 8.9 in Louisiana. Nationwide, the rate dropped from 8.7 incidences in 1980, while the rate in Louisiana rose slightly from 8.8 the previous year.

For oil and gas extraction in the U.S., Ansley told ENERGY the incidence rate was 13.9. That figure compared with 11.1 incidences in manufacturing overall and a 6.3 rate in petroleum refining.

In Louisiana, 14.9 incidences per 100 worker hours were recorded for oil and gas extraction in 1981. Petroleum refining and coal products scored a 4.3 rate, with refining alone at 3.7—"fantastic record," according to Ansley.

Industry also monitors itself, and the International Association of Drilling Contractors found a significant improvement in the 1981 accident rate with a 15 percent frequency drop for U.S. land drilling. The drop occurred, according to IADC, in spite of a 13.6 percent increase in the overall exposure in man hours.

The "Charlie Report," which IADC offers as the "best available statistical review of accident prevention efforts in the drilling industry"—although it does not measure 100 percent of drilling contractors—claimed an overall fatality figure of 61 (land, water, U.S. and foreign) in 1981 and recorded 21 fatalities for U.S. land drilling.

OSHA's Ansley quibbles with those figures, citing a figure of 22 fatalities in 1981 for Louisiana alone.

What Ansley does not dispute are the report's findings that accidents primarily befall young workers with less than six months of experience on the job. He quotes recent findings by the Labor Department's Bureau of Labor Statistics that workers under 37 years of age on the job less than six months cause 67 percent of all incidences in all industries.

Worker Phenomenon

Many in the oil and gas industry acknowledge that the "new worker phenomenon" was a plague on drilling during the 1980-1981 boom. When jobs in the oil field were plentiful and industry needed all the workers it could lay hands on, said Ansley, companies attracted a lot of unskilled, untrained persons, especially offshore.

"This is a problem. You can't discriminate in your hiring practices, but companies should screen their applicants better," Ansley told ENERGY. "Much of the problem has to do with the attitude of workers, and companies are taking action. If they would discipline these workers, you would see an immediate reduction in accidents and insurance premiums."

David Barr, director of industrial relations with Grace Glasscock Drilling, Lafayette, argues this point: "I don't believe there were untrained people on drilling rigs last year. But I can tell you this year—the total number of years of experience is certainly greater than for all the hands on all the rigs last year, simply because we had more people on the work force."

Barr lists the causes of accidents as an unsafe act (87 percent), unsafe conditions or mechanical error (10 percent) and an "act of God" (three percent). OSHA, claim Barr and others, concentrates on mechanical problems and unsafe conditions.

But Barr and others in the safety business look at the 87 percent caused by unsafe acts and read the
causes as going even deeper than hold them accountable for their actions and it's a matter of supervision.

It's costly for a company to train personnel: Bergeron figured that Delta spends $2,000 to send one individual to school for a single week, including salary for the employee and a replacement, tuition, room and board and travel expenses.

Bergeron termed the reduction in losses from this particular program "highly significant."

Barr, whose company employs the Delta training school and many of Delta's safety strategies, said that in 1981 his company had the same number of rigs working as Delta and similar accident ratios.

Though the company does less formal training than Delta, Grace Glasscock recently experimented with an on-the-job training program where a trainee was assigned to each rig. After 90 days the trainee was advanced to position of roughneck, if the position was available and if the trainee was "roughneck material." This weeded out those not interested enough to pursue the job diligently.

Incentives To Safety

Behind the push for safety programs is the change in Louisiana law to disallow hold harmless or indemnity agreements in contracts between operators and contractors. Now operators have powerful incentives to avoid hiring contractors with high accident records.

"The operators and the people we

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Safely do business with are looking a lot closer at safety," said Barr. Hofppaur noted that, in the past operators would rely on drilling contractors to enforce safety standards but since passage of the hold harmless legislation in 1981, "Everyone is responsible for his own actions." Celeron is now developing procedures to place more emphasis on contractors' safety records. At present the company uses insurance requirements as a gauge of past performance, but Hoffpaur said, "We're going to be looking at their safety programs."

Barnidge told ENERGY that "Other operators [notably the majors: Conoco, Shell, Exxon] have stressed this—even with the economy the way it is and drilling contractors bidding low. Safety experience of these drilling contractors weighs heavily on their selection of who gets the job."

One operator even requires a personal interview with the contracting firm's president and safety director; others require that a safety record be mailed to them with bids. Companies might even identify a rig and detail the experiences and losses associated with that equipment.

Barnidge told ENERGY that drilling contractors are beginning to apply some of these principles to third party service contractors.

Jim Guillory, president and senior audiologist for Mobile Health Test Services Ltd. in Lafayette, told ENERGY that drilling companies were doing physical exams of employees to make sure they were in good physical condition, to address the "traumatic conditions" of the workplace. Other companies going on the job site might be required to undergo the same type of examination. He noted:

"This alone helps foster a better working climate, more conducive to safety, according to Guillory. "There are programs designed to get these people to go to court. The court system is impossible in this state."

Haynie and others argue that the reforms, "When you had an injury, the only alternative was to sue your company to do work with the individual but we don't want to have to go to court. The court system is still available if the worker feels the workers compensation board did not handle the benefits for the worker."

"We estimate that for every dollar spent on rehabilitation, it will save $4 later on down the road."

Haynie and others argue that the old system discouraged workers from returning to full employment. The seriousness of an injury was often exaggerated by lawyers attempting
to get better settlements for clients, he believes.

"We're NOT ONE OF THE BIGGEST, JUST ONE OF THE BEST!"