

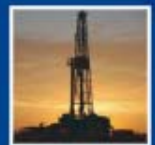


ISNetwork

Contractor Management Best Practices

September 26, 2008

Atlantic Alliance Symposium



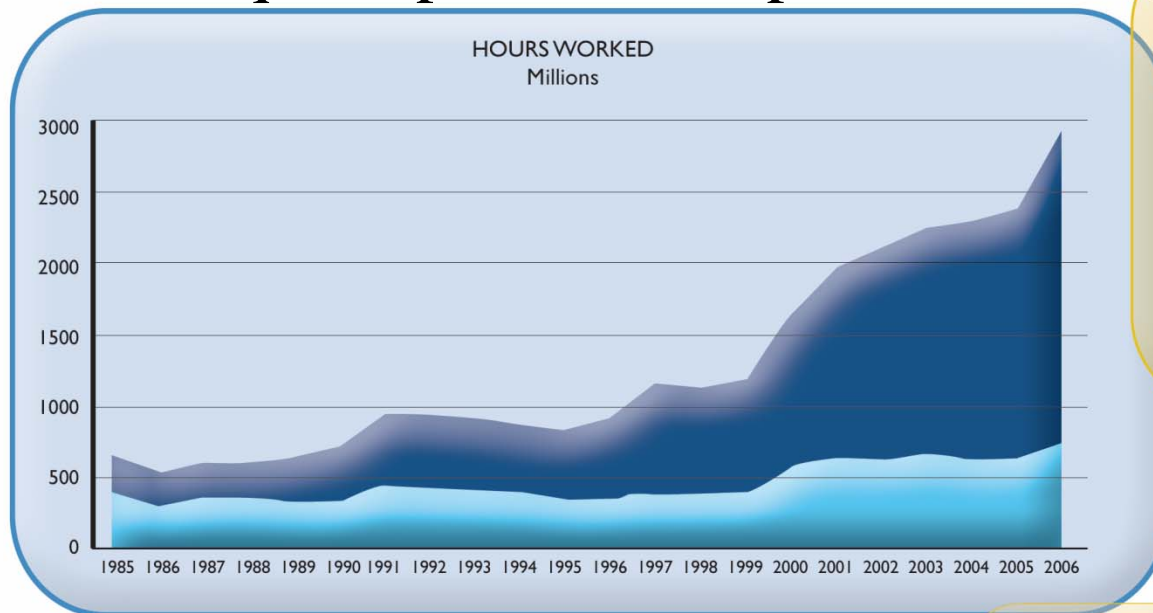
Agenda

- I. Overview
- II. Due Diligence Process
- III. Case Study
- IV. Benchmarking
- V. Questions

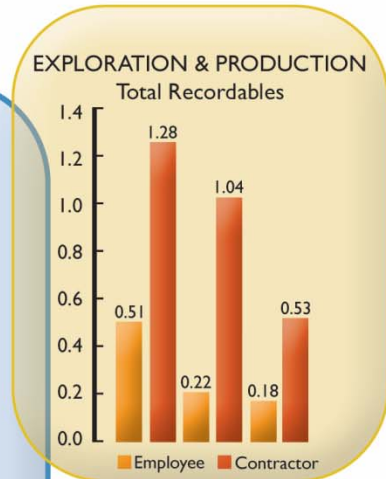
Outsourcing and Associated Risk

Why outsource work to Contractors?

- ✓ To focus on core competencies
- ✓ Free up resources
- ✓ Acquire specialized expertise



Data from 41 Companies 84 Countries



- Contractors Account for 75% of Man Hours
- Incur 1.5-3 Times more Incidents

■ Manhours Company
■ Manhours Contractor

ISNetwork Process

Self-Reported Information

Joe's WELDING

BOBCAT
CONTRACTING LLC.

FLINT

Schlumberger

VEOLIA
ENVIRONMENTAL SERVICES

Levels of Information

- Company
- Project
- Individual

Verified Information

ISNetwork Review & Verification Services (RAVS)

- Written Programs
- Accident/Incident Records
- EMR
- WCB
- Training
- Insurance
- Citation/Prosecution Search



Owner Client

- Post Job Evaluation
- Field Feedback
- Working Relationship

3rd Party (Data Providers)

- Training
- D&A and Background Checks
- Audits
- Operator Qualification (OQ)

Customized Owner Client Grading



Chevron Status:
A



VALERO
Valero Status:
B



Bristol-Myers Squibb
Bristol-Myers Squibb Status:
A - Prequalified

Over 125 Owner Clients in ISNetworld

UPSTREAM

- Apache Canada Ltd
- Badger Oil Corporation
- BP Exploration (Alaska) Inc.
- BP - Gulf of Mexico Business Units
- CDX Gas, LLC
- Chevron Canada Resources
- Chevron E&P Co. Gulf of Mexico
- Chevron MidContinent/Alaska Business Unit
- ConocoPhillips Alaska
- ConocoPhillips Canada
- ConocoPhillips Company (Lower 48)
- Connacher Oil & Gas Limited
- Devon Canada Corporation
- Devon Energy Corporation
- El Paso Exploration and Production Co.
- EnCana [Canadian Foothills]
- EnCana [Integrated Oil & Canadian Plains]
- Energy Partners, Ltd.
- Energy XXI
- EOG Resources Canada
- Fairborne Energy Ltd
- Hunt Oil Company
- Husky Energy
- Koch Mineral Services
- Mariner Energy Resources, Inc.
- Marlin Energy Offshore, LLC
- McMoRan Oil & Gas
- Nexen Inc. Canadian Oil & Gas Division
- Nexen Petroleum USA Inc.
- Nippon Oil Exploration U.S.A. Limited
- Noble Energy
- Oxy USA Inc./Occidental Permian Ltd.
- PetroQuest Energy LLC
- Plains Exploration and Production Company
- Quicksilver Resources
- Repsol E&P USA Inc. and affiliates

- Seneca Resources Corporation
- Shell Exploration & Production
- St. Mary Land & Exploration
- StatoilHydro
- Stone Energy
- Vintage Production California LLC
- W&T Offshore
- Woodside Energy (USA) Inc.
- XTO Energy

MIDSTREAM

- Alliance Pipeline
- Alyeska Pipeline Service Company
- Atmos Energy Corporation
- Aux Sable Liquid Products
- Belle Fourche Pipeline
- BP Pipelines & Logistics
- BP Products North America Inc.
- Bravo Pipeline Company
- Buckeye Partners, LP
- Centurion Pipeline L.P.
- Chevron Pipe Line Company
- Chief Oil & Gas, LLC
- Colonial Pipeline
- ConocoPhillips Pipe Line Company
- Denbury Onshore, LLC
- Dixie Pipeline
- Dow Pipeline
- Enbridge Natural Gas Business
- Enbridge Pipelines Inc.
- Energy Transfer Company
- EPCO Holdings, Inc.
- Explorer Pipeline
- ExxonMobil Pipeline Company
- Genesis Crude Oil
- Hilcorp Energy/Harvest Pipeline
- Holly Energy Partners

- Kerr McGee Gathering LLC
- Kinder Morgan, Inc
- Koch Pipeline Company- Corporate
- LDH Energy
- LOOP, LLC
- Magellan Midstream, LP
- Marathon Pipe Line LLC
- NuStar Energy, LP
- ONEOK Energy Companies
- ONEOK NGL
- Petrologistics Olefins, LLC
- Plains All American Pipeline
- Plains Marketing
- Praxair
- Questar
- Ribost Terminal, LLC
- Sem Group, LP
- Shell Pipeline Co. LP
- Source Gas
- Sunoco Logistics Partners, LP
- Targa Resources
- TransCanada
- TransMontaigne
- Western Refining
- Williams
- Williams Gas Pipeline
- Wolverine Pipe Line Company

DOWNSTREAM

- Celanese
- Chevron BRES
- Chevron Products Company
- Chevron Products Company, NAM, P&FO
- CITGO Petroleum Corporation
- ConocoPhillips
- ExxonMobil Lubricants & Petroleum Specialties Company

- Flint Hills Resources
- Lyondell/Equistar
- NCRA/Jayhawk Pipeline
- Sinclair Oil Corporation
- Sunoco
- Terra Industries
- Tesoro Refining and Marketing Company
- Valero Energy Corporation

ENVIRONMENTAL

- Chevron EMC

POWER GENERATION

- Covanta Energy

MINING

- Chevron Mining

BIO PHARMA

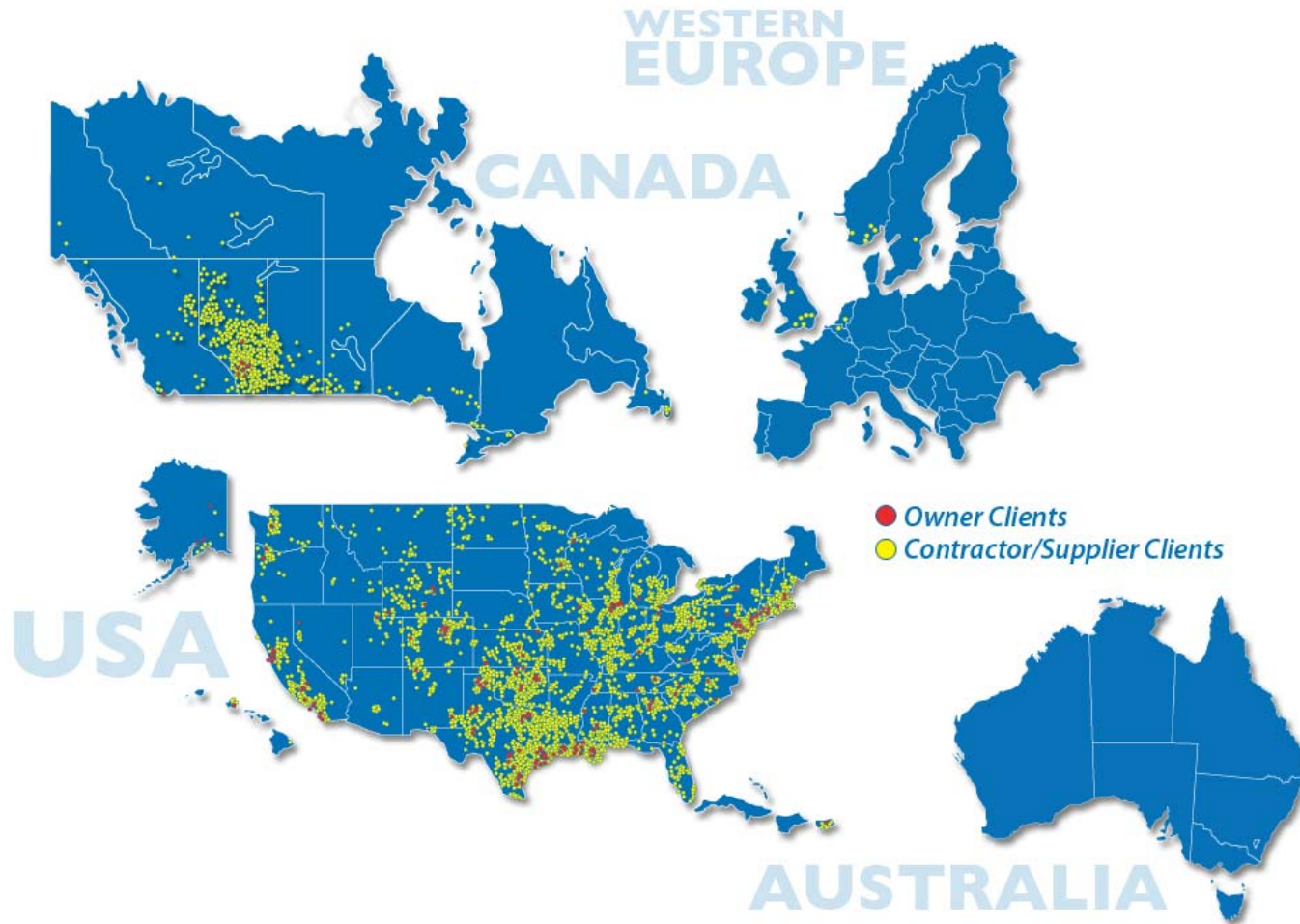
- Amgen
- Biogen Idec
- Bristol-Myers Squibb
- Wyeth
- ZymoGenetics

MANUFACTURING

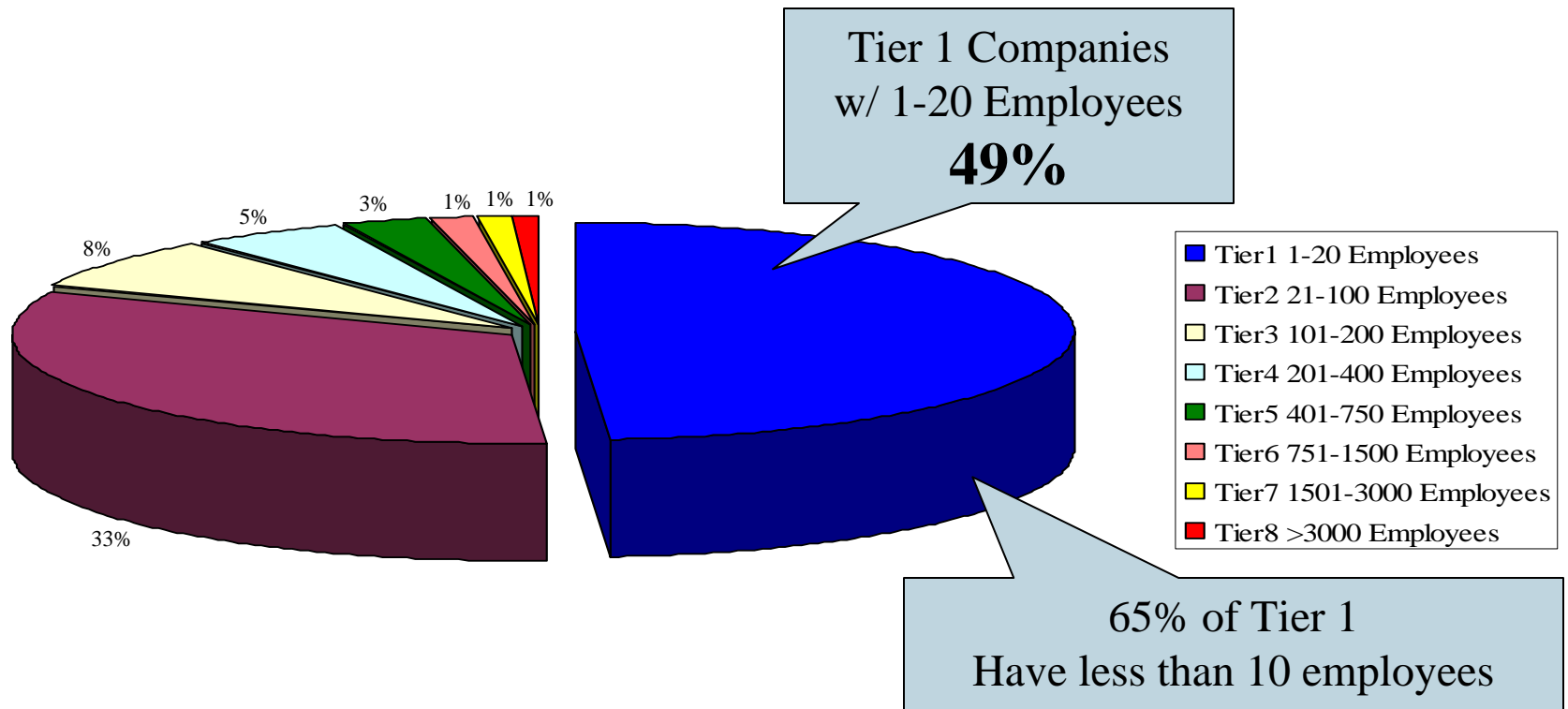
- Georgia-Pacific
- US Steel



Over 14,500 Contractors Use ISNetwork



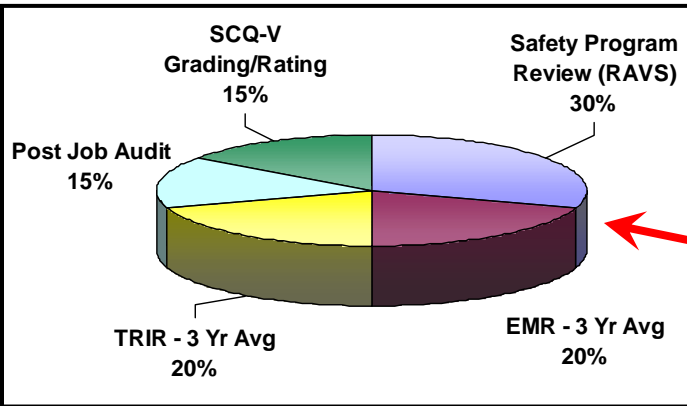
Contractor Company Profile



- On average, an ISNetworld member contractor works for 3 Owner Clients in ISNetworld
- ISNetworld has a 90%+ contractor membership renewal rate

Dashboard

Centralized Compliance Tracking and Measurement



| Contractor Score: 100.00 | |
|--------------------------|---|
| Scoring Range | Grade |
| 90 - 100 | A - Recommended to use this Contractor. |
| 80 - 89.99 | B - Acceptable to use this Contractor. |
| 70 - 79.99 | C - VP approval required prior to using this Contractor. |
| 0 - 69.99 | F - VP approval required prior to using this Contractor and company escort. |

My Contractors
Contractors
Job Site/Project Manager
Report Manager
QuickCheck

Dashboard

A

DASHBOARD GRADE

View Grade Components

Health & Safety

SCQ-V: 98.08% Completed (Request Now)
[Details](#) (Last Updated: 02/06/2008)

RAVS OSHA/EMR: [Details](#) (Last Review Date: 01/14/2008)

RAVS Safety Program: [Details](#) (96.28%) (Last Review Date: 02/08/2008)

Evaluation Reports: **Key Performance Indicator: Details**
Post Job Evaluation: Details

TRIR Graph: [Details](#)

Audits: [Details](#)

OSHA Logs: [Details](#)

EMR Letters: [Details](#)

EMR Graph: [Details](#)

T-RAVS: [Details](#) : (71%) (Last Review Date: 01/15/2008)

Compliance

OQ Info: [Details](#) (Request Now)

DOT D&A: [Details](#) (01/02/2007 SATISFACTORY)

Procurement

Insurance: [Details](#)

Contract / Agreement: [Details](#)

Job Bids: [Details](#)

Contracting License: [Details](#)

Types of Work

Industry Classifications

Office Locations

Geography Served

A

DASHBOARD GRADE

View Grade Components

Knox Construction
DBA Henderson Construction
 3001 Knox Street
 Suite 200
 Dallas, TX 75205
Contact:
 G. Loomis
 (Additional Contacts)
Phone: (214) 303-4900
Fax: (214) 303-4901

View Hierarchy

Federal ID: 123456789
Member Since: 2004
Sub Expires: 9/9/2010
ISN Co. ID: 400-128708

About the Contractor...
 Knox Construction is the demonstration company used by ISNetworld.



Case Study:

Chevron Gulf of Mexico

- Universal Grading

- TRIR 25%
- Safety Questionnaire 20%
- Audit 20%
- Field Feedback Forms 25%
- Working Relationship 10%

- Employee Guidance

- A-B – No restrictions
- C – Mitigation plan and pre-job meeting required
- D – Mitigation plan, pre-job meeting required; management approval in writing; trained HES person on site during work
- F – Not allowed to be used; VP approval required

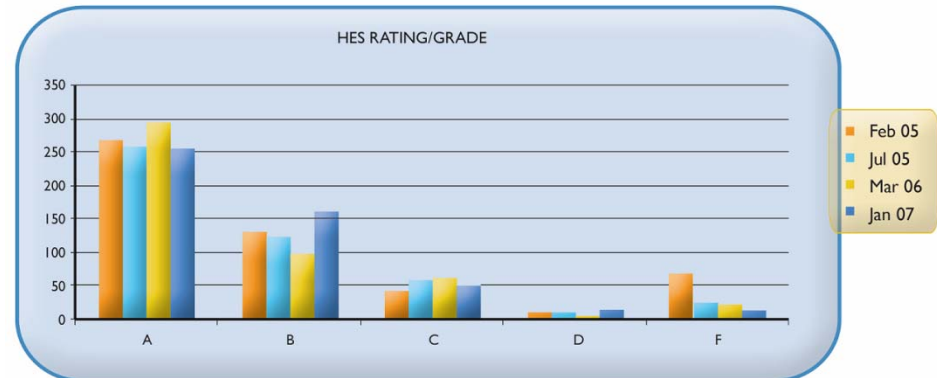


HES Case Study – Chevron Gulf of Mexico Improvement Metrics

•TRIR

- 2002 – 1.75
- 2003 – 0.85 (Target 1.60)
- 2004 – 0.71 (Target 1.27)
- 2005 – 0.76
- 2006 – 0.62

- Optimized contractor base by 42%



Leading Indicators

Written Safety Program Reviews

Work Type(s) Performed

| Work Code | Work Type(s) Performed | Region | RAVS Verification |
|-----------|--|-------------|----------------------|
| 1.15.4 | General Contractor - Tanks - Construction | US | Not Verified by RAVS |
| 21.10 | Retail - Electrical Construction | US | Reviewed by RAVS |
| 103.5 | Concrete Construction | Canada - AB | Not Verified by RAVS |
| 110.43 | Facility and Site Construction - All electric work | Canada - AB | Not Verified by RAVS |
| 110.38 | Facility and Site Construction - Construction and installation | Canada - BC | Not Verified by RAVS |

HSE Written Program Review Analysis

| No. | Program Name | Region | Owner Client(s) Requirement | Owner Client Specific Score % | RAVS Review Score % | Document Submitted | Check List |
|-----|---|--------|-----------------------------|-------------------------------|---------------------|--------------------|------------|
| 1. | Abrasive Blasting | US | Required | 100 | 100 | | |
| 2. | Asbestos Management / Maintenance Work | US | Required | 100 | 100 | | |
| 3. | Assured Equipment Grounding Conductor Program / Ground Fault Circuit Interrupter - (GFCI) | US | Required | 100 | 100 | | |
| 4. | Benzene Awareness | US | Required | 100 | 100 | | |
| 5. | Bloodborne Pathogens | US | Required | 100 | 100 | | |
| 6. | Confined Space/Permit Confined Space | US | Required | 82.35 | 82.35 | | |

APR 09 2007

DATE: March 23, 2007

SUBJECT: Occupational Exposure to Benzene

REGULATORY STANDARD: OSHA - 29 CFR 1910.1028, Benzene
 OSHA - 29 CFR 1910.1000, Air Contaminants
 OSHA - 29 CFR 1910.1200, Hazard Communication
 OSHA - 29 CFR 1910.132-138, Personal Protective Equipment

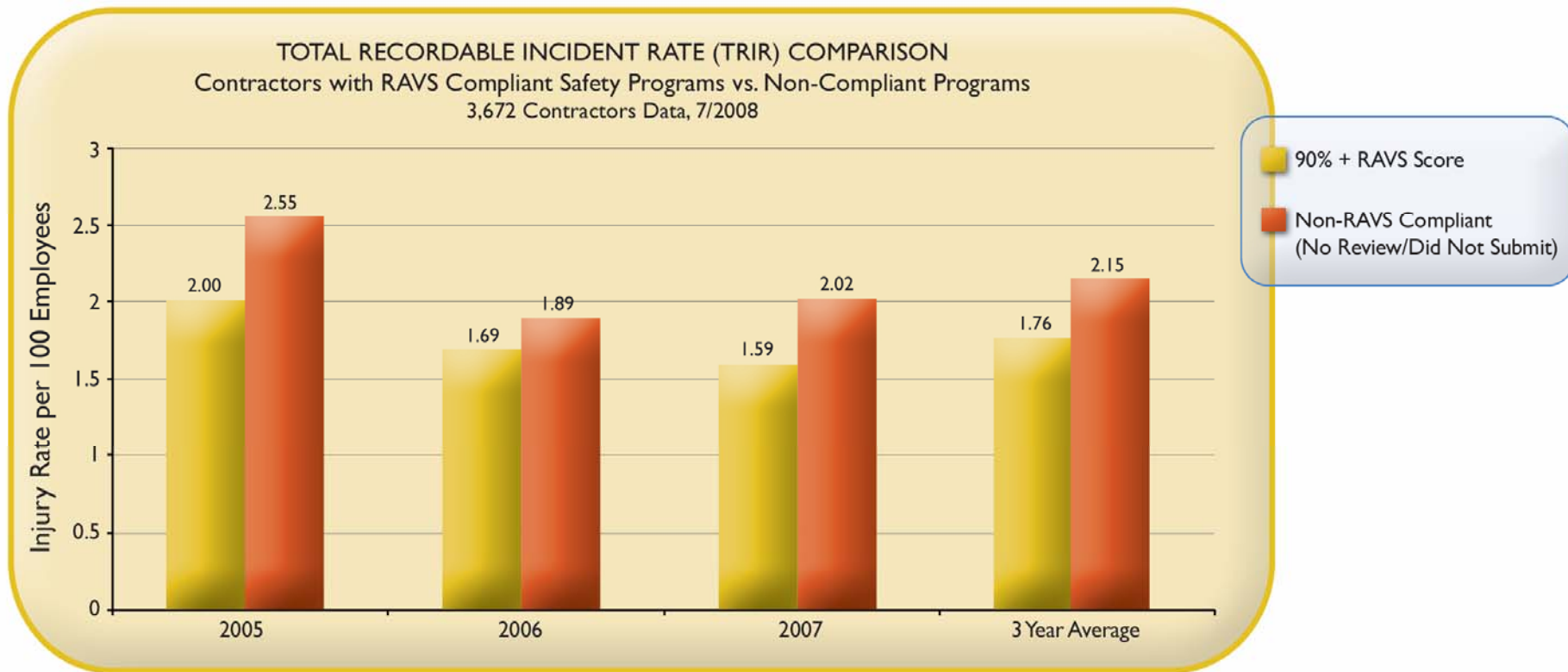
BASIS: Benzene affects primarily the respiratory system. Benzene is also a highly flammable liquid. Systemic absorption may cause various blood disorders including pancytopenia, aplastic anemia, and leukemia. Inhalation and skin absorption of high concentrations can affect central nervous system function. Aspiration of small amounts of liquid benzene immediately causes pulmonary edema and hemorrhage of pulmonary tissue. This poses a serious problem for exposed workers and their employer. Various OSHA Standards establish uniform requirements to ensure that the hazards of toxic and flammable liquids in U.S. workplaces are evaluated, safety procedures are implemented, and that the proper hazard information is transmitted to all affected workers.

GENERAL: Apex geoscience inc. (Apex) will ensure good safety practices at all times. This standard practice instruction is intended to address comprehensively the issues of: identifying potential sources of Benzene exposure, evaluating the associated potential hazards, communicating information concerning these hazards to our employees, and establishing appropriate procedures, and protective measures for employees.

RESPONSIBILITY: The Apex Company Safety Officer is Buford E. Collier. He is solely responsible for all facets of this program and has full authority to make necessary decisions to ensure success of the program. The Safety Officer is the sole person authorized to amend these instructions and is authorized to halt any operation of the company where there is danger of serious personal injury.

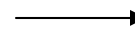
Page 1

Contractors with RAVS compliant safety programs have 25% lower incident rates



Key Performance Indicators OSHA Log and EMR Statistics

| No. | SCQ-V Question | 2007 | | 2006 | | 2005 | |
|-----|--|----------|---------------|----------|---------------|----------|---------------|
| | | RAVS | SCQ-V | RAVS | SCQ-V | RAVS | SCQ-V |
| | | Verified | Self-Reported | Verified | Self-Reported | Verified | Self-Reported |
| 1 | Average Number of Employees | 100 | 100 | 123 | 123 | 23 | 23 |
| 2 | Total Number of Exposure or Employee Hrs | 208000 | 208100 | 246000 | 246000 | 69374 | 142373 |
| 3 | Fatalities | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Total Number of Cases with Days Away from Work | 0 | 0 | 0 | 0 | 1 | 1 |
| 5 | Total Number of Cases with Restricted/Job Transfer Work Days | 0 | 0 | 1 | 1 | 0 | 0 |
| 6 | Total Number of Other Recordable Cases | 1 | 1 | 1 | 1 | 0 | - |
| 7 | Total Number of Restricted/Job Transfer Work Days | 0 | 0 | 3 | 3 | 0 | 0 |
| 8 | Total Number of Days Away from Work | 0 | 0 | 0 | 0 | 2 | 2 |
| 9 | Experience Modification Rate (EMR) | 1 | 1 | 0.92 | 1 | 0.80 | 0.80 |
| 10 | Total Number of Recordable Cases | 1 | 1 | 2 | 2 | 1 | 1 |
| 11 | Total Recordable Case Incident Rate - TRIR | 0.96 | 0.96 | 1.63 | 1.63 | 2.88 | 1.40 |
| 12 | Lost Time Case (LTC) Rate | 0 | 0 | 0 | 0 | 2.88 | 1.40 |
| 13 | Restricted Work Day Case (RWC) Rate | 0 | 0 | 0.81 | 0.81 | 0 | 0 |
| 14 | Lost Work Day Rate | 0 | 0 | 0 | 0 | 5.77 | 2.81 |
| 15 | Severity Rate | 0 | 0 | 0 | 0 | 2 | 2 |



Discrepancies easily identified by automated highlighting

| No. | SCQ-V Question | RAVS (Verified) | SCQ-V (Self-Reported) | Details |
|-----|--|-----------------|--------------------------------|-------------|
| 1. | Citation(s) issued within the last three (3) calendar years? | Yes | No | Details - 3 |
| No. | Ref./Case No./Citation No. | Agency | Facility/Establishment | Year Issued |
| 1 | 308293554 | OSHA | Knox Construction | 2006 |
| 2 | 6326123 | MSHA | Mining Enterprises Inc. (L110) | 2008 |
| 3 | 25684426 | EPA | Knox Western Office | 2007 |

Leading Indicator Proof of Training Documentation

T - RAVS

General Information

Contractor Name: ISNetworld
Address: 3001 Knox St #200
 Dallas, TX 75206
ISNetworld Acct. No: 400-1234
Email: gloomis@isnetworld.com
Phone No: 214-303-4900
Fax No: 214-303-4901
Federal ID No: 1234567890
Overall Score: 75.00%
Review Date: 4/2/2007
Verification Requested by: Loomis, George
Verification Requested on: 3/26/2007

[Instructions](#)

[FAQ](#)

[Quick Reference Guide](#)

Show Requested Requirements ▾

General Training Verification

| No. | Training | RAVS Verification | Documents Required | Documents Submitted | Check List |
|-----|---|-------------------|--------------------|---------------------|------------|
| 1 | Abrasive Blasting Training | Not Submitted | Required | Add | ✗ |
| 2 | Aerial Lifts Training | Accepted ⓘ | Required | Add | ✓ |
| 3 | Benzene Awareness Training | Accepted | Required | Add | ✓ |
| 4 | Bloodborne Pathogens Training | Accepted | Required | Add | ✓ |
| 5 | Confined Space/Permit Confined Space Training | Not Submitted | Required | Add | ✗ |
| 6 | Crane Operator - Onshore Training | Accepted | Required | Add | ✓ |
| 7 | Electrical Safety: Qualified/Non Qualified Training | Accepted | Required | Add | ✓ |
| 8 | Fall Protection Training | Accepted | Required | Add | ✓ |
| 9 | Fire Protection/Extinguishers Training | Accepted | Required | Add | ✓ |
| 10 | First Aid/CPR Training | Accepted | Required | Add | ✓ |

Benzene Awareness Training

2/12/2008 3:00PM Rm 201

Instructor: G. Loomis, ISNetworld Safety Director

| Attendees | Signature |
|------------------------------|------------------------|
| G. Loomis II | <i>G. Loomis II</i> |
| Joseph Smith | <i>Joseph Smith</i> |
| Jim Kimmel | <i>Jim Kimmel</i> |
| Robert DuRant | <i>Robert DuRant</i> |
| Peter Sorjenski | <i>Peter Sorjenski</i> |
| Jane McCormick | <i>Jane McCormick</i> |
| HSE Manager Signature: | <i>G. Loomis</i> |
| Training Provider Signature: | <i>G. Loomis</i> |

Manage Individual Level Information

Managing Individual Level Data

Employee Details
Allen, Carl

ISN ID: ISN-00367002
SSN: XXX-XX-1112
Empl.ID: 146
Job Title: Project Manager
Location/Dept.: Operations
Status: ACTIVE
Classification: FULL-TIME
Hired: 1/29/2004
Terminated:
D.O.B.:

Address: 3001 Knox Street
Dallas, TX 75205
Home Phone: (214) 555-5321
Work Phone: (214) 555-5459
Email: carl.allen123@sbcglobal.net

Additional | **Data Partner IDs** | **Job History** | **Training Manager** | **SafeGulf**

Sort By: Date | Descending | Click to re-sort

Records: 192

| Date | Course | Training Provider | Score | Status | Renewal Date | Cert. # |
|------------|----------------------|------------------------------|-------|----------------------|--------------|---------|
| 01/26/2007 | Asbestos | Safety Advantage | | Completed | 01/26/2010 | |
| 01/26/2007 | Benzene | Fire Protection Publications | | Completed | 01/26/2008 | |
| 10/27/2006 | Petro Energy Test | Petro Energy Test | | Completed | 10/27/2007 | |
| 10/26/2006 | Safety 101 | Fire Protection Publications | | Completed | 10/26/2007 | |
| 10/09/2006 | A-Advanced | American Red Cross | 100 | Scheduled | 10/09/2008 | 065984 |
| 10/09/2006 | Confined Space Entry | Global Training | | Completed | 10/09/2007 | |
| 10/09/2006 | Occupational Noise | Global Training | | Training Recommended | 10/09/2007 | |

Employee profile management (points to 'Replace/Delete Picture...', 'Request ISN ID Card', 'Print Temp ID Card')

Track employee job history (points to 'Job History' tab)

Track individual level data (trainings, drug and alcohol status, etc.) (points to training history table)



ISNETWORLD OQ REPORT
Form ID: 000000-A0-E3DD30E1

Run Date: 7/14/2006 4:06:23 PM
Contractor: ISN Demo
Report For: ISN Demo
Job Site: Allentown - Corpus Christi - Boiler Room (JS-4)

V is for Verified Data.
NV is for Non-Verified Data.

Allen, Carl () - 00367002

| OQ Task | Qualification Method | Evaluation Date | Expiration Date | Class |
|---|--|-----------------|-----------------|-------|
| 13.1 - Prepare surface for coating using hand and power tools | NCCER Performance Verifications: PV131 (PV131) | 5/2/2005 | 5/2/2008 | V |
| 13.2 - Perform water pressure cleaning | NCCER Written Assessments: PMT (13) - AND - | 10/31/2005 | 10/31/2008 | V |
| 13.2 - Perform water pressure cleaning | NCCER Written Assessments: ADCF 0 | 2/11/2005 | 2/11/2008 | V |
| 13.3 - Prepare surface for coating by abrasive blasting | NCCER Performance Verifications: PV133 (PV133) | 5/2/2005 | 5/2/2008 | V |
| 13.4 - Apply coating using hand application methods | NCCER Performance Verifications: PV134 (PV134) | 5/2/2005 | 5/2/2008 | V |
| 13.5 - Apply coating using spray applications | NCCER Performance Verifications: PV135 (PV135) | 10/31/2005 | 10/31/2008 | V |
| 14.1 - Locate line | NCCER Performance Verifications: PV141 (PV141) | 2/11/2005 | 2/11/2008 | V |
| 14.2 - Install marker | NCCER Performance Verifications: PV142 (PV142) | 2/11/2005 | 2/11/2008 | V |
| 14.3 - Inspect and maintain marker | NCCER Performance Verifications: PV143 (PV143) | 2/11/2005 | 2/11/2008 | V |



Benchmarking ISNetworld Contractors Against BLS Industry Averages

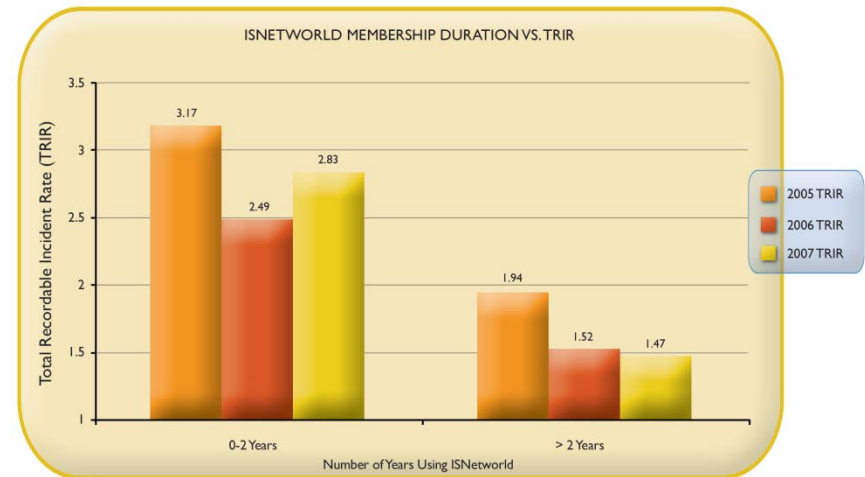
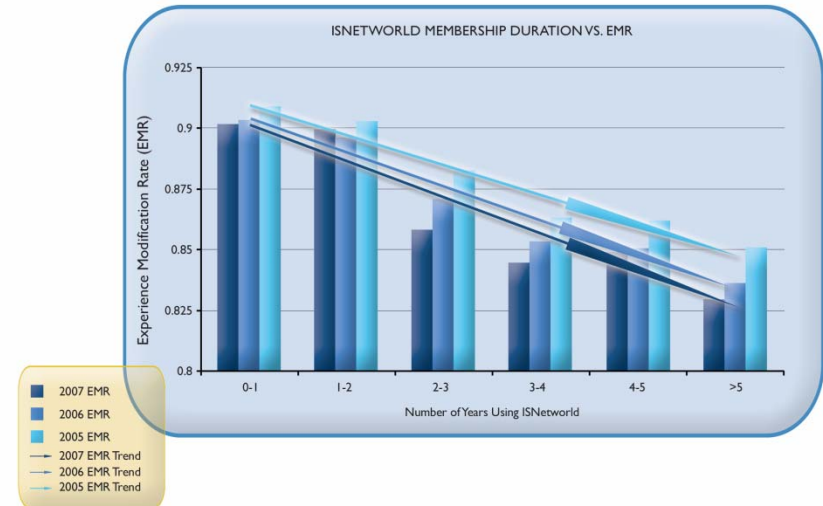
ISNETWORLD CONTRACTOR VS. BLS TRIR RATE COMPARISON
3 Year Average TRIR (2004-2006), Top 5 NAICS Codes



* Bureau of Labor Statistics for 2004-2006: <http://www.bls.gov/iif/oshsum.htm>

What Gets Measured, Gets Done

- EMR trend shows steady decline for each additional year of use
- TRIR shows dramatic decreases for contractors subscribed 2 or more years



ISNetwork Contact

- **Rory Callaghan**
 - (214) 303-4946 Direct
 - RCallaghan@ISNetwork.com

- **Melanie Gordon**
 - (214) 303-4936 Direct
 - MGordon@ISNetwork.com





ISNworld

Contractor Management Best Practices

September 26, 2008

Atlantic Alliance Symposium

