

Administrative Monetary Penalty (AMP)
NOTICE OF VIOLATION (NOV)

REFERENCE NUMBER: AMP-001-2019

1. INFORMATION FOR OPERATOR / OTHER PERSON / INDIVIDUAL

Name of Operator/Other Person/Individual: ExxonMobil Canada Properties	TOTAL PENALTY AMOUNT (\$): \$40,000
Contact name and title for Operator/Other Person: Friedrich Krispin, Sable Asset and Decommissioning Manager	Date of Notice: July 12, 2019
Operator/Other Person/Individual address: 1701 Hollis Street Halifax, Nova Scotia B3J 3M8	Regulatory Instrument # SO47,100

On November 5, 2018, **ExxonMobil Canada Properties** was observed to be in violation of a CNSOPB regulatory requirement. This violation is subject to an administrative monetary penalty, as outlined below.

2. VIOLATION DETAILS

Date of Violation: from: November 5, 2018 to: November 5, 2018	# Days of Violation 1
Has compliance been achieved? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(If "No" a subsequent NOV may be issued)</i>	
Location of Violation <i>(e.g. facility/installation/vessel/head office or nearest geographical point)</i> On the drilling rig "Noble Regina Allen" (NRA), while adjacent to the Venture platform, located at approximately (44° 1' 59.448" N, 59° 34' 57.338" W) within the Canada-Nova Scotia offshore area.	
Short Form Description of Violation <i>(Refer to AMP Regulations, Schedule 1)</i> Type B violation for contravention of <i>Nova Scotia Offshore Petroleum Drilling and Production Regulations, Section 25(a)</i> : <i>The operator shall ensure that all wells, installations, equipment and facilities are designed, constructed, tested, maintained and operated to prevent incidents and waste under the maximum load conditions that may be reasonably anticipated during any operation.</i>	

3. RELEVANT FACTS *(Briefly describe reasonable grounds to believe a violation has occurred)*

ExxonMobil Canada Properties operates a number of offshore gas production platforms, related equipment and infrastructure as a part of the Sable Offshore Energy Project (SOEP). SOEP ceased production of natural gas in 2018, and the platforms are currently in the process of being decommissioned and the associated wells are being plugged and abandoned.

On Monday, November 5, 2018, an incident occurred at approximately 11:45 am during lifting operations involving a utility winch on the drill floor of the Noble Regina Allen (NRA) while adjacent to the Venture platform. Lifting-arrangement equipment (shackles, chain, and other components with a total weight of approximately 225 pounds) dropped approximately 58 feet while employees were in the process of disconnecting a load. The dropped lifting-arrangement equipment landed approximately one foot away from an employee.

- a) The dropped lifting-arrangement equipment caused an imminent threat to the safety of the employees involved in the lifting operations, particularly to the employee in closest proximity to the dropped lifting-arrangement equipment. While no-one was injured, the incident was classified as a near miss with the potential for a fatality.
- b) The cause of the dropped lifting-arrangement equipment was the failure of a 4-part shackle which was used as a removable link to connect the dropped lifting-arrangement equipment to the wire-rope-eye of a utility winch. 4-part shackles (consisting of a shackle bow, bolt, nut and cotter pin) are a common type of rigging equipment used in both lifting and static systems offshore, and are safe and reliable when maintained and operated in accordance with manufacturer's instructions. The cotter pin (which as per manufacturer's instructions must be properly sized, placed, and bent to secure it in place) serves as a retention device for the nut, preventing the nut from turning and loosening from the bolt.

Three of the four parts making-up the failed shackle were found in the area adjacent to the dropped lifting-arrangement equipment. The fourth part, the cotter pin, could not be located. The failure of the shackle was caused by the nut failing to be retained by the cotter pin, the nut loosening, the bolt separating from the shackle bow, allowing the equipment used in the lifting-arrangement to detach from the wire-rope-eye and drop. Maintenance and operating practices, including inspections, for the involved 4-part shackle were not adequate to prevent the failure and resulting incident.

- c) Following the incident, a range of issues relating to lifting arrangements were identified through the operator's investigation reports and a series of inspections by the CNSOPB. A number of the issues and corrective actions were focused on the maintenance and operating practices for the failed 4-part shackle, as well as other 4-part shackles used in lifting and static systems.

The incident investigation reports provided by the operator identified a number of issues with the use of cotter pins in 4-part shackles. On December 17, 2018 the operator submitted its investigation report to the CNSOPB. The submission included the December 3, 2018 report prepared by the rig contractor. These reports identified that there were instances of cotter pins that were incorrectly installed, undersized or reused in 4-part shackle equipment.

The CNSOPB's post-incident inspection on November 6-8, 2018 observed several issues with the use of cotter pins in 4-part shackles. There were shackles with cotter pins that were missing, shackles that had old pins that were reused, pins improperly sized for the hole in the bolt, pins showing signs of corrosion, and improperly installed / secured cotter pins. Replacement cotter pins were not readily available.

- d) This incident prompted the CNSOPB to publish a Safety Notice on November 30, 2018.

The CNSOPB's post incident inspections identified a number of issues in addition to those raised by the operator. The CNSOPB undertook significant effort to ensure that effective corrective actions were developed and implemented by the operator.

Conclusion:

On November 5, 2018, an incident occurred on the NRA involving the failure of a 4-part shackle which caused an imminent threat to the safety of the employees involved in a utility winch lifting operation on the rig floor. This failure and the relevant facts provided above indicate that the equipment (i.e. the failed 4-part shackle) used in the lifting operation was not maintained and operated in a manner that prevented the incident. Had the shackle been properly maintained and operated the cotter pin would have prevented the shackle from failing. The dropped lifting-arrangement equipment would have remained connected to the winch, and the incident would have been prevented.

4. PENALTY CALCULATION (Refer to AMP Regulations, Schedule 2)

a) Baseline Penalty (Total Gravity Value = 0)	Individual	Other Person
Category: Type A	<input type="checkbox"/> \$1,365	<input type="checkbox"/> \$5,025
Type B	<input type="checkbox"/> \$10,000	<input checked="" type="checkbox"/> \$40,000

Gravity Value

b) Determination of Gravity Values

	Mitigating				Aggravating		
	n/a	-2	-1	0	+1	+2	+3
1 - Other violations in previous seven (7) years? n/a	<input checked="" type="checkbox"/>	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
2 - Any competitive or economic benefit from violation? There was no indication of an intentional economic benefit. Any minor economic benefit would have been more than offset by the cost of having a lifting incident (e.g. injury, damage, delay). As demonstrated by the corrective actions implemented to prevent reoccurrence, the Operator likely received some cost savings through the absence of these measures prior to this incident.	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-
3 - Reasonable efforts to mitigate violation's effect? n/a – This specific incident did not have ongoing concerns requiring mitigation once the dropped lifting-arrangement equipment came to rest on the rig floor. Corrective actions to address broadly present issues with use of 4-part shackles are considered to be part of preventing reoccurrence (addressed in item 7 below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
4 - Negligence by person who committed violation? Negligence contributed to the incident occurring in the form of omissions and failures to act in accordance with good practice regarding 4-part shackle use. There is no evidence to support an intentional effort to interfere with good practice.	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-
5 - Reasonable assistance to Board regarding violation? Assistance was provided to the CNSOPB in response to assigned CNSOPB staff inquiring and following-up for details on incident status and implementation of corrective actions.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
6 - Promptly reported violation to Board? Initial incident reporting was timely and met expectations.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
7 - Steps taken to prevent reoccurrence of violation? Immediately following the incident, the operator stopped all rig operations and had all personnel participate in a safety stand-down followed by focused lifting gear inspections and hazard hunts. This was repeated when the next planned shift rotation crew arrived on the rig. The operator also suspended simultaneous operations on the rig until February 2019. Steps to prevent recurrence took place over time. Facilitated compliance was necessary to identify and drive implementation of corrective actions There was significant follow-up from CNSOPB staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-
8 – Was primarily a reporting / record-keeping failure? n/a	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-
9 – Increased risk of harm to people or environment? Through compliance verification activities following the incident, it was evident that the failure to properly maintain and operate the cotter pins and 4-part shackles was broadly present in the workplace. Though no one was injured in the incident, this failure increased the risk of harm to personnel involved in this specific incident, and also to any personnel exposed to lifting and static systems protected by improperly maintained and operated 4-part shackles.	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

c) Total Gravity Value:

(Total of gravity values determined in 4(b))

0

d) Daily Penalty

(The baseline penalty adjusted for 4(c) total gravity value. Refer to AMP Regulations, Schedule 2)

\$40,000

e) Number of Days of Violation

(Refer to section 2 of form. If more than one day, provide justification below)

1

Notes to explain decision to apply multiple daily penalties (if applicable):

n/a

f) Total Penalty Amount

(Step 4(d) x Step 4(e))

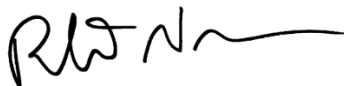
\$40,000

5. DUE DATE (30 days from receipt of Notice of Violation)

August 12, 2019

If you have any questions regarding this matter, please contact the undersigned.

Regards,



Robert Normore, B.Tech, CRSP
Administrative Monetary Penalties Officer
902-422-5588
AMPadmin@cnsopb.ns.ca

Notes:

You have the right to make a request for a review of the amount of the penalty or the facts of the violation, or both, within 30 days after the Notice of Violation (NOV) was received.

If you do not pay the penalty nor request a review within the prescribed period, you are considered to have committed the violation and you are liable for the penalty set out in the NOV. The penalty is due on the date indicated above.

The unpaid penalty amount is a debt due to the Her Majesty in right of the Province and may be recovered in the Supreme Court of Nova Scotia.

Administrative Monetary Penalties (AMPs) Published on the CNSOPB's Website:

In the interest of public transparency respecting the issuance of AMPs, information relating to the Notice of Violation (NOV) may be posted on the CNSOPB's website as soon as the NOV has been served (may include the name of the company who committed the violation, the issue date, the region and facility, the nature of the violation, and the amount of the penalty).

The CNSOPB will post the complete NOV 30 days from the date it was received, or upon issuing a decision following a Request for Review.

To Make Payment:

You may remit your fee payment by Cheque, Money Order, Bank Draft, or Electronic Funds Transfer (EFT). **Fees must be made payable to the Nova Scotia Minister of Finance.**

Payment instructions are included in the attached Payment Form. Questions regarding payments or the Payment Form should be directed to the CNSOPB's Regulatory Affairs and Finance Department, 902-422-5588, Monday to Friday, from 08:00 to 16:00 Atlantic Time.

For Cheque, Money Order or Bank Draft payments, your completed Payment Form should be enclosed with your payment and mailed to:

Canada-Nova Scotia Offshore Petroleum Board: Finance
1791 Barrington Street
8th Floor TD Center
Halifax, NS B3J 3K9

For EFT payments, your completed Payment Form and notification of payment should be emailed to the CNSOPB's Regulatory Affairs and Finance Department: Finance@cnsopb.ns.ca

To Request a Review:

Pursuant to the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act (Federal Version)*, Section 207.2, you may file a request for a review of this Notice of Violation by the Board.

The date of filing is the date on which the document is received, as indicated by the date on an e-mail submission or the stamped on the document by a CNSOPB employee.

If you elect to make a request for a review, complete and submit the attached Request for Review form to:

Canada-Nova Scotia Offshore Petroleum Board: AMP Administration
1791 Barrington Street
8th Floor TD Center
Halifax, NS B3J 3K9

For more information on reviews, please see the *Administrative Monetary Penalties Guidelines* available on the CNSOPB's website.