INSURICA ENERGY TIMES

Providing Quality Insight to the Oil & Gas Industry

Fall 2021

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The Petroleum Alliance Annual Meeting Takeaway:

THE IMPORTANCE OF ESG IN THE OIL AND GAS INDUSTRY

In August, members of the INSURICA Energy Practice team attended the Petroleum Alliance of Oklahoma's annual convention in Las Colinas, Texas.

The Petroleum Alliance Annual Meeting is one of the country's largest oil and gas gatherings. The three-day event offered opportunities to hear from thought leaders in the oil and gas industry, as well as networking and exhibitor opportunities from some of the industry's most prestigious companies.

One of the conference's key takeaways was the various environmental, social, and governance (ESG) issues affecting industries all over the country, including oil and gas. Let's examine this concept more closely. According to Investopedia, ESG criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.

ESG pressure has been around for a long time. Oil and gas companies are investing in research and development and new technology to find ways to reduce their carbon footprint and produce the cleanest oil and natural gas possible; additionally, several social movements in recent years (e.g., #metoo, #BLM) have caused companies to reconsider their risk profile. Rate increases in Director's & Officer's Liability and Employment Practices Liability are a direct result of these movements, and business owners and stakeholders must continue to address these risks.

A comprehensive ESG program could include but is not limited to:

- **Environmental stewardship:** including carbon capture and carbon emissions reduction, energy portfolio diversification, operational energy efficiency, resource conservation, and waste disposal
- **Social responsibility:** including worker safety and health, community involvement, and supply chain relationships
- **Corporate governance:** including reporting transparency, leadership diversity, executive compensation, and shareholder rights

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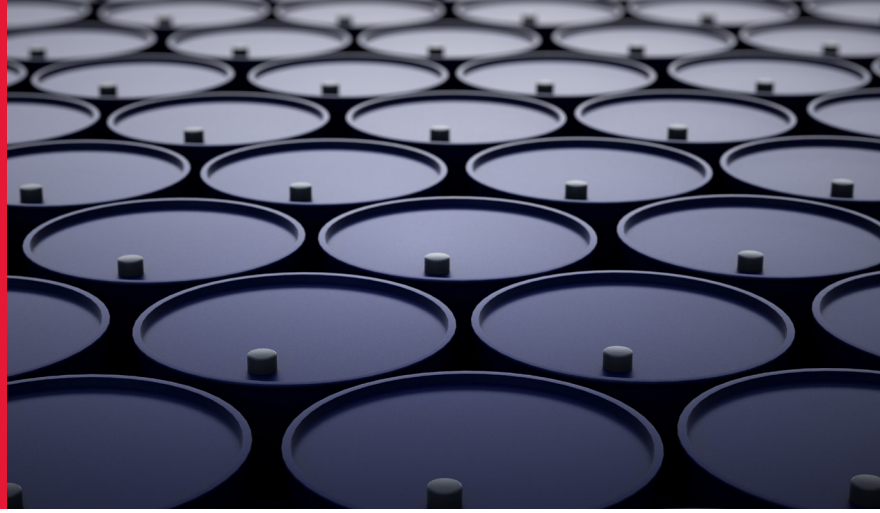
>
> – Garrett Campbell, CIC, ERIS, INSURICA



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"I'm blessed to have the opportunity to work with and learn from some of the best Oklahoma oil and gas companies and professionals in the country," said Garrett Campbell, Commercial Risk Advisor for INSURICA. "These companies are the backbone of Oklahoma and I'm confident and encouraged by their commitment to produce oil and gas in the safest, cleanest, and most efficient way possible."

FINAL ESG CONSIDERATIONS

The best way to begin an ESG oil and gas strategy is to assess your company's current practices, begin documenting them, identify areas for improvement, and implement a strategy to meet these goals.

INSURICA is here to help you navigate your ESG strategy with your team and investors. For additional coverage advice, contact a team member near you at INSURICA.com/our-team today.

– Asia Johnson, INSURICA

THE USE AND STORAGE OF FLAMMABLE LIQUIDS

On a daily basis, workers in the oil and gas industry are exposed to a variety of flammable or combustible liquids, including gasoline, diesel fuel, oil, and a variety of common items such as solvents, thinners, cleansers, adhesives, paints, waxes, and polishers. These liquids can cause serious harm or death if handled or stored incorrectly.

To fully comprehend the dangers of flammable and combustible liquids, it is critical to understand that it is the vapor, not the liquid, that burns. An explosion can occur, for example, when a worker drains a gasoline tank and begins repairs on the tank that involve welding or brazing. Even though the tank is empty, gasoline vapors are present. An explosion can easily occur if the vapor concentration is within the explosive range and an ignition source is introduced.

GENERAL SAFETY RULES

When working with flammable and combustible liquids, the following work practices must be followed:

- Only use Class I flammable liquids (any liquid that can ignite at temperatures less than 100° F) where there is no open flame or other ignition source in the path of the vapor.
- All containers must be properly labeled and marked with the complete chemical name; all containers must be metal, sealed with a cap or lid, and not damaged or leaking; and all containers must be metal, sealed with a cap or lid, and not damaged or leaking.
- Never store flammable liquid containers near exits, aisles, stairwells, or doors, even for a short period of time. Flammable containers should also not be placed in places where they could obstruct an emergency exit from an area or building.
- Do not transfer liquid unless there is an employee present who has been trained to stop the transfer in the event of a spill.
- When transferring flammable liquids from one container to another, the two containers must be connected by a conducting wire, with one container grounded.
- Keep in mind that welding, flame cutting and soldering, and other flame-, heat-, or spark-producing work is not permitted within a 25-foot radius of liquid use and storage areas.
- Never smoke in combustible and flammable liquid storage and handling areas, or within a 25-foot radius of these areas.
- Always have access to fire extinguishers and other emergency response equipment. Within 10 feet of any flammable and/or combustible liquid storage area, and within 50 feet of any flammable liquid use area, at least one fire extinguisher must be located.
- Contact your supervisor if you have any questions or concerns about the safe handling of these liquids on the job.

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FALL PREVENTION: PRECAUTIONS FOR OIL AND GAS WORKERS

During the rigging up phase, railings, guardrails, stairways, walkways, and ladders are installed for safety and easy access to other areas of the site. They're practical, but they're also dangerous. To reduce the risk of harm, INSURICA is here to help you take the following steps:

- Use ladders that are in good repair and do not have missing rungs.
- Do not install stairs with missing or damaged steps. Instead, repair them before installation.
- Keep walkways clean and free of debris and tripping hazards.
- Use proper fall protection.
- Install guardrails prior to working in elevated areas.

In addition, you should also keep your fall protection system in good working order. To do so, inspect your equipment daily.

WEBBING *(body of belt, harness or lanyard)*

- Inspect the entire surface of webbing for damage.
- Watch for frayed edges, broken fibers, pulled stitches, cuts or chemical damage. Broken webbing strands generally appear as tufts on the webbing surface.
- Replace according to manufacturer guidelines.

BUCKLE

- Inspect for loose, distorted or broken grommets. Do not cut or punch additional holes.
- Check belts without grommets for torn or elongated holes that could cause the buckle tongue to slip.
- Inspect the buckle for distortion and sharp edges. Carefully check corners and attachment points of the center bar.
- Check that rivets are tight and cannot be moved. Make sure the rivets are not bent.
- Inspect for pitted or cracked rivets that show signs of chemical corrosion.

ROPE LANYARD

- Rotate the rope lanyard and inspect from end to end for fuzzy, worn, broken or cut fibers. Weakened areas have noticeable changes in the original rope diameter.
- The older a rope is and the more use it gets, the more important testing and inspection become.

HARNESS HARDWARE *(snaps or "D" rings)*

- Inspect hardware for cracks or other defects. Replace the belt if the "D" ring is not at a 90° angle and does not move vertically independent of the body pad or "D" saddle.
- Check bag rings and knife snaps to ensure that they are secure and working properly. Check tool loop rivets. Look for thread separation or rotting.
- Inspect snaps for hook and eye distortions, cracks, corrosion or pitted surfaces. The keeper latch should be seated into the snap nose without binding and should not be distorted or obstructed. The keeper spring should exert sufficient force to close the keeper firmly.

SAFETY STRAPS

- Inspect for cut fibers or damaged stitches inch by inch by flexing the strap in an inverted "U." Note cuts, frayed areas or corrosion damage.
- Check friction buckle for slippage and sharp buckle edges.
- Replace when tongue buckle holes are excessively worn or elongated.

Find a team member near you at INSURICA.com/our-team today.

HOT WORK HAZARD PREVENTION FOR OIL FIELD WORKERS

"Hot work" refers to any task that involves burning, welding, or the use of fire- or spark-producing tools, or actions that generate sources of ignition. On an oil job site, there are numerous potential hazards, including well heads, fuel tanks, mud tanks, tank batteries, gas separators, and oil treaters.

REDUCING HOT WORK RISKS

Workers who perform hot work are at risk of fire due to the ignition of flammable or combustible materials, flammable gas leaks, and hot work equipment. Follow these safety recommendations to lower your risk of injury:

- Perform hot work in a safe location or in areas where fire hazards have been removed or covered.
- Use guards to contain the heat, sparks, and slag, as well as to protect the immovable fire hazards.
- Do not perform hot work in areas where there are flammable vapors or combustible materials. If possible, work and equipment should be relocated outside of the hazardous area.
- Ensure that appropriate fire-extinguishing equipment is immediately available. This equipment could include buckets of water, buckets of sand, a hose, or portable fire extinguishers.
- Have extra workers on hand to keep an eye out for fires while hot work is being done. This includes areas where anything more than a minor fire could start, or if any of the following conditions exist:

  — Appreciable combustibles are more than 35 feet away but are easily ignited by the sparks

  — Wall or floor openings within a 35-foot radius expose combustible material in adjacent areas, including concealed spaces in walls or floors
- Combustible materials are located on the opposite side of metal partitions, walls, ceilings, or roofs and are prone to being ignited by conduction or radiation.

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BUILDING BETTER RISK PROGRAMS

INSURICA can help you build a better Risk Management plan. Find a team member near you at INSURICA.com/our-team today.

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