



Hilcorp

Integrity • Urgency • Ownership • Alignment • Innovation

The Shape

of Hilcorp's Safety Culture



Culture – The Safety Driver

- **Structural Environment**
- Physical space, the plant, infrastructure
- Tools, equipment, supply chain
- Economic support system
- Efficacy of mission – Does what it's supposed to do

- **Social Environment**
- Principals, rules, policies, laws
- Processes and procedures
- Mores and folkways



Kenai Team: 2017 Outlook

One Drilling Rig

- SLR169 Running entire year
- Drilling 10-12 wells in 2017 (currently drilling well #4)

One part time Workover Rig

Primary Targets: Gas Projects

Team focus is to optimize existing wellbores using learnings collected the last several years of drilling and workovers to increase reserves for long term gas deliverability in South Central Alaska.

~\$15MM budget for Facility Upgrades, Maintenance and Integrity Work in 2017





Cook Inlet Offshore Team: 2017 Outlook

One Workover Rig Running

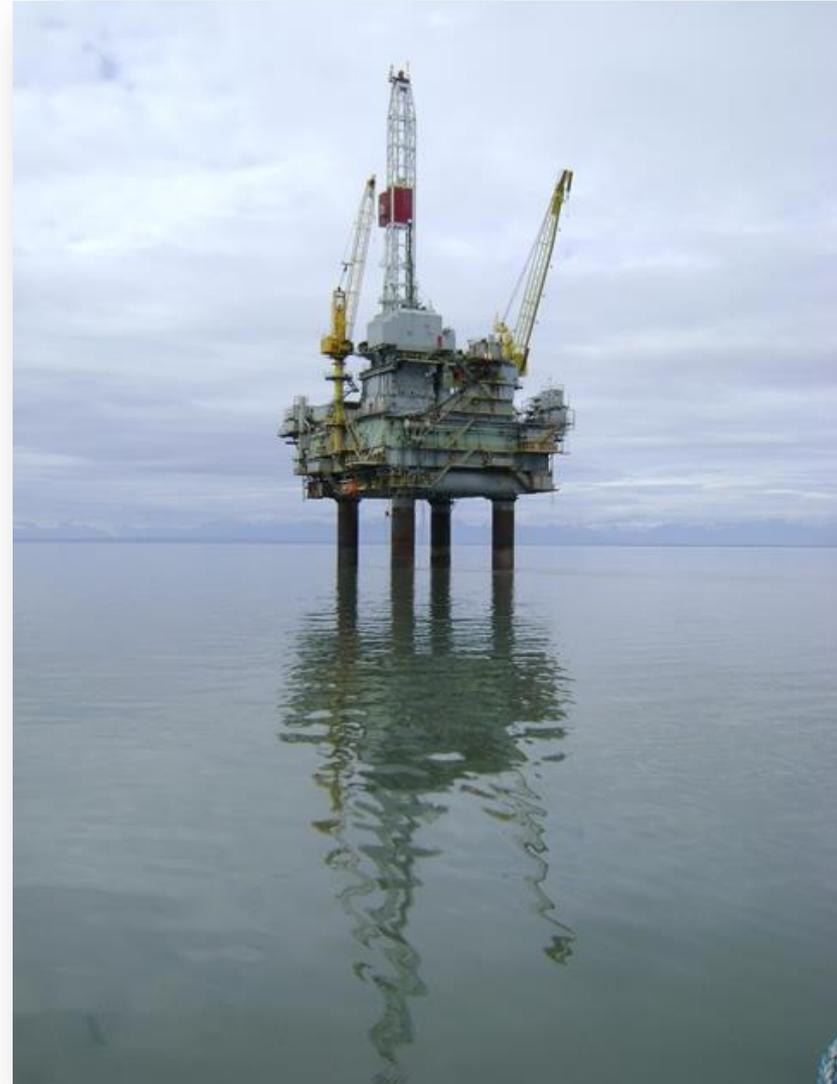
- Moncla 404

12-16 Potential Drill Wells

- Kuukpik 5 Rig
- Steelhead (Rig 51)

Primary Targets: Oil & Gas

**~\$30MM budget for Facility Upgrades,
Maintenance and Integrity Work in 2017**





North Slope: 2017 Outlook

Innovation Drill Rig

- 14 drill wells at Milne Point
- 1 sidetrack and two RWOs at Endicott

Automated Service Rig (ASR)

- 20 work overs planned for Milne Point
- 1 work over planned for Northstar

Field Development

- Milne Moose Pad (13 acres) and 3 mile access road, 70+ well slots
- Milne F and E pads expanded (3.3 and 1.3 acres), 20 well slots

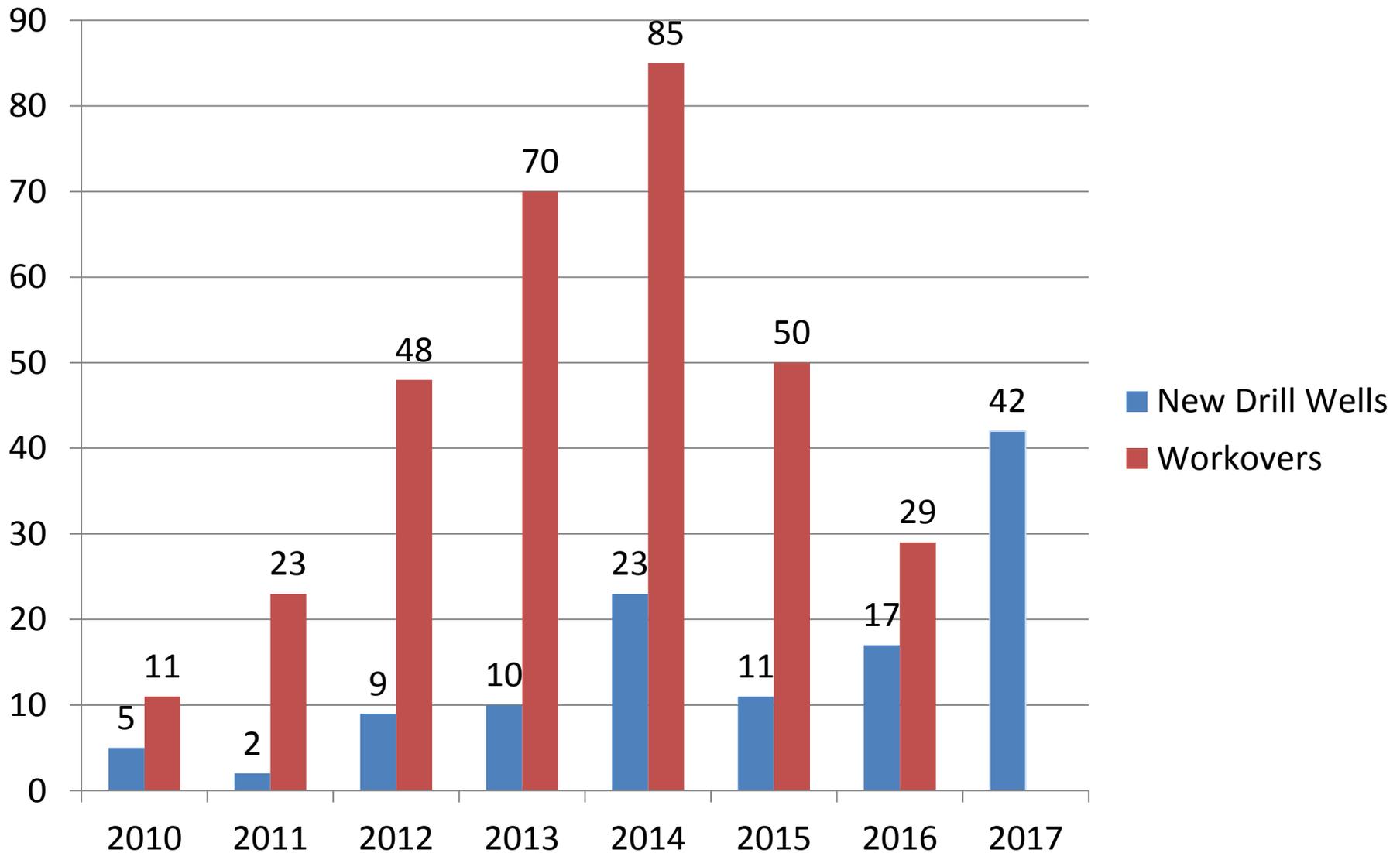
Budgets

- \$150MM operational expenses
- \$200MM CAP and EXP projects and drilling
- 500+ full time Hilcorp and contract employees





Increased Field Activity





OUR GOALS

Reworking existing wells to increase production

Improve and maintain infrastructure

Drill more wells

Book more reserves

THE BENEFITS

Extend the life of existing fields

Increase property values

Increased royalty payments

Small projects adding up to big results



Workforce Culture – Responsibility for Safety

- As Hilcorp Employees, we all have the responsibility to identify and report safety hazards.
- We all recognize that we have the authority to correct any safety hazard that we can without endangering ourselves or others.
- Expected to Utilize our right to Stop Work if it presents a hazard.
- Do the Right Thing.
- Act Today Not Tomorrow.
- Work like You Own the Company.
- Get Better Every Day.



Workforce Culture – Responsibility for Safety

- The health and safety of all employees are considered to be the prime importance to Hilcorp Energy Company and Harvest Pipeline Company. **ALIGNMENT**
- All employees shall do everything possible and necessary to eliminate accidents. **URGENCY**
- Reducing accidents and related unnecessary losses shall help us to be more competitive in our industry. **OWNERSHIP**
- The most important piece of safety equipment on any job is a well-trained employee who exercises common sense and good judgment; and is an employee who has a thorough, working knowledge of their job, capability and applicable safety guidelines. **INNOVATION**
- It is the responsibility of each employee to protect themselves as well as fellow workers from injury. Work shall be conducted according to established safe practices and procedures. **INTEGRITY**



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Frontline Safety Leadership and Influence of Action

2017 Kenai Safety Summit



Hilcorp Alaska, LLC

Objective

The objective is to better identify who in your company is the target for creating and sustaining workplace safety and safety culture.

- Look at WHY it is important to target Supervisors in regards to safety leadership
- Identify WHAT techniques can be leveraged to prepare supervisors for a leadership role
- Outline WHAT an organization can do to help facilitate and create safety leaders
- Look at HOW the techniques can be applied and HOW they can become part of a supervisors overall daily routine

Frontline Safety Leadership

The move toward personal leadership-focused safety culture requires that supervisors have management skills.

1. Most incidents happen at the front line.
2. The highest percentage of employee turnover happens at the front-line.
3. Safety culture is created and reinforced at the front-line.

Putting safety leadership in the path of supervisors' work...

How supervisors approach opportunities; what they focus on, ignore and choose to emphasize; and what they delegate to others all have a powerful impact on site safety. Effectively taking advantage and identifying the instances can greatly strengthen a company's safety culture and lead to improvement in safety performance within the organization. There are 6 key techniques that supervisors can utilize to shape and improve their organization's safety culture:

- 1. Field visits/Employee Exposure**
- 2. Tailgate Safety Meetings**
- 3. SOPs/Procedures/Standards**
- 4. Physical hazard identification and mitigation**
- 5. Incident response and root cause analysis**
- 6. Continuous Feedback/Guidance**

What Does Great Leadership Look Like?

- Open and Friendly
- Demonstrates Accountability
- Provides Feedback and Guidance

- Task-oriented activity: is about making sure people can accomplish their objectives.

- Relationship-oriented activity: is about helping to insure that people will accomplish their objectives.

6 Key Supervisor Activities

Activity	Outcome - Culture
1) Field visits/Employee Exposure	Provide reinforcement and guidance, understand safety issues
2) Tailgate Safety Meetings	Strengthen exposure recognition towards safety and demonstrates that they care
3) SOPs/Procedures/Standards	Assure safe working conditions, work practices, and deliverability
4) Physical hazard identification and mitigation	Improve consistency in use of key safety procedures and evaluating risk
5) Incident Response & Root Cause Analysis	Care for injured, focus on prevention efforts to eliminate injury and environmental impact
6) Continuous Feedback/Guidance/Audits	Builds relationships of trust and respect

Linking the 6 Key Activities to Safety Leadership

Activity	Supervisor Leadership Demonstrates
1) Field visits/Employee Exposure	Feedback
2) Tailgate Safety Meetings	Communication, Collaboration, Feedback
3) SOPs/Procedures/Standards	Accountability
4) Physical hazard identification and mitigation	Action-Oriented
5) Incident Response & Root Cause Analysis	Credibility, Relationship-Oriented
6) Continuous Feedback/Guidance/Audits	Relationship-Oriented, Feedback, Communication, Credibility

Making the 6 Keys a Sustainable Habit

- **Familiarity** – the state of being familiar with your facilities and processes
- **Recognition** – an act of recognizing your employees for job well done
- **Invention** – the discovery or production of some new or improved process that is useful and is not obvious to persons skilled in the particular field
- **Fluent** – Understating the concept or activity so well you can teach and coach others

Driving Home the 6 Keys!

- Practice, Practice, Practice...
- Safety Leadership Training for Supervisors and Management
- “6 Keys” Checklist for Supervisors
- STOP the Job
- PAUSE for Safety
- Employee Quarterly Reviews – Status Updates
- Yearly Goals and Development Plan
- Explaining the “WHY” before the What and How

Conclusion

- Looked at WHY it is important to target Supervisors in regards to safety leadership
- Identified WHAT techniques can be leveraged to prepare supervisors for a leadership role
- Outlined WHAT an organization can do to help facilitate and create safety leaders
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January 2012: Entered Cook Inlet

Increased Cash Investment

January 2012: \$11MM/month Spend

Today: ~\$20MM/month Spend

Increased Contractor Activity

2012: 1.34MM Man Hours

2013: 1.67MM Man Hours

2014: 2.29MM Man Hours

2015: 2.98MM Man Hours

2016: 3.46MM Man Hours

January 2012 – Paid 100 vendors

Mar 2017 – Paid 625 vendors





Safety Culture – Outcomes

