SECTION 4 – MANAGEMENT OF CHANGE

OCS Production Operations

Commitment

Stone Energy Corporation is committed to the Health and Safety of its employees, contractors, and the communities where it operates. We will operate under sound environmental practices and will conduct our operations in compliance with all applicable laws, regulations, and standards.

Management Expectations

- All employees and contractors are individually responsible / accountable for self, coworkers, and community when it comes to safety.
- All personnel, by actions and example, will strive to ensure a safe work place for employees and contractors.
- All personnel will respect the communities and areas we work in through compliance and environmental awareness.
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4. **MANAGEMENT OF CHANGE**

4.1 **GENERAL**

Stone Energy recognizes that a facility is subject to continual change to increase efficiency, improve production, operability, safety, accommodate technical innovation, and implement mechanical improvements. On occasion, temporary repairs, connections, bypasses, or other modifications may be made out of operating necessity. Any of these changes can introduce new hazards or compromise the safeguards built into the original design.

Stone Energy’s Management of Change (MOC) process is implemented through the MOC module on the SEMPCheck system ([Click Here For Link](#)). Within the module all facility changes requiring an MOC are listed in a drop down box. In addition a preliminary worksheet giving examples of the changes is available for the generator to review.

The Stone Energy MOC process shall be used to manage any changes listed in 4.2 below on Stone Energy owned and/or operated facilities. For facilities brought to and used on Stone Energy operated leases by third party contractors, the Contractors MOC process may be used if it meets the following criteria:

I. The contractors MOC process is compliant with API RP 75 and 30CFR250 Subpart S.

II. The contractors MOC process is compliant with Stone Energy’s MOC process.

III. The use of the contractors MOC process shall be limited only to contractor owned and operated equipment / facilities.

IV. In no case may a contractor MOC process be used on any Stone Energy owned and operated facilities.

The use of a Contractor's MOC process and which equipment it applies to shall be clearly identified in a written bridging document or job safety / environmental analyses (JSEA) as appropriate prior to use.

4.2 **CHANGES IN FACILITIES**

As per API RP 75 the following changes to production facilities will require an MOC.

a. Construction of new production or process facilities.

b. New facility projects that involve production or process tie-ins to existing facilities, equipment reconfiguration or modification of existing facilities/equipment.

c. Modification of existing facilities that result in change to facility or equipment design, structural support, layout, or configuration.

d. Projects to increase facility throughput or accommodate different produced fluids.

e. Significant changes in operation conditions, including pressures, temperatures, flow rates, or process conditions different from those in the original process or mechanical design.
f. Equipment changes including the addition of new equipment or modification of existing equipment. These can include changes in alarms, instrumentation, and control schemes.

g. Modifications of the process or equipment that cause changes in the facility’s pressure relief requirements. These can include increased process throughput, operation at higher temperatures or pressures, increased size of equipment, or the addition of equipment that might contribute to greater pressure relief requirements.

h. Bypass connections around equipment that is normally in service.

i. Operations outside the scope of the current written operating procedures, including procedures for start-up, normal shut-down, and emergency shutdown.

j. Changes made in the process or mechanical design or in operating procedures that result from a hazards analysis performed as described in Section 3, “Hazards Analysis.”

k. Introduction of new or different process chemicals (for example, corrosion control agents, anti-foulants, and anti-foam agents), drilling mud or workover / completion fluids.

l. Change in facilities may include mechanical changes that would not necessarily appear on a process and instrument diagram, including drilling and construction equipment and temporary connections or replaced components that are “not in kind,” such as:

   1. Replacement equipment or machinery that differs in specifications from the original equipment or previously approved modification.

   2. Temporary piping connections, pipe repairs, or hoses

   3. An alternate supply of process materials, catalysts, or reactants, such as temporary tanks or drums located within the facility.

   4. Temporary electrical equipment or utility connections other than for emergency situations.

   5. Modification to drilling diverter system that have not been previously approved.

   6. Modification to blowout preventers (BOPs) that have not been previously approved.

   7. Modifications to drilling top drives that have not previously been approved.

m. Any well work that requires an APM or RPM to be submitted.

4.3 CHANGES IN PERSONNEL

Certain changes in personnel (including Contract personnel) with supervisory responsibilities on Stone Energy facilities shall require an approved MOC. Newly assigned OIM, Production Foreman and Lead Operators who will be responsible for a facility where they have not previously worked shall require an approved MOC. Routine replacements for all other operators as well as normal rotations and shift changes shall not require an MOC.
4.4 MANAGING THE CHANGES

Procedures for managing the change are incorporated into the MOC process through a checklist, appropriate internal review by each functional group, and approval by each group manager. No changes are initiated until all approvals are completed by management. As the MOC goes through the approval process a determination is made as to the necessity to address the following issues:

a. The process and mechanical design basis for the proposed change.

b. An analysis of the safety, health, and environmental considerations involved in the proposed change, including, as appropriate, a hazards analysis. The effects of the proposed change on separate but unrelated upstream or downstream facilities (i.e., structures / platforms, pipelines, process equipment, emergency isolation and control systems and equipment, mitigative systems and equipment, accommodation areas, emergency evacuation facilities and equipment) and on area wide emergency plans (i.e., evacuation or oil spill).

c. The necessary revisions of the operating procedures, safe work practices, and training program.

d. Communication of the proposed change and the consequences of that change to appropriate personnel prior to startup of the process or affected part of the operation. For significant changes, training consistent with the guidance in Section 7 – Training where appropriate.

e. The necessary revisions of the safety and environmental information.

f. The duration of the change, if temporary.

g. Necessary time period to implement the change.

h. Required authorizations to effect the change.

4.5 STONE ENERGY’S MOC PROCESS FOR CHANGES TO THE SEMS PROGRAM

If a management of change results in a change to the operating procedures of Stone Energy’s SEMS program, the Stone Energy SEMS Steering Committee will address the change through the SEMS Document Change Request process.