

Management Action Plan

in response to

Common Cause Assessment From Serious Incident Reports

(Conger & Elsea - June 25, 2007)

Management Action Plan Approved

October 5, 2007

Management Action Plan Approval

This management action plan is in response to the Common Cause Assessment from Serious Incident Reports, commissioned by Alyeska and completed by Conger & Elsea, Inc. on June 25, 2007.

The Common Cause Assessment (CCA) report has been reviewed and accepted. A series of discussions have been held to determine the appropriate management response and action plan.

In the interim between receipt of the assessment report and the approval of this action plan, the following steps have been taken:

1. An executive management team decision was made to request further analysis of Alyeska's model for supervision within the O&M organizations. This scope of work was added to an independent review commissioned by Alyeska's Unified Plan project team and conducted by ABS Consulting Group. A report from ABS is due in October, 2007.
2. The assessment report has been reviewed by representatives from Operations & Maintenance line management; Alyeska's Loss Prevention System (LPS) team; the Oil Movements Department; and Alyeska's Process Safety Advisor. Comments and feedback has been gathered in an effort to test the validity of the assessment.
3. Feedback from the groups referenced above has been shared with Dorian Conger, of Conger & Elsea, to gather additional perspective.

The following Management Action plan describes the steps that Alyeska Management has determined will be taken in response to the assessment.

This Management Action Plan is hereby approved for execution:

Approved:	 Rod D. Hanson HSEQ Director	 Date	 Kristi J. Acuff Sr. VP EE&R	 Date
Approved:	 Jim F. Johnson Vice President, Pipeline	 Date	 Gregory T. Jones Vice President, Valdez	 Date
Approved:	 Michael Joyner Vice President, Oil Movements	 Date		

Executive Summary – Common Cause Assessment

Alyeska commissioned this assessment based on a strong belief that we would obtain new insights and lessons by going back and studying a number of historical incidents. Similar to conducting trend analysis, our goal in this effort was to identify common themes that might exist across a spectrum of incident reports and then to examine how we might improve our processes to prevent similar incidents in the future.

The methodology used in this assessment is discussed in detail in the CCA report. In summary, Alyeska provided Conger & Elsea with (21) completed significant incident investigation reports dating back to 2000. Conger & Elsea then evaluated each of these incidents using a Management Oversight and Risk Tree (MORT) process. MORT is a commonly used root cause analysis methodology. MORT examines a number of aspects that might contribute to an incident. These range from examining human performance error, technical information, supervision, management support systems, and management policy.

Each incident was analyzed against the MORT tree and frequency distributions were identified to determine the factors most common among the 21 incidents.

Based on the assessment, Conger & Elsea identified eight (8) common causes that were significant across the various incident investigation reports. They then prepared ten (10) specific recommendations to address the root causes.

As part of the process, Conger & Elsea conducted quick site visits to the VMT and to Pump Station 9 and conducted a limited number of interviews with personnel. These visits and interviews were done to increase understanding of the data in the original reports and to obtain additional supporting data.

Also important was an analysis Conger & Elsea completed on Alyeska's Incident Investigation process. Several recommendations were provided on ways for us to improve this process.

In summary, the CCA report concludes that our management systems have not clearly communicated and reinforced specific expectations with respect to safety managing human performance. The report emphasizes the critical role of management and supervision in assuring proper work planning, hazard identification & mitigation, and in actual oversight of work activities. The report also points out significant gaps in Alyeska's Incident Investigation process that need to be addressed.

Conger & Elsea are very familiar with Alyeska's Loss Prevention System (LPS) theory and tools. Most of their recommendations are framed in a way that encourages us to leverage and strengthen application of LPS in overall incident prevention.

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Alyeska has considered each of the various recommendations and we've outlined the following action plan. While we agree with Conger & Elsea that LPS is an important part of our overall safety management system, we believe that our actions need to be more strategic in nature and extend well beyond LPS.

The objectives of our action plan are:

- Ensure we have the right supervisory model (including expectations, resources, and tools) for effective oversight and management of safety in the workplace.
- Ensure clear accountabilities regarding safe work planning & performance and to establish effective stewardship to ensure those accountabilities are being fulfilled.
- Utilize effective methods, including LPS, to ensure a high level of hazard recognition & mitigation during work planning and execution.
- Significantly improve our Incident Investigation Process such that we truly understand the root causes of incidents and can apply lessons learned to improve performance and avoid repeat incidents.
- Examine ways to integrate the above objectives into other, ongoing process improvement efforts where possible.

These objectives describe portions of a continuing effort to shift the overall safety culture at Alyeska. It is important to recognize that culture change takes initial action, and then continued management attention over time to sustain the changes and fully achieve the desired outcomes.

The following describes our initial management action plan and assigned accountable managers. As progress is made on each of these actions, more detailed activities, milestones, and deliverables will be developed. All actions will be appropriately captured in MAC and tracked to completion.

1. Supervisory Function Review

Alyeska will complete a review of the field supervisory function, with an emphasis on Operations / Maintenance and Projects. The review will examine roles and responsibilities, expectations (technical & behavioral), work-load, staffing levels, and other key factors. A particular emphasis will be on clearly defining the expectations associated with managing safety performance and to ensure any conflicts are resolved. The outcome of this review may result in an in-depth review of specific supervisory job accountabilities to ensure safety performance management is a priority.

Operations, HSEQ and Human Resources executive and management team members established a small focused action team. At the request of Operations this team is led by ABS in partnership with Human Resources, to conduct this review. The action team is seeking input from operations, maintenance, and projects supervisory personnel and their management. This work is being conducted in cooperation with the Unified Plan Project team. The Unified Plan also identifies the need for conducting this assessment of the O&M supervisory function as part of the ABS Consulting independent review. The ABS report, with Human Resources input, is due October 2007.

This action will capture recommendations #1, #2, and #7 from the CCA report.

Accountable Manager: Theresa Guim, HR Director

Commitment Date: Complete initial review; provide recommendations by 11/30/07. Subsequent actions & commitment dates to be determined.

2. Stewardship & Accountabilities

Alyeska will more clearly describe the stewardship expectations associated with a robust implementation of LPS philosophy and tools, with a particular emphasis on the role of supervision and management.

The LPS implementation plan already includes an increased focus on applied stewardship. A draft presentation has been developed and is under review in anticipation of scheduling a senior management workshop on LPS stewardship. Those materials will be adjusted to strengthen and improve these concepts and to capture the concepts outlined in recommendations #4, #8, and #9 of the CCA report.

Alyeska's LPS Manager will lead the development and delivery of the workshop(s). He will assemble a cross-functional team of managers and supervisors to review and/or "pilot" the materials and to maximize the effectiveness of the workshop(s).

Additionally, the LPS Manager will coordinate with the HR Director (see action #1) to incorporate stewardship expectations into the Supervisory Function Review effort.

Accountable Manager: Grantt Bedford, LPS Manager

Commitment Date: Complete initial workshop(s) for senior management by 12/15/07. Conduct additional stewardship workshops (or other delivery methods) such that all O&M and Projects Supervisors have an opportunity to participate by April 30, 2008.

3. Work Planning & Hazard Identification

A number of recommendations in the CCA report relate to the need for significant improvements in work planning and hazard recognition – before, during, and after

performance of work. Again, these concepts are very much in line with the LPS theory and tools, and we believe additional emphasis is warranted.

A team will be formed, led by an experience Operations representative, to determine the appropriate expectations relating to pre-job planning, hazard recognition and mitigation, management-of-change in the event work does not go as planned, and post work hazard reviews. The goal will be to identify where additional clarity can and should be provided, and then to incorporate those expectations into the appropriate Alyeska processes, procedures, and work guidance documents (ex: SA-38, Projects procedures, O&M procedures, Preventative Maintenance Procedures, LPS-001, etc.). The team will also identify a methodology and plan for an assurance process that confirms we are improving over time.

This action will captures recommendations #3, #5, #6, and #10 from the CCA report.
Accountable Manager: Tom Stokes, Sr. Advisor – Valdez Operations

Commitment Date: Complete review, update guidance documents, and establish monitoring / assurance process by 12/31/07.

4. Incident Investigation Process Improvements

The CCA report provides five (5) specific recommendations regarding improvements to Alyeska's Incident Investigation Process. There is already an ongoing initiative to make significant changes to this process and the recommendations from the CCA report are being considered in that work. Alyeska will be publishing a new process and guidance documents in October, 2007 and will initiate training on the new process and specific investigative techniques. The result will be a much more robust process that assures a much higher level of understanding and learning from incidents.

A cross functional team from within Alyeska's HSEQ division is already assembled and is nearing completion of design work for the new process. A final draft will be presented to the TAPS Executive Safety Committee on October 16, 2007. Documents will be published and the first round of communications and training will be initiated by the end of October.

Accountable Manager: Rod Hanson, HSEQ Director

Commitment Date: Design of new processes complete by October 31, 2007.
Rollout and training complete by March 31, 2008.

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Management Action Plan

for

Incident Investigation and Root Cause Analysis Process Improvements Initiative

Management Action Plan Approved

November 20, 2007

Management Action Plan Approval

Alyeska has identified the need to improve its Incident Investigation and Root Cause Analysis processes. The goal is to have a robust process that results in identification of true root cause(s) associated with near-loss and actual loss incidents. The process must allow for easy investigation and analysis of lower level incidents and for increasing rigor and sophistication of higher level incidents. At the higher level, a degree of independence will be incorporated into the expectations.

This Management Action Plan describes the work that has been done to date and the remaining steps that Alyeska management has determined are necessary to complete implementation of the initiative.

This Management Action Plan is hereby approved for execution.

Approved:



Rod D. Hanson
HSEQ Director

11/20/07

Date