

OPERATOR QUALIFICATION PROGRAM

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| Section: | 67 | Revision Number: | 01 |
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1. Purpose and Scope

- a. **H-2 Enterprises, LLC (H2E)** developed the Operator Qualification Program (OQP) for all team members and contractors to comply with the Code of Federal Regulations under Subpart N in 49 CFR Part 192 and Subpart G in 49 CFR Part 195. It is the policy of **H-2 Enterprises, LLC** that:
 - b. As with any policy, accountability for non-compliance will follow established company procedures or contract requirements.
 - c. The plan is designed and executed so **H-2 Enterprises, LLC** employees and its subcontract employees are qualified and have the ability to recognize and react appropriately to abnormal operating conditions (AOCS) that may indicate a dangerous situation.
 - d. This plan establishes the minimum requirements for the qualification of individuals performing identified covered tasks while constructing these projects.
 - e. This plan outlines the requirements for evaluating qualifications of individuals performing certain covered new construction tasks. This operator qualification program applies to all **H-2 Enterprises, LLC** projects.

2. Covered Tasks

- a. Identification of Covered Tasks
 - i. Covered tasks will be identified jointly between Client and **H2E**.
- b. Table of Covered Tasks
 - i. The identified covered tasks are provided as an addendum of this written program in Appendix B.
- c. Changes to Covered Tasks
 - i. Whenever a change is made to a covered task, **H2E** shall communicate those changes and any associated procedural changes to individual(s) performing those covered tasks.
 - ii. **H2E** will determine the impact the change has on an individual's qualification to perform a covered task and whether the individual(s) should be re-evaluated for qualification.

3. Evaluation Process

- a. Initial Qualification

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- i. **H2E** expects employees and its subcontractor employees to be dispatched to the Client projects with the knowledge and skill to perform covered tasks. **H2E** will utilize span of control, if allowed by Client to provide skill and knowledge training.
 - ii. On the first day of employment on a project, **H2E** will determine necessary individual qualifications as well as the employee's existing qualification status. The existing status will be determined by verifying the record on file in the agreed upon Operator Qualification portal. If the individual is qualified with a date to expire before their project assignment is complete, they will be re-qualified before their qualifications expire.
 - iii. Individuals who will be required to perform a covered task must be "qualified" to perform such covered task. Individuals will be evaluated by authorized evaluators. As identified in Appendix B, tasks may require a knowledge evaluation only or a knowledge and skill/performance evaluation. This will be a documented process tied to a specific covered task. The following areas will be considered when evaluating an individual's ability to perform a covered task:
 1. Perform the assigned covered task in accordance with the established evaluation criteria for that task
 2. Recognize and react properly to an Abnormal Operating Condition (AOC) that may occur during the performance of that covered task
 - iv. Individuals who are not successfully qualified will either be allowed to work under span of control (if applicable) or they will not be allowed to work on the project.
- b. Re-evaluation
- i. Re-evaluation of an individual's qualification will occur within the qualification intervals established in Appendix B. The evaluation method used to re-qualify individuals will be as described in the "Qualification" section.
- c. Evaluator Criteria
- i. Internal evaluators are **H2E** employees who have been trained to conduct evaluations. **H2E** evaluators will have the responsibility for evaluating an individual's qualifications to perform covered tasks and will have the required knowledge, through training and/or experience, to ascertain that individual's ability to:
 1. Perform covered tasks
 2. Recognize and react to Abnormal Operating Conditions of the performed covered task
- d. Evaluation Intervals for Covered Tasks
- i. Evaluation intervals are established according to the ASMEB31Q Task List and Common Covered Tasks (CCT) for every task.

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4. Qualification Procedure

- a. Once a candidate has successfully completed all components of the evaluation process and has demonstrated performance of the task to the evaluator, the candidate will be informed of the status of the evaluation. When the evaluator completes the required documentation, then the candidate is “qualified”.
- b. Qualified Person
 - i. The qualified individual can perform assigned covered tasks and must be able to recognize and react to abnormal operating conditions.
 - ii. Only qualified individuals may direct and observe a non-qualified person performing a covered task, if the task allows span of control.
 - iii. Qualified individuals are required to take corrective action as necessary when directing a non-qualified person.
- c. Non-Qualified Person
 - i. A non-qualified individual may perform covered tasks if the following conditions are met:
 1. If the task allows span of control and a qualified individual is assigned to direct and observe the non-qualified individual(s) while performing the covered task
 2. The ratio of non-qualified individuals to qualified individual is consistent with the “Direct and Observe” requirements
- d. Suspension of Qualification
 - i. Suspension of qualification shall be considered for items such as, but not limited to:
 1. Failure to implement change as communicated by due date
 2. When an individual’s performance of the covered task contributed to an incident or accident, or cannot be discounted as a contributing factor
 3. Willful or repeated failure to perform the covered task in accordance with established policies and procedures
 4. Physical impairment that may prevent the individual from performing the covered task
 5. Aberrant behavior
 6. Self-disclosure by an individual that they may no longer be qualified

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7. Whenever there is reasonable belief that an individual is no longer qualified to perform a covered task

- ii. In the event of a task qualification suspension the individual and person responsible for work assignment of the individual will be notified and their qualification(s) will be suspended in the authorizing provider data base.
- iii. The reevaluation / requalification process must be followed for reinstatement of a covered task qualification. The suspension and subsequent reevaluation / requalification will be documented and maintained by bat the project office.
- iv. If a qualified individual is found performing a task outside the qualification requirements, they will be disqualified and **H2E** will notify the authorizing OQ provider to suspend their qualification. The individual will be terminated or transferred to a task that does not require that qualification. The individual will be retrained, and the record of training submitted as required before they are evaluated for requalification.

5. Subcontractor Qualification

- a. All **H2E** subcontract employees who will perform covered tasks will be qualified to perform such covered tasks. **H2E** will provide evaluation services for subcontractors if the subcontractor does not have an internal OQP AND if the **H2E** Project Manager authorizes the service. If the **H2E** Project Manager does not authorize the service, the Subcontractor will be required to utilize a third-party provider for operator qualifications to evaluate subcontract employees.
- b. Subcontract employees not qualified in accordance with this program may perform covered tasks only if they are directed and observed by an individual qualified to perform the covered task and the task allows span of control. The qualified individual must be able to take immediate corrective action when necessary.
- c. Subcontractors will adopt and operate under this plan. Subcontractor employee qualification records will be maintained by **H2E** and filed in the **H2E** project office.
- d. Screening of **H2E** subcontractors is a three-tiered hierarchy based on risk level and dollar value of services. **H2E** Subcontractor Management Program (SMP) is available upon request.

6. Records

- a. Compliance Records
 - i. **H2E** will maintain records that demonstrate achievement of this Qualification Plan. The following records demonstrate achievement:
 - ii. Client Specific tasks for Natural Gas Projects Operator Qualification Plan

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iii. Individual qualification records

b. Qualification Records that demonstrate an individual's qualifications will include:

1. Identification of qualified Individual(s)
2. Identification of covered tasks the individual is qualified to perform
3. Date(s) of current qualification
4. Methods used to qualify an individual
5. Date(s) of re-evaluation intervals

c. Record Retention

- i. **H-2 Enterprises, LLC** will retain an individual's current qualification records for the life of the project and at least 5 years after the project is complete.
- ii. **H2E** maintains recordkeeping on a secure internal intranet with authenticated password protections required for access.

7. Incident/Accident Review

- a. In the event of an incident or accident, a review of the performance of all individuals who may have been involved will be conducted.
- b. The **H2E** Project Manager will lead the review with the support of the Project Superintendent(s), Quality and Training Manager, SH&E Supervisor and Foremen.
- c. If it is determined that an individual's performance of a covered task contributed to an incident, then the individual's OQ qualification for the related tasks(s) shall be suspended in the OQ database until the person is successfully requalified.
- d. Reevaluation/Requalification of an Individual after an Incident/Accident
 - i. The reevaluation/requalification of an individual determined no longer qualified will be performed by reviewing covered task requirements with the individual and using the evaluation methods identified in the Evaluation Processes section.
 - ii. The individual must satisfactorily meet the task requirements during the evaluation process for re-instatement of suspended qualification(s).
 - iii. The evaluation will be documented utilizing the OQ Record of Evaluation and qualification records will be filed in the **H2E** project office.

8. Plan Modifications

- a. Management will review all operator qualification reports prior to commencing general construction services.

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- b. The Operator Qualification program will be reviewed periodically for modifications needed and when there are any changes to the regulations.

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Appendix A: Definitions

Ability: The capacity to do or act, physically and/or mentally.

Abnormal Operating Condition (AOC): Means a condition that may indicate a malfunction of a component or deviation from normal operations that may:

- a. Indicate a condition exceeding design limit; or
- b. Result in a hazard(s) to persons, property, or the environment.

Contributed to: A judgment by designated operator personnel, that the action or inaction of an individual(s) was a factor in the occurrence of an incident/accident.

Covered Task: An activity that:

- a. Is performed on a pipeline facility;
- b. Is an operations or maintenance task;
- c. Is performed as a requirement of 49 CFR part 192 or part 195; and
- d. Affects the operation or integrity of the pipeline.

Direct and Observe: The observation of an unqualified individual(s) during the performance of a covered task by an individual who is qualified to perform the task at hand. The observer must be in direct visual and verbal contact with the individual(s) and must be able to take immediate and effective corrective action if incorrect procedures or abnormal operating conditions are observed. The span of control ratio is determined by the task or tasks being performed and the required ability of the qualified individual to identify and devote immediate attention and take corrective action in response to an Abnormal Operating Condition (AOC). The qualified individual must also have the ability to direct the discontinuation of all other covered tasks being performed while focusing continuous attention on the AOC until the situation is determined to be resolved or under control. The "Span of Control" ratio's on Appendix B are limits established by the majority of Operators.

Evaluation: An established and documented process to determine an individual's ability to perform a covered task. The evaluation process may use one or more evaluation methods (see Evaluation Process).

Evaluator: Persons performing evaluations possess the required knowledge (1) to ascertain an individual's ability to perform the covered tasks and (2) to substantiate an individual's ability to recognize and react to abnormal operating conditions that might surface while performing those activities. This does not necessarily mean that the persons performing the evaluations should be qualified to perform the covered tasks themselves.

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Excavation within a Pipeline Facility: Qualification for this covered task does not require the contractor employee to be proficient in the operation of excavation equipment. Covered task(s) requiring qualification shall address the following:

- a. Verification of line location and depth
- b. One-call and underground facility owner/operator notifications
- c. Proper techniques to avoid pipeline damage
- d. Sloping/shoring
- e. Water removal
- f. Inspection

Immediate Corrective Action: Taking steps to correct mistakes or abnormal or hazardous conditions without delay.

Incident: defined as any of the following events:

- a. An event that involves a release of gas from a pipeline, or of liquefied natural gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that results in one or more of the following consequences:
 - i. A death, or personal injury necessitating in-patient hospitalization;
 - ii. Estimated property damage of \$50,000 or more, including loss to the operator and others, or both, but excluding cost of gas lost;
 - iii. Unintentional estimated gas loss of three million cubic feet or more;
- b. An event that results in an emergency shutdown of an LNG facility. Activation of an emergency shutdown system for reasons other than an actual emergency does not constitute an incident.
- c. An event that is significant in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2) of this definition.

Individual: A person who, on behalf of H2E, performs one or more covered tasks on a pipeline project.

Knowledge, Skills, Abilities and Training as appropriate (KSATs): An appropriate combination of information (knowledge), craftsmanship (skills), proficiency (ability or capability), and training that allows an individual to perform covered tasks in a competent manner.

New Construction: The act of building a pipeline facility or expanding an existing pipeline facility.

Observe: The act of watching; to watch or perceive. For purposes of conducting qualification evaluations using on the job (OJT) performance, observations must include the interaction

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of the evaluator and qualification candidate to ensure that the candidate's knowledge of the specific task requirements and procedures (and the reasons for key task steps) is adequate to ensure the continued safe performance of the task.

Pipeline: All parts of those physical facilities through which gas moves in transportation, including pipe, valves, and other appurtenance attached to pipe, compressor units, metering stations, regulator stations, delivery stations, holders, and fabricated assemblies.

Pipeline Facility: Means new and existing pipeline, rights-of-way, and any equipment, facility, or building used in the transportation of gas or in the treatment of gas during the course of transportation.

Qualified: successful completion of an evaluation and can: (a) Perform assigned covered tasks; and (b) Recognize and react to abnormal operating conditions.

Skill: A demonstrable competency to perform a given task well, arising from talent, training or practice.

Subject Matter Expert (SME): An individual recognized as having a special skill or specialized knowledge of a process in a particular field, or of a piece of equipment.

Task: A piece of work assigned to or expected of an individual(s).

Training: An educational or instructional process (e.g., classroom, computer-based, or on the job) by which an individual's knowledge and skill level is improved.

Training as Appropriate: An educational or instructional process (e.g., classroom, computer-based, or on the job) to ensure that individuals performing covered tasks have the necessary knowledge and skills to perform the task in a manner that ensures the safe operation of pipeline facilities.

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Appendix B: Task List

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Appendix C: Client Specific Information

Operator Qualification Plan {Insert Client Name} For Natural Gas Projects {Agreement Number: xxx} {Rev. xxx}

This plan has been developed to comply with the {insert client name} for Natural Gas projects contract requirements. It is agreed that for the client projects, the {**Veriforce-insert OQ provider**} system of Common Covered Tasks List (CCT) will be utilized for Operator Qualifications performed by **H-2 Enterprises, LLC**.

The following records demonstrate this achievement:

H2E {insert client name} for Natural Gas Projects Operator Qualification Plan and Individual qualification records.

Additionally, H2E will notify Client when any significant modifications are made to this plan. This plan will be submitted for review to Client prior to commencing the General Construction Services for Natural Gas Project Agreement.

Identification of Covered Tasks: Covered tasks will be identified jointly between {insert client name} and H2E.

Span of Control will be determined by Client.