Security Issues in the Domestic and International Oilfield

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Jim Connor, Assistant General Counsel
Disclaimer

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Security Objectives

- Safety of Personnel
- Protection of Property
- Operational Integrity
- Corporate Reputation
Security Threats

Terrorist Attacks

Criminal Activities

Civil Protests

Collateral Reputational Damage
Security Tools

Risk Assessments

Security Plans

Preventative Processes

Security Audits
Security Issues – Overseas

In Amenas Attack
Algeria (January 2013)

Prirazlomnoye Platform Greenpeace Boarding
Russia (September 2013)

Sharara Oil Field Protest and Shutdown
Libya (October 2013)

Twiga-1 Drillsite Protest and Shutdown
Kenya (October 2013)

Seizure of Oil Wells by Rebels
South Sudan (December 2013)
$78MM of Oilfield Theft Reported Over Three Years
West Texas (2008 Study)

$2MM of Condensate
Permian Basin (June 2010)

Generators, Equipment, and Vehicles
Alberta, Canada (April 2013)

Oilfield Motors
Kansas (January 2013)
Domestic Losses

In the U.S., this is estimated to result in $1.5 billion or more of losses per year to industry (exclusive of additional costs due to down time).

Theft includes not only materials and equipment, but also oil and condensate. Anything that is not bolted down, and even some items that are, are subject to theft.
Key Stakeholders

Corporate Security

Corporate Social Responsibility

EHS

Operations

Legal
Key Goals

Risk Management

Operational Integrity

Productive Community Relations
Elements of a Security Plan Process

Risk Assessment
Political Risk, Security Risk, Reputational Risk
Security, CSR, EHS, Operations, Legal

Mitigation Plan
(Including Contingency Planning)

Communication Plan

Implementation and Audit
Security Operations

Requires close coordination between Security, CSR, and Operations.

Contractors (whether for security or other operations) will likely be viewed as part of the operator.

Contractual undertakings by all contractors (and their subcontractors) to comply with operator’s policies (including any adopted international principles), particularly with respect to the use of force is imperative.
Voluntary Principles on Security and Human Rights

www.voluntaryprinciples.org

Established in 2000, an initiative involving host governments, companies, and NGOs to promote a set of principles that guide extractive industries (including E&P companies) on providing security for their operations that respects human rights.
Voluntary Principles

Provides a framework to manage risk effectively by:

• Conducting a comprehensive assessment of human rights risks associated with security (Assessment).

• Engaging appropriately with public and private security service providers and surrounding communities in complex environments (Mitigation/Communication).

• Instituting human rights screenings of and trainings for public and private security forces (Mitigation/Implementation).

• Developing systems for reporting and investigating allegations of human rights abuses (Implementation/Audit).
United Nations Code of Conduct for Law Enforcement Officials
www.unrol.org/files/CODEOF~1.PDF

United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials
www.unrol.org/files/BASICP~3.PDF
Principles of Proportionality

Principles of Proportionality in the Use of Force

Whenever the lawful use of force and firearms is unavoidable, law enforcement officials shall:

(a) Exercise restraint in such use and act in proportion to the seriousness of the offence and the legitimate objective to be achieved;

(b) Minimize damage and injury, and respect and preserve human life;

(c) Ensure that assistance and medical aid are rendered to any injured or affected persons at the earliest possible moment;

(d) Ensure that relatives or close friends of the injured or affected person are notified at the earliest possible moment.
So how do we take and turn it into something that we can use to benefit our clients?
Structuring a Security Plan

Security Management and Planning
  Perimeter Barriers
  Access Controls
  Building Security
Closed Circuit Television (CCTV)
  Protective Lighting
  Guard Service Operations
Incident Reporting and Investigations
  Security of Information (IT)
  General Matters
  Exception Process
Security Audits and Reviews
Security Management and Planning

- Facility Applicability (Facility Typing Matrix)
- Security Management and Competencies
- Risk Assessment Program
- Facility Site Security Plans
- Threat Advisory Program
- Government Compliance
- Travel Security
- Budgeting
Perimeter Barriers

- Perimeter and Restricted Area Fencing
- Perimeter Gates, Entry Barriers, and Locks
- Clear Zones
- Vehicle Crash Barriers
- Signage
Access Controls

- Personnel Entry
- Motor Vehicle Controls
- Marine Dock/Vessel Controls
- Rail Entry Controls
- Material and Packaging Controls
- C-TPAT Program (Supply Chain Security)
- Screening, Inspection and Search Programs
- Computerized Access Control Systems
- Intrusion Detection Systems
- Duress Alarm Systems
Building Security

- Key Control Program
- Doors and Windows
- Roof Vents, Hatches, and Skylights
Closed Circuit Television (CCTV)

- CCTV System Monitoring Requirements
- CCTV System Technical Requirements
- CCTV Archival Storage
Protective Lighting

- Exterior Lighting
- Emergency Lighting
- Lighting Installation and Maintenance
Guard Service Operations

- Security Contractor Requirements
- Personnel Qualifications
- Training Requirements
- Duties and Responsibilities
- Security Communications Systems
Examples of Contractor Requirements

• Contractor must be a bona fide guard company with a minimum of two (2) consecutive years’ experience in the provision of the described services.

• Contractor must provide security officer uniforms, with a patch on the left shoulder of the outermost garment that includes contractor’s name, to all Contractor personnel assigned to a worksite.

• Contractor must provide, or cause to be provided, security officer training.

• Contractor must perform (or have performed) a background check on all Contractor personnel assigned to work at a worksite.
Example of Personnel Requirements

- Must be at least 18 years of age;
- Must possess the equivalent of a high school diploma;
- Cannot have been convicted of (a) a felony in any jurisdiction within the past twenty (20) years; or a serious misdemeanor involving the possession or use of illegal drugs, illegal possession of weapons, theft or DUI/DWI within the past five (5) years;
- Must pass a background check, subject to the review and approval of Company’s Security Manager, administered by contractor;
- Must have satisfactorily completed contractor-provided security officer training and is currently licensed and registered with the proper regulatory and licensing authorities, if required.
- Must wear the contractor-provided security officer uniform while on the worksite.
Contractor shall, at the request of Company, provide documentation to demonstrate a credible screening process in relation to the employment or utilization of individuals or subcontractors for security services. In the event that Contractor becomes aware that any individual or subcontractor in its employ has been credibly implicated in criminal acts or human rights abuses, Contractor shall take steps to ensure that such individual or subcontractor is immediately removed from any position in which he or she would provide services of any kind to Company.
Defensive Actions

Contractor personnel shall provide security of a defensive nature only to protect Company personnel and operations; shall use force only when strictly necessary, and to an extent proportional, to the threat; shall minimize damage or injury to any person, while respecting and preserving human life; and shall ensure that medical aid is provided to any injured person as soon as possible. Contractor shall not undertake or carry out the functions of a public security force or authority.
Contractor personnel shall ensure that standard operating procedures developed by Company for the purposes of interacting with public security shall be adhered to. Such procedures include: the application of the *Voluntary Principles on Security and Human Rights*; when Contractor personnel could call upon public security; and guidelines on cooperation between Contractor personnel and public security.
Carrying of Weapons

Contractor personnel are not permitted to carry any weapons, including (without limitation) batons, sprays, knives with a blade longer than 3½ inches, or stun guns, onto Company property or installations without: (i) complete and valid permits; (ii) appropriate training; and (iii) prior written authorization from Company. Under no other circumstances may Contractor provide equipment other than protective equipment or equipment intended for defensive purposes to its personnel, and Contractor shall ensure that its personnel are instructed and trained to use such equipment for defensive purposes only.
Restrictions on Permitted Weapons

If Contractor personnel are authorized and permitted to carry weapons, including batons, sprays, or stun guns, onto Company property or installations, Contractor personnel will only utilize such equipment during work hours for the defensive purposes for which the equipment was intended, and will not transfer such equipment to third parties without the prior written permission of Company.
Training

Contractor shall periodically (upon initial hire and at least annually thereafter) train all Contractor personnel working on Company’s properties, which shall include its employees as well as those of its subcontractors of every level, regarding proper use of weapons, human rights, international humanitarian law—particularly regarding the use of force, Company’s *Code of Business Conduct* and its voluntary commitments, and shall share the training material with Company. Additionally, Company reserves the right to provide such training to Contractor personnel, either directly or through a third party.
Audit Rights

Company shall have the right, at its option, to conduct a complete audit of Contractor’s documents and practices to verify Contractor’s compliance with this section. Furthermore, Contractor shall obtain equivalent rights of audit from all subcontractors and will cause such rights to extend to Company and its representatives.
Contractor personnel shall be personally accountable to the authorities in the event of any use of such weapons, including batons, sprays, or stun guns.
Consequences of Breach

Any breach of this section, or any misuse of any approved weapons, including batons, sprays, or stun guns, shall give rise to the right for Company to terminate this Agreement immediately pursuant to the termination for cause provisions of this Agreement.
Applicable Law

If the requirements of this Agreement differ from the applicable requirements of the jurisdiction in which the services are provided, the stricter requirements will take precedence and control.
Incident Reporting and Investigations

- Incident and Loss Reporting
- Conduct of Investigations
- Prosecution
- Restitution
Security of Information (IT)

- Classified and Confidential Information
- IT Physical Security
- IT Usage Policy

Cybersecurity and IT Security Issues are topics worthy of an independent presentation.
General Matters

- Cash and High-Value Items
- Mail and Package Handling
- Possession of Weapons and Firearms
- Vehicle Security
- Company-Owned Lockers and Containers
- Security Participation in the National Incident Management System (NIMS) and Incident Command System (ICS)
- Change Management Process
Exception Process

- Clearly articulated written policy for exceptions
- Review and approval by appropriate personnel
- Requires participation of Corporate Security
Security Audits and Reviews

Systematic Evaluation of the Security System

Test and Verify Facility Systems

Identify Deficiencies in Facility Systems

and/or the Security Plan

Performed at Each Facility

Incorporate Lessons Learned into the Plan
“Security is not an activity outside the operations of a company; to be successful it must be an intrinsic and embedded part of the company’s core operations.”

From *The In Amenas Attack*
Report of the investigation into the terrorist attack on In Amenas.
Prepared for Statoil ASA’s board of directors.
www.statoil.com/en/NewsAndMedia/News/2013/Pages/12Sep_InAmenas_report.aspx
Questions?