KINDER MORGAN

Appendix E
Operator Qualification Program
Procedures for Contractor Compliance with OQ
Overview
Revised 11/26/07

When a new project is developed, it may require a Contractor to perform some part of that project. The Hiring Manager (defined as any KM employee who assigns work to a specific contractor) either requests support from the Contracts Department (a new contract for new Contractor, a renewal of an existing Contract, or approval of Work Directive off an existing Master Services Agreement) or the Hiring Manager assigns the work to a specific Contractor. For purposes of this document the Contracts Department is considered an extension of the Hiring Manager and may perform many of the steps identified as Hiring Manager responsibility. Although most steps will be self evident where the responsibility falls, it is incumbent upon the Hiring Manager to ensure that all steps are addressed either directly or through the Contracts Department. The Hiring Manager may use non-mandatory Exhibit A: Operator Qualification (OQ) Contractor Compliance Checklist to assist with KM OQ documentation requirements.

1. Scope - This appendix applies to any contract that involves performance of tasks identified in KM's Operator Qualification (OQ) Program as OQ covered tasks. This appendix applies ONLY to the Operator Qualification component of the contract and does not affect other KM policies and procedures including those that address Contractor Safety or Drug Testing policies. A full list of OQ covered tasks can be found at http://www.kindermorgan.com/work/contractor_co/saf020-OQE1.doc (gas) and http://www.kindermorgan.com/work/contractor_co/saf020-OQE2.doc (liquids). Contractors can find additional information on KM's OQ program at http://www.kindermorgan.com/work/contractor_co/dot_operator_qual.cfm .

Note: New construction is not covered by the OQ regulation. However, almost every new construction project will tie into an existing pipeline system, at which point OQ covered tasks will be involved for the tie-in and any subsequent work on the new segment after it is tied in.

2. Review approved Contractor's OQ list - The OQ Administrator will prepare a list of Contractors whose OQ action plan has been approved by KM (Approved OQ Contractors list). The Hiring Manager will review the approved OQ list for the specific Contractor(s). The KM Approved Contractors list can be found at http://www.kindermorgan.com/work/contractor_co/OQContractorListMaster.pdf or by viewing the Contractor(s) ISN Dashboard information in ISNetworld and verifying their OQ action plan has been approved.

If the Contractor is not on the approved OQ list, the Hiring Manager will notify the OQ Administrator or their area OQ Coordinator of the request for contract and the proposed work. The OQ Administrator or OQ Coordinator will verify the specific Contractor(s) status and assist the Contractor(s) in correcting any noted deficiencies.

1

3. Contractor's OQ action plan audit - If Contractor's OQ action plan is not on the approved OQ list, the Hiring Manager will notify the Contractor of the requirement to have their OQ action plan approved by KM's OQ Administrator, and will request that the contractor submit their action plan to the area OQ Coordinator for review. This Contractor cannot perform OQ covered tasks on KM's DOT facilities until their OQ action plan has been approved by the OQ Administrator. The OQ Administrator's review of the Contractor's OQ action plan will include items such as record keeping procedures, evaluation procedures and evaluation tools.

4. Contractor's OQ action plan fails audit - If Contractor's OQ action plan does not meet KM requirements, the OQ Administrator will notify the Hiring Manager and discuss the audit failure with Contractor, giving specific examples. This Contractor cannot perform OQ covered tasks on KM's DOT facilities until their OQ action plan has been approved by the OQ Administrator.

5. Contractor's OQ action plan approved - If Contractor's OQ action plan is on the approved OQ list, the contract procedure continues. KM's contract shall include standard verbiage about OQ, similar to the Drug Plan verbiage.

6. List of OQ covered tasks - The Hiring Manager will develop a list of OQ covered tasks that will be performed by the Contractor on the project. The OQ team has created Covered Task Checklists showing all OQ covered tasks for this purpose (see Attachments 1 & 2); however, the Hiring Manager may also create a Jobsite in ISN's Jobsite Manager module to identify and manage the list of covered tasks.

The Covered Task Checklist shall be included in the bid documents if the project is being bid or in the contract documents if it is not being bid. The Covered Task Checklist is in addition to the scope of work currently included in the bid documents, and can be included in that section or as a separate section.

Note: Generic Abnormal Operating Conditions is a prerequisite for the performance of any other task. If any other covered tasks are selected, CT 101.01 (Liq.) or CT 01.01.01 (Gas) must also be selected.

7. Change in project scope – If a project scope changes at any time during the project, the Hiring Manager must review the work involved in the scope change and determine if any additional OQ covered tasks are to be performed. If additional OQ covered tasks are identified, the Hiring Manager will modify the Covered Task Checklist and submit it to the Contractor and forward copies of the revised checklist to the Project Inspector or company representative and make sure a copy is included in the contract file.

8. Contractor's Response with Availability of OQ qualified employees - Contractor shall respond on the Covered Task Checklist the availability of OQ qualified employees who will either perform the checked covered tasks or direct and observe the performance of the checked covered task. The Covered Task Checklist includes a space for the Contractor to provide this information. **The Hiring Manager should consider other alternatives if the Contractor does not have an OQ qualified individual for any of the OQ covered tasks to be performed on this project.** If contract is being bid, Contractor shall submit this list along with the bid documents. If contract is not bid, Contractor shall provide this list directly to the Hiring Manager

9. Inspector monitoring of OQ covered tasks – At the job site, Contractor will provide to the Inspector an ISNetworld (ISN) OQ report for the OQ qualified personnel who will be performing or

directing and observing OQ covered tasks at the job site. The ISN OQ report is the document contractor's submit to KM within ISNetworld verifying contract employees are qualified to perform KM OQ Covered Tasks. Inspector will monitor OQ covered task work to ensure only OQ qualified Contractor's employees are performing or directing and observing performance of the OQ covered task(s).

10. Contractor audits – The OQ Department will be responsible for the initial audit of the Contractor's OQ action plan. After the initial audit, the OQ Department may audit the Contractor to verify the Contractor is following their OQ action plan. If the Contractor is not in compliance with their OQ action plan the Contractor will be removed from the approved OQ Contractor list. The Contractor's revised OQ action plan must again be reviewed by the OQ Administrator or designee before the Contractor can perform covered tasks for KM again. The OQ Administrator will be responsible for notifying appropriate KM personnel of the removal of the Contractor from the approved list.

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Non-Mandatory Exhibit A
Operator Qualification (OQ) Contractor Compliance Checklist

Hiring Manager Responsibilities

1.	Verify contractors performing OQ covered tasks are Kinder Morgan OQ Approved Contractors by either:	
	a) Verifying contractor is listed on Kinder Morgan's OQ Approved Contractor list located at www.kindermorgan.com/work/contractor_co/OQContractorListMaster.pdf ; **or,**	☐
	b) Reviewing the Contractors Dashboard in ISN and verifying they have an approved OQ plan	☐
2.	Identify OQ covered tasks that will by performed during the project by either:	
	a) Completing Procedures for Contractor Compliance Attachment 1 (Gas) or 2 (Liquids) for contractors performing OQ covered tasks; **or,**	☐
	b) Creating Jobsite in ISN Jobsite Manager (add covered task requirements and invite contractor to jobsite)	☐
3.	Ensure Project Inspectors are aware of OQ covered tasks that will be performed during the project by either:	☐
	a) Copy of completed Contractor Compliance Attachment 1 (Gas) or 2 (Liquids) provided to Project Inspectors (hard copy, email or fax) and reviewed with them; **or,**	
	b) If using ISN Jobsite Manager, ISN Contractor Matrix printed out and copies provided to Project Inspectors (hard copy, email or fax) and reviewed with them.	☐
4.	Copy of covered task requirements retained in office (Engineering or Maintenance Project file or local file by Hiring Manager, Project Name or Number) for future reference in case of scope change or audit.	☐

Inspector Responsibilities

1.	Copy of covered task requirements has been received prior to job starting? **(If you have not received this you MUST contact Project Manager for a list of covered tasks to be performed by the contractor PRIOR to job starting.)**	☐
2.	Verify contractor has provided qualified employees to perform all identified OQ covered tasks by either:	
	a) Collecting hard copy ISN OQ Reports from the contractor and verifying the contractor has employees on site that are OQ qualified for all tasks identified in Attachment 1 (Gas) or Attachment 2 (Liquids); **or,**	☐
	b) Verifying that all employees listed on the ISN Jobsite Manager Contractor Matrix are present.	☐
3.	If/when a contractor replaces an employee who is performing covered tasks, obtain the replacement employee's hard copy ISN OQ Report from the contractor and verify they are qualified to perform the identified OQ covered tasks. Retain copy of replacement employee's ISN OQ Report in on-site project file.	☐
4.	All hard copy OQ information (ISN OQ Reports, Attachment 1 or 2, or ISN Jobsite Manager Contractor Matrix) is available to all inspectors and 1 copy is retained in the on-site project file while work is being performed.	☐
5.	Upon completion of the project, all OQ project information provided to Hiring Manager for filing in the corporate project file or local project file.	☐

Using a Contractor to Perform OQ Covered Tasks

**OQ only, project manager must also consider other contractor requirements such as contractor safety, drug and alcohol etc.

Hiring Manager	OQ Team	Contractor	Project Inspector

Project is identified. Use Covered Task Checklist to determine if OQ Covered Tasks will be performed on the project.

Include Covered Task Checklist in job file documenting OQ Consideration

No → (to Hiring Manager)

Yes → **Verify that Contractor is on Approved OQ Contractor List**

Job Scope Changes

Yes

No

No Further OQ Consideration **

Complete Covered Task Checklist

Yes / No (from Verify that Contractor is on Approved OQ Contractor List)

Contract is awarded

Provides ISN Report for each qualified person to Project Inspectors

Complete OQ Action Plan and submit to area OQ Coordinator

Verify Contractor List Data

Verify that persons performing covered tasks or observing and directing the performance of covered tasks are qualified per ISN reports and Covered Task Checklist

Qualify Employees using KM Approved 3ʳᵈ party vendors and submit information to ISNetworld

Contact Contractor to assess willingness to comply if awarded the job

Submit OQ Reports in ISNetworld to Kinder Morgan General Jobsite

Yes / No

Modify Covered Task Checklist and Provide revised copies to Contractor and Project Inspector

Job Scope Changes

Yes / No

Review OQ Action Plan, Review Contractors OQ reports in ISN for compliance with KM OQ Plan. If Contractor is Compliant add them to approved Contractor list.

Consider alternatives such as alternative contractor

No / Yes

File all OQ Reports and Covered Task Checklist in Project File.

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