



MONTHLY ZONE REPORT – SAFETY BOSS INC.

NOVEMBER 1 - 30, 2005

Zone Corporate Safety Officer – Sandy Mackenzie
Pars Special Economic Energy Zone

Executive Summary

The following monthly report is a compilation of the activities and events that have occurred at each of the plants inspected and supervised by SBI Foreman. The documentation includes:

- A Plant by Plant summation of Contractors, Sub-Contractors, and HSE performance, which will highlight the progress of each and also any outstanding issues.
- A Plant by Plant summation of all disciplinary actions that were dealt, this will include the names, dates, locations, and suggested corrective actions for each infraction.
- A summary of information on work stoppage orders and return to work notifications, with information describing the reasons for those actions.
- SBI statistical information for the months of October and November has been compiled and the data has been provided in the Appendix of this report.

We are striving to improve our statistical information gathering to provide a comprehensive detailed data base that will allow SBI to quantify the information and provide an objective evaluation of individual Contractors working on those sites supervised by SBI.



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JAM (10th Olefin)

SBI Specialist (s)

Sean Evans and Albert Noble

Achievements and Progress:

- PPE compliance on some sites has seen an increase from last month.
- A majority of safety belts have been replaced with full body harnesses.
- Tanavob Co. HSE Manager Mr. Afrasiabi has provided good cooperation and quick action on safety concerns addressed to him.
- Tanavob Co. is using clear face shields when grinding.
- For the first time since arriving on site SBI observed the Site Manager from Faryand Energy wearing a hard hat while conducting site inspections.
- Development of SBI document management database.
- SBI noted many more scaffolds erected with ladders and cross bracing.
- JPC is in the early stages of implementing a scaffold erector certification process. Oasis to provide training.
- All inspected Sazeh Khavar cranes have had valid certifications.
- Majority of cranes on site have valid certifications. Great increase from September 2005.

Items Completed:

- Daily inspections of Olefin.
- Uneventful start-up of several electrical substations throughout site
- SBI scaffold specialist evaluated several scaffolds on site.
- PPE compliance at some areas of JPC has seen an increase from last month.
- Weekly inspections of PP, PE and MEG.

Incidents:

- November 2nd, 2005 – Fatality - Sazeh Khavar – Worker fell from scaffold
- November 3rd, 2005 – Serious Injury - Sazeh Khavar - worker struck by scaffold pipe
- November 17th, 2005 – Property Damage – Sazeh Khavar – Roof panels torn from building.

Stop Work Orders Issued:

- November 5th, 2005 – Ehdas – lack of fall protection.
- November 7th, 2005 – Takestan – Improper fall protection
- November 8th, 2005 – NaftGhostar – no fall protection
- November 9th, 2005 – Sazeh Khavar – Unsafe man basket
- November 10th, 2005 – RAM Co. – no PPE
- November 10th, 2005 – Barzin Company – unsafe man basket and slings



- November 10th, 2005 – Sazeh Khavar – No fall protection
- November 11th, 2005 – Sazeh Khavar – uncertified crane
- November 11th, 2005 – Faryand Energy – no PPE
- November 11th, 2005 – Tanavob Co. – uncertified crane
- November 15th, 2005 – Faryand Energy – Improper PPE Sandblasting
- November 20th, 2005 – Technimont – No fall protection.
- November 22nd, 2005 – K-Flex – Unsafe scaffold
- November 22nd – Faryand Energy – Unsafe Excavation
- November 21st – Sazeh Khavar – Unsafe excavation
- November 24th, 2005 – JPC – Unsafe excavation

Return to Work Orders Written:

- November 22nd, 2005 – K-Flex – Authorized to repair scaffold
- November 22nd, 2005 – Faryand Energy – Certification of excavation

Meetings Attended:

- Daily meeting with JPC HSE personnel.
- Daily meeting with Sazeh Khavar Management.
- Post fatality safety stand down meeting with all site managers, HSE supervisors and scaffold supervisors.
- Weekly meetings with plant management (Mr. Ashtiani, Mr. Beigi).
- Regular post inspection meetings with all site managers.
- Meeting with Sazeh Khavar HSE personnel.
- Daily Pre-commissioning meetings with Technip, JPC, Sazeh Khavar and Nargam engineers.

Disciplinary Actions:

- Previous disciplinary action, including terminations of employment, for HSE violations appears to have resulted in some workers avoiding contact with SBI personnel. This disciplinary approach appeared to be having a negative impact on SBI's effort to modify behaviours through coaching workers on safe work practices. Currently SBI is gathering workers who are working in contravention of acceptable standards, coaching them on safe work procedures, and delivering them to site management to address problems. If the problem persists, further disciplinary action will be reassessed.



JAM Petrochemical Company Plant Summaries...

OLEFIN:

- 3100 workers
- Project management has indicated that 30% of the work force is now working 13.5 hour days on a rotating basis.
- Electrical commissioning in progress.
- Progressing with compliance to the use PPE (fall protection and hard hats).
- Common practice to straight cut excavations in spite of engineering documents detailing 3:1 slope.
- JPC is pushing to have construction complete in 2 months. Consultants believe completion date to be 4 to 6 months minimum.

HPDE:

- Construction complete.
- Pre-commissioning / commissioning ongoing.
- JPC personnel ignoring PPE requirements.

PE:

- Tanavob Co.
 - approximately 150 workers
- Naftgostra Co.
 - approximately 120 workers
- Majority of work complete.
- PPE compliance problems with Naftgostra.

PP:

- Barzin Company
 - 223 workers.
 - May not have NPC regulated number of HSE personnel.
 - Not supplying carrying a stock of PPE. As a result Barzin is having PPE compliance problems.
- Kanrudsaze Company
 - 110 workers

MEG:

- Naftgostra Company
 - 560 workers
 - Construction moving into pre-commissioning stages.
 - Training problems with Oasis and JPC.

**OFFSITE:**

- Takestan Industrial Systems working on flare line project.
 - 61 workers
 - Many workers at heights (require horizontal life line).
 - Several heavy crane lifts.
- Faryand Energy working on civil projects.
 - 167 workers
 - Problems with PPE compliance.
 - Many straight cut excavations. JPC engineering certifying stability of straight cut excavations even though there are examples of straight cut excavation walls failing and sloughing.
- Ehdas Company
 - 190 workers

Arya Sasol (9th Olefin)

SBI Specialist:
Mark Brabbins

Achievements & progress:

- Mr. Raztagar has agreed to support a safety glass policy on this site. Will coordinate with Mr. Abdolazadeh (HSE Mgr) for pricing and styles.
- Electrical group developed electrical lockout procedures; it was approved by offsite pre-commissioning team.
- ASPC is compiling a list of procedures and will do a gap analysis to ensure all required procedures are developed, communicated and training provided.
- All HSE personnel met with site management to have safety performance pep talk. Focus of meeting was to re-enforce ASPC commitment to safety and that all personnel are to remain very pro-active.
- Joined ASPC Health Specialist (Mr. Abbaspour) on several camp and kitchen inspections

Items completed:

- Weekly HSE meetings for all ASPC and Contractor HSE personnel started.

Performance:

- ASPC will be instituting formal incident reporting. Procedure in place for serious incidents only. Translating to English to determine gaps – should be complete by Sunday November 27th.

**Significant incidents:**

- No significant incidents since returning this month.
- Jarf Pey Company still under tight scrutiny by HSE and ASPC about site safety. Slight improvements in safety only – housekeeping being the main item.

Stop work orders issued: none issued

Return to work orders written: none issued

Meetings attended:

- Daily Pre-commissioning Meeting for C2 Cracking (PDM)
- Offsite Procedures Meeting
- Weekly HSE Meeting
- HSE (ASPC/Contractor) meeting with Management.
- Scaffold training (LDPE)

Mobin Petrochemical Company

SBI Specialist:

Julio Clemente

Accomplishments:

- Sazmand:
 - Performance has improved
 - Observed improvement with the welding units, cables and clamps
 - No ladders for the ditches
 - No scaffolding provided for the workers putting up the rebar
- Sadra:
 - Great improvement, Site manager and HSE personnel working together,
 - Most cranes have been certified, other are being repaired for certification
 - PPE is being enforced.
 - Good work by the HSE department manager and personnel.
- Azaan:
 - Noticeable difference by the HSE department since the new manager arrived
 - HSE personnel are working throughout all of the projects,
 - Workers observed with safety harnesses working at heights
 - Scaffolding is improving slowly,
 - More work on safety is still needed with the painters and the sandblasters, subcontractor for Azaan.



- Mapna:
 - At start of commissioning
 - Civil work to be completed,
 - Workers observed with their PPE; Engineers and Supervisors need to be reminded to wear their PPE,
 - Fire system was partially checked by the fire specialist and a report was completed and submitted to the Fire and Safety Manager for NPC.
- Linde Saze:
 - At the preliminary stages of commissioning
 - Recommended the removal of a diesel tank
 - Cigarette butts on the facilities pointed out to the HSE Manager
 - The rest of the facilities are clean and tidy.
- Omran Gostar:
 - Several gas leaks were detected management was informed
 - Inspection was carried out also by the fire specialist
 - Three stop work orders have been issued without any effect, work continues in the facility.
- Sidem Comar:
 - After several Stop Work Orders and a Warning letter to the HSE supervisor were issued, issues started to change with the support of the Site Manager on both locations
 - Day workers observed with their PPE
 - Workers doing sandblasting with the appropriate helmets
 - Painters with masks and filters
 - Workers working at heights wearing safety harnesses
 - Some of the supervisory and management personnel need to be reminded more frequently, especially personnel working for Mobin PC.
 - Some civil work need to be completed on the South plant, the North plant almost into the commissioning stages.

Notice of Warnings:

- November 6, 2005 - Sadra sub contractor Mr. Sarveazad
 - Mr. Sarveazad was speaking on his cell phone on the ledge of the salt water intake which is more than 18 meter deep, with sandals, when approached he continue to keep walking ignoring my calls and warnings, he was removed from location.
- November 10, 2005 - Sidem Comar HSE Supervisor, Mr. Cheraghi
 - For failure to enforce PPE procedures to all the workers in the facilities.
- November 18, 2005 – Sadra, Mr. Karimi
 - Failure to protect his workers while working at heights, he was warned several times to supply workers with safety harnesses.

**Stop Work Orders issued:**

- Stop Work Order November 1, 2005 Sidem Comar North and South,
 - Workers not wearing the PPE on both sites throughout the plants.
- Stop Work Order November 4, 2005 Sadra
 - Workers not wearing fall arrest and masks while sandblasting on the North side of the Pipe Rack.
- Stop Work Order November 5, 2005 Omran Gostar
 - Multiple gas leaks, other Stop Work Order not followed.
- Stop Work Order November 12, 2005 Chakad-E-Janoob JAM
 - Workers not wearing fall arrest harnesses and improper use of a picker crane.
- Stop Work Order November 14, 2005 Chakad-E-Janoob JAM
 - Workers not wearing fall arrest harnesses and improper use of picker crane.

Return to Work Orders issued:

- Return to Work Order November 2, 2005 Azaan
 - Workers with full body harness working at heights.
- Return to Work Order November 15, 2005 Chakad-E-Janoob JAM
 - Return to work after fulfilling all the requirements.

Port Site

SBI Specialist:***David Thunderchild*****Achievements and Progress:**

- Khatamolania safety personnel are leading the way in safety at the Port
 - They are setting a fine example for other contractors to follow.
- Safety harness training has been conducted on five occasions with five different work groups (30).
- The ECC workers at the conveyor construction area are now in compliance.
- Meetings with contractors are very effective yet change has been slow as we are moving forward.
- Cranes have been inspected and proven to be safe for operation.
- A majority of site welding machines have been inspected and proven to be safe for operation.
- Painters working above the water at the Port have been provided with life preservers (flotation PPE)

**Items completed:**

- All work is ongoing at this time
- Cranes have been inspected and cleared for work.

Performance:

- Not all contractors have provided their workers with the proper industrial equipment to do their job safely.
- Managers and workers alike lack common PPE when on the worksite.
- There have been several occasions when workers have been found to be using hand made tools.
- Managers and workers are not in compliance with mandatory regulations when required to tie off at a height over 1.8 meters.
- A large percentage of rigging slings are worn or damaged and require replacing across all sites at the port, working with management regarding this issue.
- Oxygen /acetylene bottles do not have caps on them and they are not stored in a safe manner, working with management regarding this issue.
- Compressed gas containers require be storing in the upright position and tying off at all times working with management regarding this issue.
- Scaffolds are substandard across the port site, working with management to resolve this issue.

Significant incidents:

- Scaffold collapsed at Jetty #15 two men injured.
- Tanker ships have arrived and refueled at Jetty #14 without any major Incidents.
- One meeting with contractors on how to deal with the disposal of toxic waste that I was not permitted to attend.
- No other incidents have been reported to port sbi at this time.

Stop work orders issued:

- Pardis-Saie stop work order for no guards on machinery

Return to work orders written:

- No return to work orders written

Meetings attended:

- Eighteen meetings with Payandan safety management team.
- Eight meetings with Khatamolania safety management team.
- Daily safety meetings with safety boss.



Notices of warning written:

- Zagros Nasb 0
- Poasheshkaran Hiva 1
- Mehvar Sazan 5
- ZPC 2
- Kala PC 0
- Sadegh Mabel 1
- Pidec 1
- Firmco 6
- Matouri 4

Total 20

SBI Facilities reports:

- ZPC Maintenance 2
- Mehvar Sazan 6
- Firmco 3
- Fan Abaran Pars 1
- Shams Gostarshehryai 2
- Hiva 1
- Zagros Nasb 1
- Mobin 1

Total 17

Meetings attended:

- Weekly Tool Box meetings
- Weekly ZPC HSE
- Weekly Sub Contractor HSE
- Director Manager Site-2 Production/safety
- Meetings with ZPC and Shams Gostarshehryai on confined space procedures.
- Met with new site #1 ZPC manager Mr. Homehr.



Ghadir

SBI Specialist (s):
Andrew Brabbins

Achievements and Progress:

- With the help of HSE, Managers and Foreman there has been a significant improvement in the use of fall arrest while working at heights over 1.8m.
- The safe storage of compressed gases and approved electrical cables has been improving throughout the site.
- One hour weekly training exercises for NPC Safety personnel have begun, starting with Hazard/Risk Identification.
- All cranes and lifting equipment are being inspected by Buenos Veritis; equipment will be tagged approved by mid December.

Items Completed:

- Located an area and set up a Canex facility for future training of Urea/Ammonia II workers, which will be conducted by Oasis Training Co.
- Medical services/ ambulance access for Urea/Ammonia II.
- Complete site clean-up of Urea/Ammonia II.

Performance:

- Started training program(s) for NPC, HSE personnel.
- Contractor HSE personnel are being more visible on the job site.
- Accident/Incident statistics are not available from GPC for November.

Significant Incidents:

- November 26th, PARS Petrochemical Companies Flare Line –
 - Gas vapour hammer in pipe adjacent to GPC Flare Line
 - Damage limited to PPC equipment

Stop Work Orders Issued:

- Rahan Sanat, sub sub-contractor to Hampa Co.

Return to Work Orders Issued:

- Rahan Sanat, sub sub-contractor to Hampa Co.

Meetings Attended:

- Daily meetings with Boland Payeh and Hampa Co. HSE Supervisors.
- Meeting with Engineer Mr. Farmahini, Site Manager of Urea/Ammonia II.
- Meeting with Mr. Shirazi, Fire-Man, Urea/Ammonia I.
- Meeting with Mr. Eliyasi, Hampa Co. Manager, regarding supplying of PPE.



Fire Specialist

SBI Specialist:

Bill McCleave/Sandy Mackenzie

Items completed:

- Basic fire training for fire crews
 - SCBA
 - Firefighter PPE
 - Incident command
 - Hose line training
 - Search and Rescue procedures
- Fire practice drills for port hall live class a fire 10th olefin
 - Basic scene control
 - Basic incident command
 - Hose line training
 - Basic fire fighter skills
 - Response times for fire crews
 - Pumper truck operations
- Fire practice drills for 4TH Aromatic simulated tank fire
 - Basic scene control
 - Basic incident command
 - Basic fire fighter skills
 - Response times for fire crews
 - Test fire truck operation and pumping
 - Test foam system on truck
 - Testing of deluge system on storage tanks
- Port jetty 14 ship loading facility standby fire crews and emergency response.
 - Offered assistance and incident command during loading operations
 - Guided standby crews on further operations during hot work (i.e. cutting and welding)
 - Provided on going assessments of the facility for future emergency response for hot work
 - Fire hall recommendations for equipment procurement
 - Inspection of POGC fire and safety training facility
 - To conduct assessment for NFPA 1001 fire fighter training
 - To conduct assessment for basic fire training for non fire personnel

Significant incidents/events

- Fire crews have assisted various plants with fire protection for controlled burns
- Fire crews have continued to stand by during loading operations at Jetty 14

**Stop work orders issued**

- One stop work order given to PTC Port loading facility Jetty 14
- Failure to comply with fire safety recommendations
 - No fire blankets
 - No fire extinguishers
 - No fall protection
 - Would not sign permit
- Failure to have permit in place

Return to work orders

- One return to work for PTC Port loading facility Jetty 14 for the above mentioned stop work order. complied with all fire safety recommendations
- Permit in place

ERP Specialist***SBI ERP Specialist (s):******Joseph Hautzinger & Dale Kunz***

- Establish interface and working relationship with SBI personnel. Review scope of work with senior in country and on site SBI management, confirm scope of work congruence with all parties.
- Addressing concerns of SBI personnel in country in conjunction with risk assessment. Review/reinforce “team” emergency response plan to mitigate on site concerns.
 - Emergency extraction procedures
 - Emergency communication protocols
- Project petroleum processing plant(s) risk assessment preliminary to external emergency response plans to include:
 - Review of process design (P&ID review plus facility inspection(s) preferred). Identification of major process systems, associated operational risk, suitability of design, quality of installation, plans for training personnel. Commissioning and start up plan(s) review.
 - Review of control system design (Control system design specification review). Identification of process control system vendor, installation quality, training for personnel.
 - Review of ESD system design, installation, personnel training.
 - Review of any existing project engineering Risk Assessments that may be available.
 - Marine loading/port facility inspection and assessment
 - Engineering design standards used, i.e. ASME?



- Proposed manpower staffing for project, commissioning, start up, steady state operations, phased facility start up.
- Assessment of simultaneous hot process operations and construction activity.
- Establish communication procedures with Calgary office. Investigate need for availability of dedicated cell / satellite phone. Recommend daily reports for first two weeks, weekly reports as protocols are stabilized. Document travel experience / procedures for following personnel.
- Establish working relationships / key contact list with personnel as required.

Activities for the November

- Initial implementation of new document recording system for SBI Specialists, system being field tested by SBI and anticipates full implementation over the next two week period.
- SBI Specialists reviewed the Access management document data base that the SBI Specialists have implemented at JPC, this data management system will be implemented at Plants supervised by SBI over the next month...
- Presentation to Plant Directors on the comparison between Aluma Systems and Tube and clamp systems by Bruce Rogers SBI NPC HSE Manager
- Presentation to Plant Directors by Bruce Rogers on the new document recording system currently in the process of being implemented.
- We continue to strive for the goal of 100 % PPE compliance at each project.
- Fire assessment conducted at the NPC family complexes at Jam City and Atysaz and the NPC Hotel complex

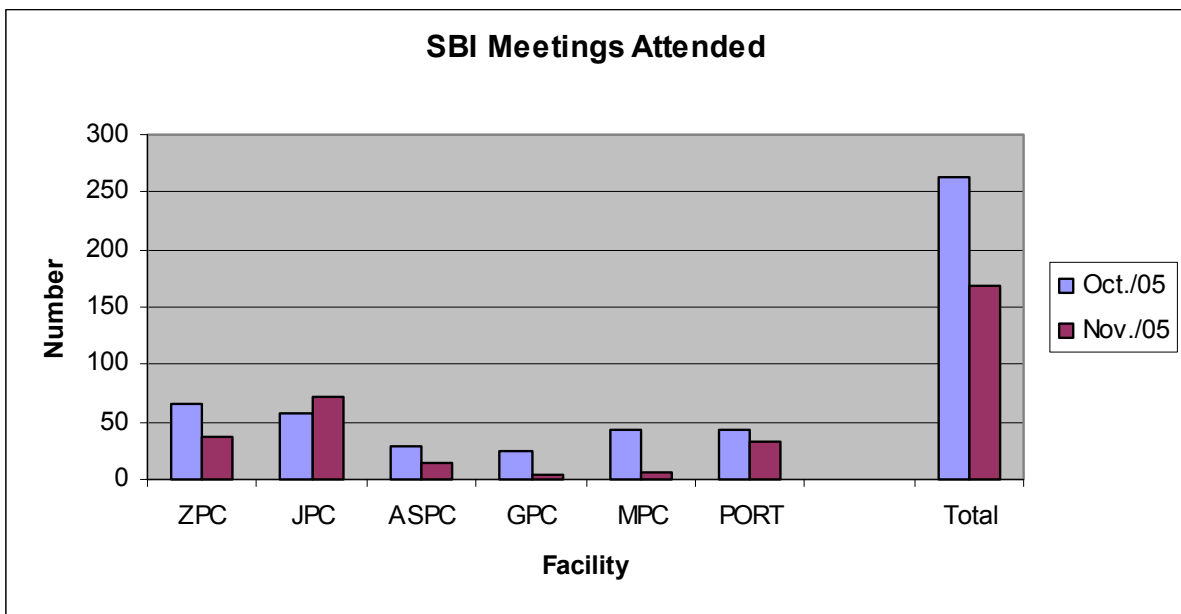


APPENDIX

Statistics for October and November

NUMBER OF MEETINGS ATTENDED BY SBI

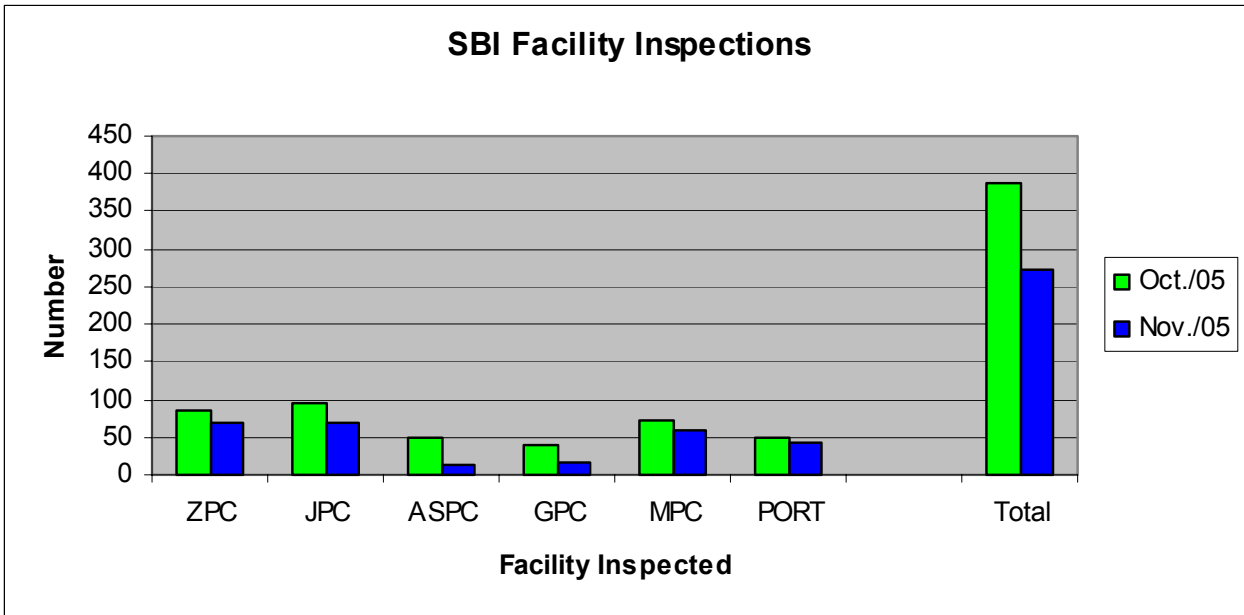
Facility Name	Oct./05	Nov./05	Dec./05	Jan./05	Feb./06	Mar./06
ZPC	66	38				
JPC	58	72				
ASPC	28	15				
GPC	25	5				
MPC	43	7				
PORT	44	32				
Total	264	169				





NUMBER OF INSPECTIONS COMPLETED BY SBI

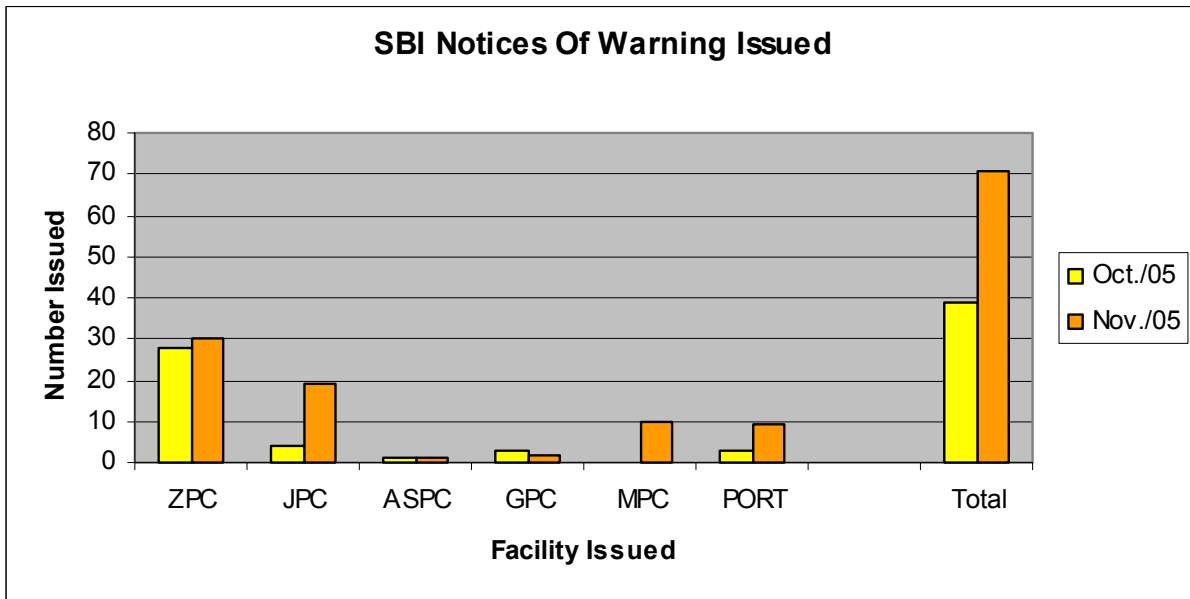
Facility Name	Oct./05	Nov./05	Dec./05	Jan./05	Feb./06	Mar./06
ZPC	84	69				
JPC	94	68				
ASPC	50	13				
GPC	40	18				
MPC	72	60				
PORT	49	44				
Total	389	272				





NUMBER OF WARNINGS ISSUED BY SBI

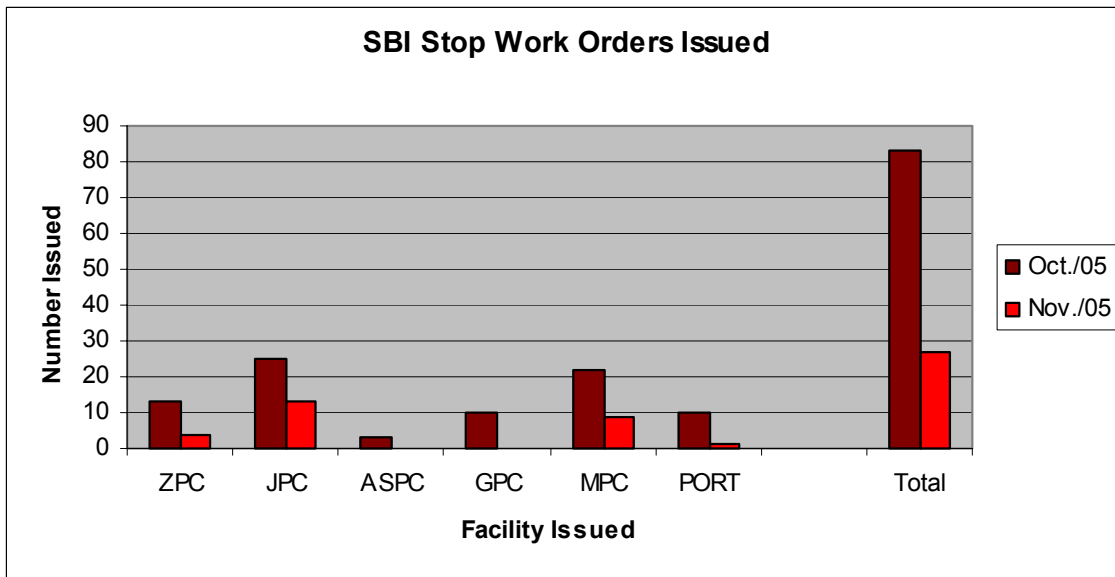
Facility Name	Oct./05	Nov./05	Dec./05	Jan./05	Feb./06	Mar./06
ZPC	28	30				
JPC	4	19				
ASPC	1	1				
GPC	3	2				
MPC	0	10				
PORT	3	9				
Total	39	71				





NUMBER OF STOP WORK ORDERS ISSUED BY SBI

Facility Name	Oct./05	Nov./05	Dec./05	Jan./05	Feb./06	Mar./06
ZPC	13	4				
JPC	25	13				
ASPC	3	0				
GPC	10	0				
MPC	22	9				
PORT	10	1				
Total	83	27				



Sandy Mackenzie
 Zone Corporate Safety Officer
 Safety Boss Inc.
 PARS Special Economic Energy Zone