



HEALTH, SAFETY & ENVIRONMENTAL SYSTEM

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EVERYONE.

EVERYWHERE.

EVERYDAY.

HOME SAFE.



GENERAL MANAGER'S MESSAGE

I am pleased to introduce our Health, Safety and Environmental Management System (HSEMS). By abiding with the principles of operating excellence and the structure the HSEMS provides, we minimize the potential impact on our neighbors, their communities, and the environment as well as succeed in achieving our expectations and living our core values.

"Everyone. Everywhere. Everyday. Home Safe."

At Cudd Energy Services (CES), we are resolute in our commitment to our employees' health and safety, as well as the communities where we operate. Many of our operations present potential risks to people and the environment. Recognizing and mitigating these risks is inherent in our industry. Through the implementation of the HSEMS, we will manage these risks and reinforce the concept that all incidents are preventable.

Participation from all levels of the CES organization is a key component of our HSE efforts. We are committed to communicating the HSE philosophy and vision to all employees, customers, contractors, and third parties associated with our business, and ensuring each CES product/service line provides positive evidence of conformance to the system in its day to day business.

Clint Walker
General Manager

HSE&T POLICY STATEMENT

Cudd Energy Services (Cudd Pumping Services, Inc., Cudd Pressure Control, Inc. and International Training Services, Inc. dba “Well Control School,” collectively referred to as “Cudd Energy Services” for the purposes herein) has a long-standing reputation for the highest safety standards and environmental stewardship.

Cudd Energy Services is committed to operating responsibly. Our top priority is to create a working environment which provides well-maintained equipment along with comprehensive safety training programs for our people while minimizing our impact on the environment, ultimately preventing harm to all persons involved.

Cudd Energy Services endeavors to manage our business in accordance with the following principles:

- We will develop and maintain an effective Health, Safety and Environmental Management System (“HSE Management System”);
- We will meet or surpass statutory requirements and relevant industry best practices;
- We will hold ourselves and our contractors accountable for compliance with policies and procedures;

- We will operate our business to ensure proactive risk mitigation;
- We will provide appropriate resources and will ensure accountabilities are clear;
- We will measure our performance and strive for continuous improvement;
- We will plan and be prepared for potential emergencies;
- We will investigate and learn from incidents;
- We will encourage open and honest communication; and
- We will encourage employees at every level to stop work immediately when our guidelines are not met and/or the safety of any person, property or the environment is in question (“Stop Work Authority”).

Should operational results and safety ever come into conflict, we all have a responsibility to choose safety over operations and Cudd Energy Services’ leadership will support that choice. All members of management and supervisory personnel will encourage and instill the proper employee attitudes toward incident prevention by ensuring this policy and the HSE Management System are implemented and followed in our facilities and on every job, every day.

INTRODUCTION

The Cudd Energy Services (CES) HSE Management System (HSEMS) defines the principles by which we conduct our operations with regards to health, safety, the environment and transportation (HSE&T). Our HSEMS establishes a continual improvement process built around fundamentals consisting of HSE&T Policies, Management/Leadership expectations and core values.

All management communicates the HSE&T philosophy to all employees, customers, contractors, and third parties associated with our business. Each CES service or product line must provide positive evidence of conformance to the system in its day to day business.



OVERVIEW

CES strives to lead the industry in HSE&T matters. The main driver of our HSE&T efforts is continuous improvement.

The CES motto, 'Everyone. Everywhere. Everyday. Home Safe.' backs our primary responsibility to the safety of our people and CES' commitment to proactive environmental conduct and strict devotion to the rule of law and professional ethics in every location where CES operates.

We use a combination of leading and lagging performance indicators to develop and track performance baselines, identify trends and initiate continuous improvement opportunities.

Open communication with employees and customers is vital to ensure continual improvement towards a safer work place.

CES regards our HSE&T performance to be paramount to our ability to conduct business and remain competitive in the industry. Therefore, HSE&T is integrated into and aligned with management and operations throughout the company. CES understands the value of maintaining a strong workforce and invests in the training, equipment upgrades and initiatives that ensure our ability to operate safely with minimal impact on the environment.

CES achieves a balance between the systems and behavioral aspects of the HSEMS by following a plan, do, assess, adjust and act approach. It also treats the HSEMS as an integral part of good management practices rather than as a stand-alone system.



CORE

HSE&T Policies, Leadership
and Cudd Life Saving Rules



PLAN

Risk assessment
Legal requirements and
standards of operation
Strategic planning
Goals & objectives



DO

Structure & responsibility
Programs & procedures
Asset & operating integrity
Emergency preparedness
Awareness, training,
& competency
Non-conformance, incident
and near-miss investigation
and corrective action
Communications
Document control & records



ASSESS

Measuring & monitoring
Audits



ADJUST

Review

ELEMENTS



CORE

1. HSE&T Policies, Leadership and Cudd Life Saving Rules

CES' longevity is due in great part to our successful development of leaders who possess a broad understanding of business, dedication to the Company's values, commitment to proactive practices and a strong HSE&T culture. CES has emphasized that people are our most valuable asset, and have articulated this value through our leadership. The CES way of doing business drives the company's policies, practices and management style. A primary demonstration of CES's leadership and a commitment to continuous improvement in HSE&T results, is the Company's adoption of our Life Saving Rules. CES developed 10 Life Saving Rules to make safety expectations, standards and requirements easier to understand and provides consistency throughout our service lines. Each CES Life Saving Rule consists of a simple icon and description with additional guidance to explain why the rule is important and the responsibilities of both employees and supervisors.



Conduct prework hazard assessment



Protect against a fall from heights



Follow safe lifting and hoisting practices



Drive safe



Utilize the proper tool for the job



Follow work permit requirements



Verify isolation of energy / Lock-out Tag-out (LOTO)



Dropped objects safety



Wear and maintain required PPE



Protect against chemical exposure



PLAN

2. Hazard Identification and Risk Assessment

Hazard identification is intended for all personnel to have adequate knowledge of the potential hazards in their work environment in order to perform the job as safely as possible. The cornerstone to incident/injury prevention is to understand the hazards and mitigate them before there is any possibility of exposure. CES understands it is vital for our employees to know what the hazards are within their job scope and understand the risks involved.

CES uses risk assessments to determine how serious a hazard is by assigning a risk rating. The risk is determined by evaluating the hazard from two perspectives: probability and consequences. The risk assessment process will determine the urgency of corrective or preventative action(s).

Controlling a hazard at its source is the best way we can provide protection for our employees. Therefore, all hazards are mitigated using hazard controls before the task or operation can begin. Hazard controls include: engineering controls, administrative controls, or Personal Protective Equipment (PPE). CES practices Risk Management by ensuring each operation is audited and analyzed to correctly identify the risks involved.

3. Regulatory and Statutory Requirements

CES complies with all legal, regulatory and other requirements that are related to oil and gas well servicing, tubing equipment rental and tubing storage. CES identifies, evaluates and monitors all applicable HSE&T regulations/standards and is ISO 14001 certified. HSE&T personnel are responsible for ensuring these requirements are identified, communicated and consistently monitored. CES provides the tools necessary for employees to perform their job functions within the legal and regulatory limits.

4. Goals and Objectives

On an annual basis, CES sets company-wide HSE&T goals, objectives and targets consistent with HSE&T policies and the HSEMS to drive performance improvement. Systems are established to periodically monitor and report the implementation of these goals, objectives and targets. These goals, objectives and targets are linked to leading and lagging indicators that are measurable, documented, communicated and reviewed.



DO

5. Programs, Procedures and Work Instructions

All CES HSE&T critical activities and the supporting tasks have written procedures or work instructions in place as necessary. The appropriate standards and procedures are readily accessible to employees, contractors and government entities when required and are written in a way that individuals will understand. CES has a defined process in place



for the development and review of all HSE&T standards, procedures and work instructions. All documentation including Programs, Procedures and Work Instructions (PPWI) are reviewed by the Quality Management team prior to being distributed and posted on the company intranet site. PPWI is also reviewed quarterly and revised as necessary. This process ensures that HSE&T objectives are achieved, best practices are incorporated and regulatory requirements are met.

6. Asset Integrity

CES has an Asset Integrity Management System (AIMS) that ensures that our people, systems, processes and resources that deliver integrity are in place, in use and perform when required over the whole life of the asset. All stakeholders have a consistent and unified understanding of what the essentials of asset integrity are and how they can be applied in their day-to-day operations. CES endeavors to maintain the asset in a fit-for-service condition while extending its remaining life in the most reliable, safe, and cost-effective manner. In addition, CES ensures safe operating procedures, assesses and manages risks due to asset and operating deviations, and utilizes Management of Change procedures.



7. Emergency Preparedness and Response

CES documents and maintains plans for responding to abnormal situations and potential emergencies. CES has Emergency Response Plans (ERP) that identify, through the use of risk assessments, different emergency scenarios that could happen at our facilities/locations and the correct response actions for each potential emergency. These procedures are developed and maintained to prevent and mitigate the impacts that may be associated with them. These ERP's are integrated with individual site plans and external agencies as appropriate. Additionally, they are compliant with relevant regulatory and company standards.

8. Training and Competency

In order to stay up to date with OSHA and regulatory requirements, CES' Learning Management System (LMS) ensures each employee is assigned reliable training necessary to their job functions. CES' LMS provides an online program that allows employees to focus on a competency-based training program. This allows CES to measure an employees' course retention. The learning outcome and measurable compliance, quality and consistency remains

constant while letting time vary for each employee. In addition to the formalized LMS, CES continues to provide hands on training through on-the-job-training, Mentor, BISON and Supervisor Safety Development Programs. A training matrix can be provided to customers showing compliance with required training.

9. Non-conformance, Investigation and Corrective Action

CES maintains procedures for defining responsibility and authority for:

- The handling and investigating of non-conformances with regulations, HSE&T programs, procedures and work instructions
- Identifying root causes and taking action to mitigate any consequences arising from such non-conformance
- The initiation and completion of corrective and preventative actions
- Confirmation of the effectiveness of corrective and preventative action taken

CES ensures any corrective or preventative action taken to eliminate the causes of actual and potential non-conformances are appropriate to the magnitude of problems and commensurate with the HSE&T risks encountered. CES implements and records any changes in the documented procedures resulting from corrective and preventative actions. A documented system for variance/change control is in place to prevent non-compliance with standards and procedures.



10. Observation, Coaching and Mentoring

CES's Mentor program assigns an experienced individual to guide, support and encourage one or two less experienced individuals through the development of valued knowledge, skills and behaviors. The mentor coaches a Short Service Employee while conducting on-the-job training on location. Mentors are held accountable to consistently enforce safety policies, work rules and standards. Additionally, mentors intervene immediately whenever an employee is exhibiting an unsafe act or behavior.

11. Communication

CES maintains protocol for communication of HSE&T information that is consistent with applicable internal, regulatory and customer requirements. CES ensures each employee is aware of the importance of compliance with posted HSE&T policy and procedures. CES management communicates HSE&T requirements internally through daily announcements, weekly quality updates, monthly HSE&T meetings, quarterly PPWI Review Board and annual corporate HSE&T meetings.

CES operational employees engage in daily communications through pre-job safety meetings, Job Safety Environmental Analysis, and Behavior Improvement Safety Observation Network (BISON). All accidents/incidents are addressed to all employees after the investigation to ensure employees are aware of any potential hazards. Additionally, corrective measures and improved prevention procedures are addressed.

12. Document Control, Record Keeping and Retention

CES ensures that documents can be identified with the appropriate company, division, function or activity. They are periodically reviewed, revised as necessary and approved by authorized personnel prior to issue. Controlled documents are maintained through the Company's Master Document Control Record and posted on the Company intranet site. This enables CES to update documents quickly and efficiently. Current versions are readily available to those locations where they are needed, and when obsolete, they are promptly removed from all points of use and archived. Documents are legible, dated with dates of revision, readily identified by version number, maintained in an orderly manner and retained for a specified period of time.



ASSESS

13. Measure and Monitor

CES's performance measures include a wide variety of lagging and leading indicators. This provides a historical perspective as well as the ability to identify trends and take preventative measures. CES implements procedures for both pro-active and reactive monitoring. CES maintains procedures for measuring and monitoring the relevant aspects of HSE&T performance along with establishing and maintaining records of the results. This is accomplished by tracking and evaluating health, occupational safety, process safety and environmental performance. This assures compliance with regulatory requirements and monitors compliance with training. This provides management with current company trends and identifies opportunities for improvement.

14. Audits

Audits are a key component of CES' continuous improvement efforts. Audits are conducted in the form of a pre-prepared checklist. Each service line completes internal facility and field safety audits at a minimum of once weekly. Corporate management strives to audit the HSEMS to verify compliance with regulatory requirements during the course of a year. All audits are deposited in an audit software program where they can be tracked, reviewed and approved. The audit software program summarizes key data and permits CES to view reports on findings, statistics, summary and trends for corrective actions.

ADJUST

15. Review

A formal process is in place for executive management to review the effectiveness and suitability of the HSEMS in managing HSE&T risks and ensuring continuous improvement in HSE&T performance. This periodic process assesses our strengths and weaknesses and includes, as appropriate: the need for policy or management system changes; objectives, goals and work plans in light of changing circumstances; resource allocation for system implementation and maintenance; and significant issues from risk assessments and changing regulatory requirements. This enables CES to support initiatives and programs to ensure the safety of our employees, the efficiency of our equipment and continued growth and sustainability of our Company.





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