



Operating Risk Management System
Framework and Manual
Version 1.00

May 2011

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Operating Risk Management System
Framework and Manual
Version 1.00

May 2011

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'Health, Safety, Security and Environment is our business'

Ahmed Al Arbeed

Chief Executive Officer

Dana Gas

Operating Risk Management System Framework

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Purpose



ORMS provides a systematic, structured and demonstrable basis for managing Health, Safety, Security and Environment (HSSE) risks and for driving continual performance improvement in Dana Gas.



ORMS provides a systematic, structured and demonstrable basis for managing Health, Safety, Security and Environment (HSSE) risks and for driving continual performance improvement in Dana Gas. ORMS comprises a series of managing processes that:

Cover the full suite of internationally recognised HSSE management system standards that provide the basis for delivering consistent world class performance at every site across the Group.

- Are risk based and value driven in accordance with the latest international standards for management systems and risk management.
- Contain minimum mandatory management system Requirements and supporting Group Standards to be met by Business Units and Functions.

- Are presented in such a way as to be understood by all levels in the company.
- Shall be periodically monitored to ensure that risk management and performance improvement meet agreed objectives and targets.
- Shall be audited by internal and external parties at agreed intervals.
- Shall drive continuous improvement and risk reduction at all levels in the Group.

Scope

“ ORMS shall apply to all employees, contractors, suppliers and stakeholders including communities.



Activities that fall under the system include, but are not be limited to, acquisition of fields or assets, seismic evaluation, drilling, design and construction, commissioning, production, transmission, distribution, decommissioning, transportation and logistics.

ORMS shall apply to all employees, contractors, suppliers and stakeholders including communities.

It is recognized that HSSE performance improvement, as part of our Operating Culture, relies on all Exploration, Project, Operations and Functional processes working in harmony. The ORMS Manual addresses processes wider than HSSE where HSSE performance is dependent upon these wider processes.

Applicability



Where Dana Gas participates, or has an interest in a JV that it does not operate, Dana Gas shall consider whether the JV Company existing System provides a level of risk management and performance improvement equivalent to ORMS.



Sites/Facilities Operated by Dana Gas

ORMS shall apply to all projects, operations, sites and other asset / activities operated by or on behalf of Dana Gas.

Dana Gas Operated – Joint Ventures

Where Dana Gas operates a joint venture (JV), Dana Gas shall apply ORMS in agreement with the JV partner(s).

Non Operated – Joint Ventures

When Dana Gas has an interest in a JV that it does not operate, Dana Gas shall consider whether the JV Company existing System provides a level of risk management and performance improvement equivalent to ORMS.

If the JV company system is equivalent to ORMS, then Dana Gas shall work with the JV partner(s) to drive continuous improvement through the JV management system.

If the JV company system does not provide an equivalent level of management of HSSE to the ORMS, then Dana Gas shall work with JV Company/Operator to adopt practices, standards and metrics that will maintain compliance with legal and regulatory requirements and to continuously drive HSSE risk management and performance to ALARP.

Themes

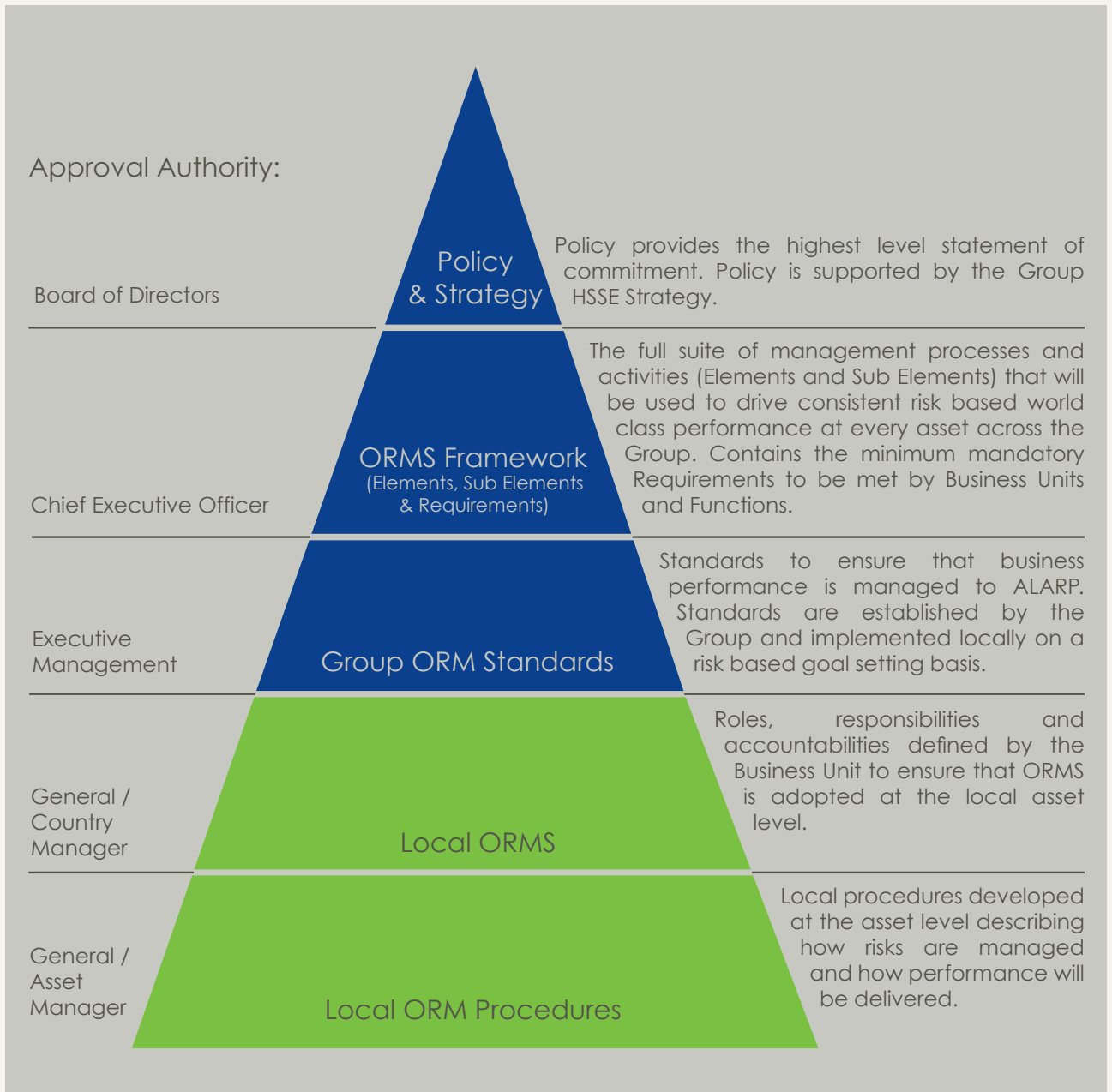


ORMS covers a number of Themes which define the hazards and risks that will be managed. Themes should not be considered in isolation but are closely linked to each other and frequently share the same risk management control measures.

Thematic risks shall be assessed and managed for all facilities, activities, products and services for which Dana Gas is partially or wholly responsible or accountable.

The term HSSE in this manual refers to all disciplines shown in the above diagram.

Hierarchy



Policy

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This Policy, along with the effectiveness of the ORMS, shall be reviewed annually, taking into account the views of our employees, neighbours, public interest groups and those who work with us.

Everybody who works for Dana Gas is responsible for continuous improvement of our HSSE performance. Together, we will continuously reduce our risks and impacts leading to improvement in health, safety and environmental performance with the goal of zero accidents and harm to people and minimizing our environmental impact.

In Dana Gas we are committed to:

- Operating our facilities in a safe, competent and efficient manner and caring for all those on our sites or impacted by our activities.
- The reduction of the negative environmental impacts of our operations through application of sound environmental practices and compliance with legislation, delivering reductions in waste, emissions and discharges in addition to the efficient use of energy.
- The inclusion of measurable HSSE targets in our business plans. We are all committed to meeting them as part of our overall company performance which we report to the Board of Directors and shareholders.
- Compliance with all applicable national and international HSSE legal requirements and our company policies, standards and procedures.
- Treating our neighbours, customers, suppliers, employees, contractors and interest groups with respect and care.
- Improving the HSSE performance of our industry through the sharing of lessons and working with our partners, contractors, competitors and regulators.



Working safely, the protection of health and of the environment and complying with all applicable legal requirements is a condition of employment. Staff and contractors must not tolerate deviations from legal requirements, nor the existence of unsafe acts, behaviours or conditions. All who work for and with Dana Gas have the authority to stop work they consider to be of an immediate threat to life, health, property or the environment, or that violates legal requirements.

This Policy, along with the effectiveness of the ORMS, shall be reviewed annually, taking into account the views of our employees, neighbours, public interest groups and those who work with us.

Ahmed Al Arbeed
Chief Executive Officer
Dana Gas

Strategy (3 Year)

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Risks are understood and managed by Leadership as well as the workforce. The Leadership of Dana Gas shall be clear on the risks associated with new ventures as well as in established Businesses.

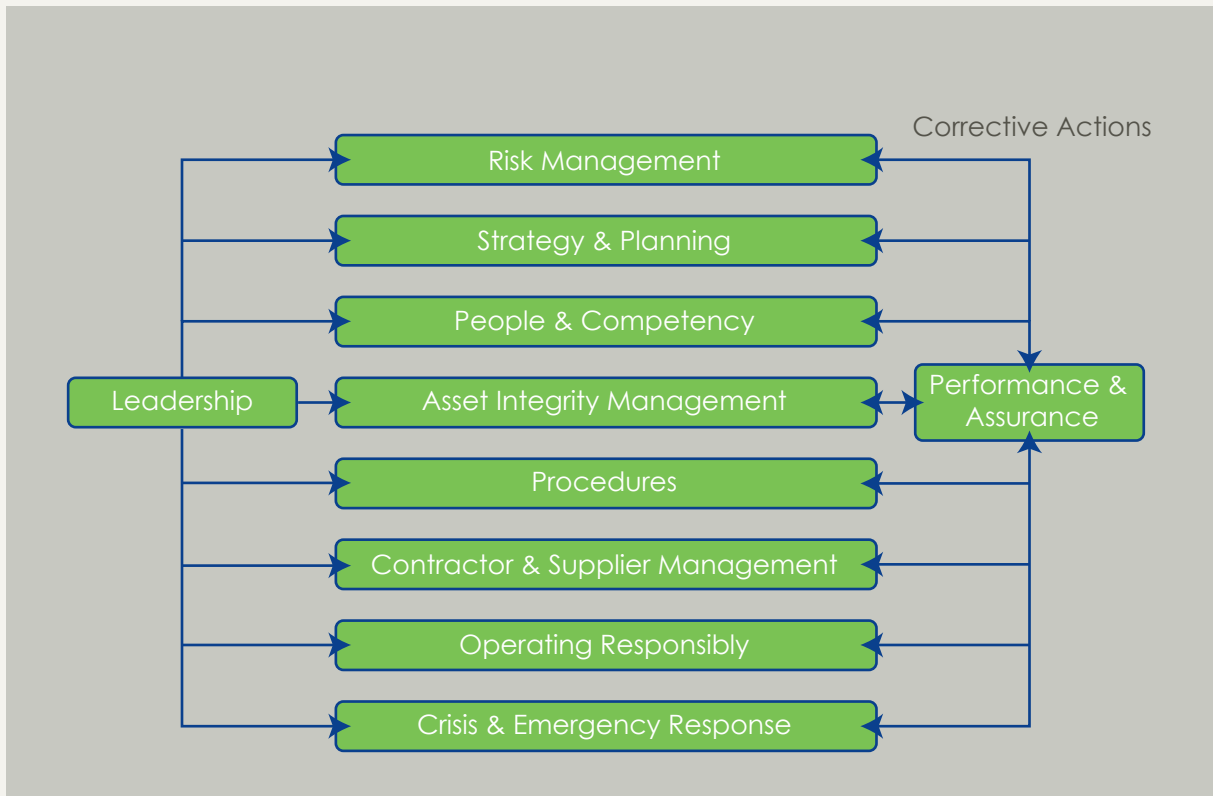


To transform the HSSE culture of Dana Gas to one in which every employee and contractor:

- Follows the lead of management who visibly demonstrate their commitment to the values set out in the Group HSSE Policy and are held to account for the HSSE performance and compliance of the business/department they manage.
- Understands that it is the goal of Dana Gas to eliminate injuries and harm to our workforce completely.
- Possesses a full understanding of what is expected of them and the Policies, Standards and Procedures that govern the job that they do.
- Is deemed competent to undertake the work for which they are employed through a clear competency framework and through assessment. Competencies required from contracting companies shall be clearly stated and audited as part of prequalification.
- Understands the implications, (personal, to their fellow workers and the business) of non compliance with Policies, Standards and Procedures.
- Understands that it is a condition of their employment to work safely and to comply with the Group HSSE Policy with respect to unsafe conditions..
- Understands that is also an offence, that may result in termination, to retaliate against a person who has stood up for the values in the Group HSSE Policy.
- Understands how the contributions that they make in support of our Group Policies, Standards and procedures leads to the success of Dana Gas.

Risks are understood and managed by Leadership as well as the workforce. The Leadership of Dana Gas shall be clear on the risks associated with new ventures as well as in established Businesses.

Elements



Overview

ORMS consists of ten Elements that provide the managing processes that will be used to drive consistent risk based, world class HSSE performance at all levels and locations in the Group.

ORMS begins with the commitment of Leadership, and the empowerment of all members of the workforce to play a role as leaders in our drive towards no accidents and harm to people and minimising our impact on the environment. It has risk management at its heart and is focused on assuring continual improvement in performance.

ORMS demonstrates to our stakeholders that HSSE risk management, as an integral part of our Operating Culture, is a core value and is fully embedded in the way we do business.

Elements and Sub-Elements

Elements	Sub-Elements
Leadership	<ul style="list-style-type: none"> Values & Culture Commitment & Engagement Budgeting & Resourcing Accountability Communication
Risk Management	<ul style="list-style-type: none"> Hazard & Aspect Identification Risk Evaluation & Assessment Risk Reduction Records & HSSE Case
Strategy & Planning	<ul style="list-style-type: none"> Policy & Strategy Planning
People & Competency	<ul style="list-style-type: none"> Organization Competence & Competency Assurance Training
Asset Integrity Management	<ul style="list-style-type: none"> Project Management Design, Construction & Commissioning Facility Operation Inspection & Maintenance Decommissioning
Procedures	<ul style="list-style-type: none"> People, Plant & Process Changes Information Management & Control Procedures Safe System of Work
Contractor & Supplier Management	<ul style="list-style-type: none"> Prequalification Tendering & Selection Mobilisation & Execution Close Out & Demobilisation
Operating Responsibly	<ul style="list-style-type: none"> Legal Compliance Social Responsibility Customer Focus
Crisis & Emergency Response	<ul style="list-style-type: none"> Preparing for Emergencies Response & Maintenance
Performance & Assurance	<ul style="list-style-type: none"> Performance Monitoring & Reporting Non Conformance Reporting Incident Management, Investigation & Reporting Learning Lessons Audit Management Review



Group Standards

The Group Standards will ensure that operating risk and performance is managed to a level As Low As Reasonably Practicable (ALARP). Standards are established by Group and implemented locally.

The Standards shall be written in a clear manner and shall be accompanied by Audit Protocols that will clearly spell out for Business Units and Assets the manner in which they will need to demonstrate to auditors their compliance.

The Standards shall be rolled out by competent persons (approved by the Group HSSE Manager) through a series of training programs sponsored by the Group.

Implementation




The ORMS Manual shall be rolled out across the Group in 2011; with Business Unit and Assets conducting gap assessments against the Requirements.



The ORMS Manual shall be rolled out across the Group in 2011. Business Units and Assets shall conduct facilitated gap assessments against requirements using the ORMS gap assessment tool. Roll out shall be led by members of the Executive Management supported by the HSSE functions at Group and Business levels.

- Assets shall agree their gap closure plans with Business Unit Leaders. Business Unit gap closure plans shall be agreed between the Business Unit Leader and the Group Technical Director supported by the Technical Heads of Discipline.
- Agreed Business Unit gap closure plans shall be a key component of the 2012 Annual Business Plan. All gap closure plans shall be risk based meaning that they shall be prioritised to close gaps that are high risk.
- Throughout 2011 Standards that support the Sub Elements and Requirements shall be developed and rolled out. Implementation timeframes for Standards shall be set by Group.
- From 2012 onwards the goal of each Business Unit shall be to continually improve compliance with ORMS towards improvements in HSSE performance.



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