

## Contractor Risk Management

### The x-Factor

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#### Abstract

The purpose of this paper is to introduce facility operators in the solution mining industry to a different way of using traditional risk management data for the purpose of preventing safety-related incidents and other unplanned losses due to contracted service providers using workers who are less qualified than expected. This paper is a commentary on risk management concepts, it is not research based and has few citations.

In the underground gas storage industry, incident information is captured by PHMSA and in some cases OSHA for PSM facilities. One researcher has concluded that since 1972 all catastrophic loss incidents in this industry occurred at salt cavern facilities. This statistic stands out sharply because salt caverns only make up 7% of the industry. The reason this paper focuses on Contractor Management is due to the fact that contractors perform this work for operators, with very few exceptions.

In this paper, the x-Factor is introduced. The x-Factor looks at the same loss metrics used in traditional contractor grading schemes, but focuses on certain observable trends. The trends are usually addressed AFTER a company has a 'run of bad luck' and experiences an increase in incident rates over a multiple year period. It is possible to observe some of these trends as a company grows and before the company experiences continual losses due to failure of their management team to ensure the majority of contractor employees are properly qualified for the job they perform.

**Key words:** Risk Management, Contractors, Rates, Losses, Injuries, Fatalities, Explosions, Gas Leaks, Trend, Incidents, Accidents, Annular Leak, Safety, Drilling, Groundwater Protection, Gas Storage, PHMSA, Well Casing, Well Cementing, MIT, Aliso Canyon, Salt Cavern