

Energy Sector

Oil and Natural Gas Subsector Coordinating Council

Governance Principles and Operating Procedures

I. Mission and Purpose

In support of Presidential Policy Directive (PPD) 21, the oil and natural gas owners and operators and the industry trade associations that represent them, have formalized coordination efforts under the Oil and Natural Gas Subsector Coordinating Council (ONG SCC). The ONG SCC provides a private forum for effective coordination of oil and natural gas security strategies and activities, policy, and communication across the sector to support the nation's homeland security mission. The ONG SCC provides a venue for industry owners and operators to mutually plan, implement and execute reasonable, prudent and necessary sector-wide security programs, procedures and processes, exchange information and assess accomplishments and progress toward continuous improvement in the protection of the sector's critical infrastructure.

“An SCC is the principal entity for owners and operators to coordinate with the government on critical infrastructure protection and resilience activities and issues.”

(Critical Infrastructure Partnership Advisory Council Annual, 2010)

Specific initiatives may include:

- 1) Identifying and prioritizing items that require private input coordination;
- 2) Implementation;
- 3) Coordination and communication with sector members;
- 4) Identification of sector needs/gaps and/or best practices/standards; and
- 5) Communications.

II. Composition

Membership

ONG SCC membership is open to any trade association based in the United States representing an operational segment(s) of the oil and natural gas industry to include:

- 1) Distribution;
- 2) Drilling;
- 3) Exploration and production;
- 4) Marketing;
- 5) Processing;
- 6) Refining;
- 7) Service and supply;
- 8) Transmission; and
- 9) Transportation (pipeline, marine, aviation, motor and rail).

Associate Membership

Associate Membership may be extended to trade associations not based within the United States, without government affiliation, and whose member companies have interests in the protection of the oil and gas sector. Associate Members shall enjoy the same privileges as members, but shall refrain from voting on matters involving policy issues solely applicable to the United States.

New Membership

New associates may become members of the ONG SCC upon approval by majority vote (Please see: Voting Process on page 4 for further information). Existing ONG SCC members may sponsor an association for membership. Absent such sponsorship, an association may nominate itself for membership by submitting a request to any ONG SCC members.

Sector Owner and Operator Trade Associations

The ONG SCC is comprised of sector owners and operators, by way of oil and natural gas industry trade associations and includes:

1. American Exploration & Production Council
2. American Fuel & Petrochemical Manufacturers
3. American Gas Association
4. American Petroleum Institute
5. American Public Gas Association
6. Association of Oil Pipe Lines
7. Energy Security Council
8. Gas Processors Association
9. Independent Petroleum Association of America
10. International Liquid Terminals Association
11. Interstate Natural Gas Association of America
12. National Association of Convenience Stores
13. National Ocean Industries Association
14. National Propane Gas Association
15. NATSO
16. Offshore Marine Service Association
17. Offshore Operators Committee
18. Petroleum Marketers Association of America
19. Society of Independent Gas Marketers Association
20. Texas Oil & Gas Association
21. U.S. Oil & Gas Association
22. Western States Petroleum Association

Associate SCC Member Trade Associations

1. Canadian Association of Petroleum Producers
2. Canadian Energy Pipeline Association

III. Leadership

The ONG SCC will have an elected Chair and Vice Chair. The Chairman will lead council meetings, work with the ONG SCC members to set the agenda and provide meeting management. During the Critical Infrastructure Partnership Advisory Council (CIPAC) joint meetings with the Energy Government Coordinating Council (GCC), he/she will capture concerns, action items or information, as well as monitor and assure initiatives or issues are brought to closure.

“CIPAC members include private sector critical infrastructure owners and operators or their representative trade or equivalent associations from the respective SCC, as well as representatives of Federal, State, local and tribal entities (including their representative trade or equivalent associations) that make up the corresponding GCC.”

(Critical Infrastructure Partnership Advisory Council Annual, 2010)

The Chair and Vice Chair are authorized to speak on behalf of the ONG SCC to convey the general sense of council considerations, including recognizing differences of opinion among members on issues when appropriate. Public or private statements from the Chair and Vice Chair are considered non-binding on the larger ONG SCC. The Chair and Vice Chair will provide feedback to council members on meetings attended or communications made in their capacity as officers of the council in the form of a quarterly update.

IV. Voting Process

Chair and Vice Chair Positions

The ONG SCC shall select a Chair and Vice Chair from the members of the council by means of a majority vote. All council members who are an owner/ operator or a member of a trade association are eligible for consideration for leadership positions.

The Chair shall serve for a one year term and be followed by the Vice Chair ascending to the role of Chair. The Vice Chair is a two year commitment as he/she ascends to chair the following year. In the event either the Chair or Vice Chair is unable to fulfill their terms, the Council will seek a replacement nominee and submit the name(s) for a majority vote to complete the remainder of the term.

Additional Council Items

The ONG SCC members will make decisions through a consultative process, encouraging the exchange of information and points of view. Decisions will be made on a consensus basis. Where consensus is not possible, decisions may be made by a majority of those participating in the meeting. With adequate notice, the ONG SCC members may make decisions by email, in which case decisions will require a majority of those responding.

If one or more of the voting council (ONG SCC members) is not in agreement with the proposed decision, clarification of the underlying reasons can be provided, in addition to an alternative solution.

The ONG SCC members will strive to meet timelines and deliverables. However, ultimately, a majority vote, inclusive of proxies, shall govern. Voting will primarily occur at meetings via in-person or telephonic attendance. If possible, each matter presented for vote will include a 15-day vote return period. It is understood certain issues may not allow for the 15-day voting period. Dissenting members and/or Sub-Councils may file an official dissenting document for inclusion in any report or position paper.

Voting Participation

Primary and Alternate Delegates

Each relevant trade association is entitled to two delegates on the Council:

- 1) One primary or voting delegate; and
- 2) One alternate delegate.

One of the delegates, primary or alternate, shall be an industry association member company employee.

The ONG SCC encourages members of trade associations to send a reasonable number of additional non-voting representatives to attend and observe council meetings.

An alternate delegate is assigned by each trade association to represent the council member during his/her absence. The alternate delegate will have decision-making authority, as designated by the primary voting member.

Proxies

Each ONG SCC trade association member has the flexibility to have other representation at meetings other than the official ONG SCC member alternates. If the ONG SCC trade association member decides to designate someone other than the primary or alternate delegate as the proxy for decision making, the ONG SCC trade association member must clearly designate who holds the representative's decision-making authority prior to the meeting. Such designation may be made in writing by letter or email contact to either the Chair or Vice Chair.

Subject Matter Experts

Subject matter experts are non-voting participants drawn from any organization from which the council needs expertise. The associates reserve the right to invite *ad hoc* membership to meet expertise requirements necessary to a specific purpose during a Council or working group meeting. Subject matter experts are not strictly limited to employees of the trade associations or association member companies (i.e. may invite expert consultants.)

V. Sub-Councils

Overview

The ONG SCC will strive at all times to represent the interests of the entire sector; however, the Council recognizes the need to balance its role as a single forum to coordinate across the sector and the need to address specific interests and coordination requirements of individual council members. The ONG SCC may thus establish Sub-

Councils to address issues that are unique to certain segments of the oil and natural gas industry. Examples of such segments include but are not limited to Upstream or Retail operations. Sub-councils will report their activities and progress to the full council on a regular basis.

Establishment and Governance of Sub-Councils

The ONG SCC members may establish Sub-Councils by consensus or a majority vote of ONG SCC members pursuant to the above described voting process. An appropriate governance document including scope, responsibilities, etc. for the sub-council will be prepared and approved by the ONG SCC membership, as part of the process of forming any individual sub-council.

Each duly established sub-council shall elect a Chair who is either a primary or alternate ONG SCC delegate, and who shall serve for a term of a minimum of one year. The Sub-Council Chair will report out on all sub-council activities during council meetings.

Each sub-council will strive to achieve consensus through their membership, as well as through the ONG SCC membership as a whole.

Membership in a segment specific sub-council is limited to ONG SCC primary and alternate delegates that have focused responsibility for operational activities that fall under the scope of the sub-council. Trade association delegates (primary or alternate) may join a sub-council provided their charter includes operations that fall under the operational scope of the sub-council.

VI. Workgroups

Overview

Workgroups will be established when substantial investigation, research or development of issues or process is required, which cannot be achieved at a regular ONG SCC meeting. All workgroup products are expressly for the purpose of advising and informing council members on various issues, directions and processes.

Principles of Participation

- 1) ONG SCC members must be working towards the same goal and purpose of improving the nation's oil and gas sector's security;
- 2) ONG SCC members are expected to regularly participate in ONG SCC meetings and appropriate working groups;
- 3) ONG SCC members discussion and deliberations must recognize and take advantage of each members/organization's strengths, skills, and perspective;
- 4) Results of ONG SCC member discussions and deliberations must be a coherent voice made up of each member's contributions; and
- 5) Each ONG SCC member discussion shall be honest, respectful, and forthright.

Establishing Work Groups

The ONG SCC may establish workgroups:

- 1) To conduct substantial investigation, research and or development when required, which cannot be achieved by a regular session of the council;

- 2) Which consist of a representation with a minimum of one vested ONG SCC industry organization;
- 3) With specific and clear charge, timeline, and deliverable as part of initiating the work group;
- 4) Will develop their own governance in accordance with council guidelines;
- 5) Which provide periodic updates to the council;
- 6) By identifying a work group Chair who is a trade association member; and
- 7) Supported by the Secretariat as desired.

Relationship to Transportation SCC

TSA (Transportation Security Administration) is designated as the Sector-Specific Agency for the Transportation Systems Sector, including the pipeline system mode. Due to the dual coverage of pipelines under the NIPP within both the Energy and Transportation Sectors, a standing Pipeline Working Group has been established as a work group under the ONG SCC. The Pipeline Working Group under the ONG SCC also serves as the Pipeline SCC for the Transportation Sector.

VII. Support

Secretariat

The Secretariat will provide meeting and organizational support to include:

- 1) Coordination for agenda development;
- 2) Support on monitoring and closure of issues and initiatives,
- 3) Administrative support; and
- 4) Logistics (travel, meeting room facility, etc.).

Meeting Support

The Secretariat will:

- 1) Maintain the calendar for ONG SCC meetings;
- 2) Canvass the council prior to scheduling a meeting for available dates, priorities and agenda topics;
- 3) In coordination with the ONG SCC Chair, provide to all members a clear and set agenda with documents and preparatory materials prior to meetings, and, if possible, no later than one week before the meeting;
- 4) Compile the action items of each meeting, including a roster of attendees, and send to meeting participants within two weeks of the meeting;
- 5) Develop processes to identify and develop issues to support the ONG SCC meetings;
- 6) Maintain and track work products and their status;
- 7) Maintain rosters of participants, workgroups and sub-councils;
- 8) Maintain appropriate records of council meetings and related activities; and
- 9) Provide other support as needed.

Please Note: The ONG SCC may utilize outside facilitation services as needed.

VIII. Meeting Structure

Number and Frequency of Meetings

Council meetings will occur three times per year with additional scheduled meetings and/or conference calls, as needed. Telephonic meetings are permissible. Electronic balloting, via email, is encouraged to allow for broad participation in any matter or issue requiring a vote by the ONG SCC.

IX. Disclaimer

Nothing in this Governance Document may be construed as a contract obligating a trade association member, associate member, or alternate member to specific performance. Additionally, members, associate members, alternates or trade associations may unilaterally or with others act on their own accord on any issue or subject, including but not limited to communication with any Federal, State, or local agency or other entity. Moreover, nothing in this document or by virtue of participation in the ONG SCC binds any person or trade association in any manner, including but not limited to continued participation in the ONG SCC.