

THE WALL STREET JOURNAL

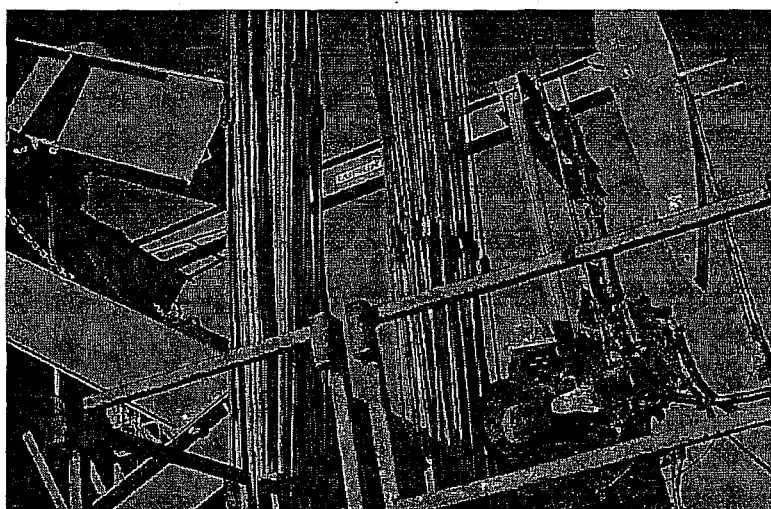
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<http://www.wsj.com/articles/oil-deaths-rise-as-bakken-boom-fades-1426187062>

BUSINESS

Oil Deaths Rise as Bakken Boom Fades

At least 38 oil-field fatalities occurred nationally in five months; the 'most dangerous' job in America



As crude prices retreat, oil companies have cut the rates they pay contractors who work at sites on North Dakota's oil-rich Bakken formation by 20% or more. A drilling site outside Williston, N.D. PHOTO: REUTERS

By ALEXANDRA BERZON

Updated March 12, 2015 8:46 p.m. ET

BISMARCK, N.D.—At least eight workers have died since October in North Dakota's oil fields, more than in the preceding 12 months combined.

The uptick in fatalities comes as many oil companies are responding to plummeting crude-oil prices by dialing back their drilling activity in the state, one of the hubs of the U.S. energy boom.

Some federal safety officials say they suspect oil's plunge might be a factor in the accidents because it puts cost-cutting pressure on oil-field services companies, whose employees do much of the work at drilling sites. The rash of accidents in North Dakota, which has the highest workplace death rate in the country, began around the time the number of drilling rigs in the state began to decline but, the officials said, it's too early to draw conclusions.

In one two-week period in January, two workers and the owner of a small oil-field services company died in three separate accidents that included a fire and the probable inhalation of deadly chemicals.

In addition, safety officials said there have been an unusual number of basic safety errors, including cases in which workers brought space heaters, generators or other gear that could spark fires into enclosed spaces containing flammable vapors.

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"These are the kinds of incidents that we haven't seen in a while," said Eric Brooks, who directs the U.S. Occupational Safety and Health Administration's Bismarck office. "With the drop in oil prices, companies may be looking to protect the profit margin by hiring contractors that are not experienced," he said.

"It's simple math," said Dennis Schmitz, a safety consultant to oil companies operating in the state. "There's absolutely potential that some of what we're seeing is driven by the price of oil."

But Mr. Schmitz said he has noticed oil companies have become more proactive about worker safety since last fall. And oil executives said that declining oil prices and production might ultimately make the state's oil fields safer by weeding out less-experienced operators.

In the meantime, according to industry executives, oil companies have cut the rates they pay contractors who work at sites on North Dakota's oil-rich Bakken formation by 20% or more. That has forced them and their subcontractors to find ways to trim costs.

One safety worker in oil services said his company had cut the number of people who do certain jobs to three from four, which makes the work more difficult. Other workers said the cost cuts had trickled down to their jobs in subtler ways that shouldn't affect safety.

Oil-field worker Zachary Sherwood, who came to North Dakota three years ago from Minnesota, where he delivered pizzas, said he hadn't experienced any recent change in safety practices. "Safety culture up here is very prominent," he said.

North Dakota isn't the only place where oil-field fatalities are on the rise, according to a Wall Street Journal analysis of federal data. In Colorado, three workers died in separate accidents over a one-month period last fall, the same number as in the preceding 12 months.

Nationally, the Journal analysis of OSHA and local records found 38 oil-field deaths from October through February, the first five months of the federal government's current fiscal year. That compares with 68 deaths during all of the previous year. The numbers don't include car accidents, which account for about half of the industry's workplace deaths. They also don't include the three workers who died in a major rig explosion in Texas earlier this week.

In 2012, the most recent year for which data are available, North Dakota's overall rate of workplace deaths shot up to 17.7 fatalities per 100,000 workers—five times the national average.

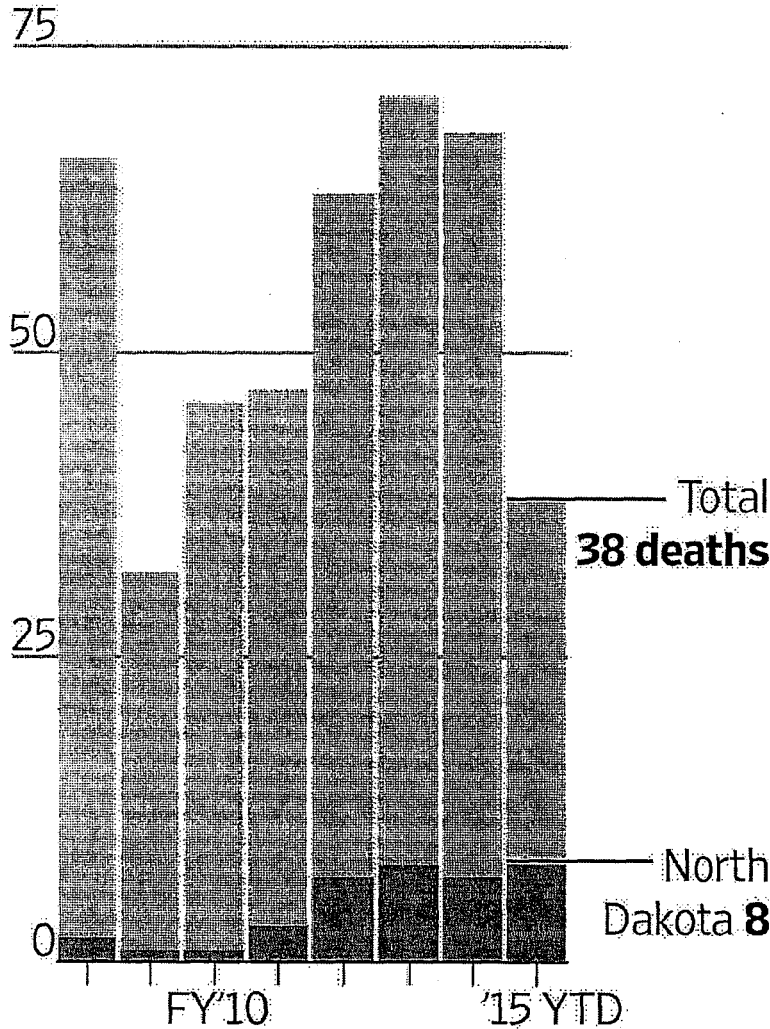
"The statistics for workplace safety don't look so good," North Dakota Gov. Jack Dalrymple said in a recent speech. "I try to explain to people that it so happens that our industries are among the most dangerous in America."

Safety experts, workers and a review of documents indicate that the factors behind the state's oil-field accidents are many, including grueling 12-hour work shifts for as many as 20 days in a row and rampant turnover. They also say job sites can be chaotic as multiple contractors struggle to coordinate their work.

The experts say that the oil companies that own drilling sites generally set safety guidelines for their oil-service contractors and largely depend on them to ensure workers' safety. But companies don't always properly supervise or enforce their safety policies and haven't always given workers proper protective gear.

Counting Up

Oil field fatalities through February total 38 deaths.



Note: Fiscal years end Sept. 30.
 Source: WSJ analysis of Occupational Safety and Health Administration data
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Kari Cutting, vice president of the North Dakota Petroleum Council, a trade group for oil interests in the state, said her group's members generally have robust safety programs. "The goal of the industry is zero safety incidences," she said. "Because you never reach zero incidences, you are always striving to be better all the time."

OSHA's ability to police the industry is limited. It has eight inspectors in North Dakota, the same number as before the oil boom, and a nearly 150,000-square-mile territory to cover.

Among the recent fatalities was 37-year-old Wesley Herrmann, who was a handyman in Georgia before he came to North Dakota three years ago. After two years working for an oil-field services company he bought a truck and opened his own

company. Before long, friends and former colleagues say, he was overseeing four trucks and 12 employees who were doing work for at least five different oil companies.



Daniel Peabody, shown in 2010, died at a North Dakota drilling site after he was pinned between a semi-truck and a water tank as he directed traffic. PHOTO: JESSICA PEABODY

On Jan. 6, investigators say, a fire broke out when Mr. Herrmann or one of his employees was working in an enclosed shed near a heater tank that separates oil into various components. The fire, said people with knowledge of the situation, might have been sparked by a battery-operated drilling tool, which wasn't supposed to be in the vicinity. Mr. Herrmann died and two of his workers suffered burns.

Former colleagues said Mr. Herrmann had plenty of training, and were at a loss about the incident. "He had three years of intense experience," said Mark Lenti, who hired Mr. Herrmann for his first oil patch job.

Daniel Peabody, 29, died in a separate accident after he was pinned between a semi-truck and a water tank as he directed traffic at a drilling site. Though OSHA's investigation is continuing, regulators said the accident appeared to stem from poor organization at the site.

His wife, Jessica Peabody, and the couple's four young children raised money through a website to buy a headstone for Mr. Peabody. "I don't think either of us knew how dangerous it really was," Ms. Peabody said.

— *Russell Gold contributed to this article.*

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