APIQR - Monogram Programs Update

January 25, 2018
• Founded in 1919 as the trade association for the oil and natural gas industry

• Originally headquartered in New York City

• Primary operations moved to DC in 1969

• Formation of Industry Services (now Global Industry Services) in 1997
300 employees
7000 volunteers
32 state offices
4,785 cited references in federal, state, and international regulatory regimes
API’s mission is to promote safety across the industry globally and to influence public policy in support of a strong, viable U.S. oil and natural gas industry.

GIS’s mission is to promote the reliability, interchangeability, quality, and safety of equipment used within the industry through its standards development and certification programs.
Internationally renowned for value and integrity
Benchmark for licensing and certification programs
Fair and equitable policies and processes for all clients
Always primed and ready for industry changes
Lead the way with the competent and effective auditors, assessors, and staff
1924
- Birth of the API Monogram Program
- Self-certification

1985
- API Spec Q1, 1st ed., published
- Monogram Program transitioned from self-certification to 3rd party verification
- Monogram licensees required to meet Product Spec and API Spec Q1

1998
- Registration program created
- Began ISO 9001 Registration

2003
- API adopted ISO/TS 29001:2003
- API adds Annex A creating Spec Q1, 7th ed.
- API Spec Q1, 7th ed., published to align with ISO 9001
- Registration to API Q-Plus launched

2011
- API Spec Q2, 1st ed., published for service suppliers

2013
- API Spec Q1, 9th ed., published
- No longer formatted as an ISO 9001 document
- New requirements such as risk management, contingency planning and management of change (MOC)

2017
- API Std 18LCM 1st ed. Published for Life Cycle Management Service Providers

Quality Evolution in Industry
API Certified Companies

- Monogram Only
- Dual
- APIQR Only

Graph showing the number of API Certified Companies from 2007 to 2017, with a peak in 2013.
2018 Audit Forecast

Total Audits:
- USA & Canada: 1578 (43%)
- China: 1347 (36%)
- Rest of the world: 1608 (43%)

Audits by Region:
- USA & Canada: 786 (21%)
- China: 1347 (36%)
- Rest of the world: 1608 (43%)

Monogram:
- USA & Canada: 1453
- China: 1501
- Rest of the world: 766

Dual Registrations:
- USA & Canada: 751
- China: 1453
- Rest of the world: 751
Top Monogram Specifications

Licenses in 75 different API specifications

- API-5CT: 905
- API-6A: 847
- API-6D: 730
- API-7-1: 687
- API-5L: 528
- API-7K: 243
- API-16A: 220
- API-16C: 207
- API-4F: 165
- API-8C: 147
API 5CT Non-conformities

5CT Clauses
Number Non-conformities (2016-2017)
API 6A Non-conformities

6A Clauses
Number Non-conformities (2016-2017)

- 7.2.2 Calibration Intervals
- 5.2.2 Written Specifications
- 7.3.2 Visual Examination Personnel
- 4.2.3.2 Service Conditions
- 7.4.2.3.2 PSL2 Surface NDE
- 2.2.3.15 Volumetric NDE
- 8.1.1 Marking Requirements
- 7.2.1 Measuring Equipment
- 9.1 Draining after Testing
- 7.4.2.3.8 PSL3 Surface NDE
- 4.5 Design Documentation
- 7.2.2.1 Pressure Device Accuracy
- 7.4.2.3.3 PSL3 Hardness Testing
- 6.3.2.2 Weldment Materials
- 4.1 Design Performance
- 7.3.3 Welding Inspectors
API 6D Non-conformities

6D Clauses

Number Non-conformities (2016-2017)
## MS Registrations

<table>
<thead>
<tr>
<th>MS Standard</th>
<th>Active Certificates</th>
</tr>
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<tbody>
<tr>
<td>API Spec Q1</td>
<td>1691</td>
</tr>
<tr>
<td>ISO 9001:2008</td>
<td>615</td>
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<tr>
<td>ISO 9001:2015</td>
<td>692</td>
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<tr>
<td>API Spec Q2</td>
<td>103</td>
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<td>ISO 14001</td>
<td>16</td>
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<tr>
<td>OHSAS 18001</td>
<td>14</td>
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</table>

- 1826 Companies
- 3212 Active MS Certificates
API Q1 Nonconformities
API Audits from Sept 2016 to Dec 2017
Includes top Q1 clauses based on number of findings
**TOP 10 COUNTRIES**

<table>
<thead>
<tr>
<th>Country</th>
<th>Licensees</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1764</td>
</tr>
<tr>
<td>United States</td>
<td>845</td>
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<tr>
<td>India</td>
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<tr>
<td>South Korea</td>
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<tr>
<td>United Arab Emirates</td>
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<td>Canada</td>
<td>121</td>
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<td>Italy</td>
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<tr>
<td>Singapore</td>
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<tr>
<td>Indonesia</td>
<td>87</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>80</td>
</tr>
</tbody>
</table>

**NOTE:** Includes all facilities with active Monogram licenses

**79 Countries**  
**75 Specs/Standards**
TOP 10 COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>554</td>
</tr>
<tr>
<td>China</td>
<td>516</td>
</tr>
<tr>
<td>Singapore</td>
<td>88</td>
</tr>
<tr>
<td>Canada</td>
<td>81</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>65</td>
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<tr>
<td>India</td>
<td>54</td>
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<tr>
<td>Indonesia</td>
<td>54</td>
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<tr>
<td>Mexico</td>
<td>39</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>38</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>36</td>
</tr>
</tbody>
</table>

NOTE: Includes facilities with active MS registrations

69 Countries
15 Dec 2015
Submitted Application to ANAB

11 Mar 2016
Approved for transition by ANAB

1 May 2016
Opened applications for 2015 editions

1 Sep 2016
Started auditing to the 2015 editions

31 Dec 2017
52% of clients transitioned to 2015 editions

15 Sep 2018
Registration to previous editions is no longer valid
The Nonconformance Reporting website has been modified to allow anonymous feedback. Use of the program drives continuous improvement and strengthens the overall quality and safety within the industry.

Applicability: Non-conforming Monogrammed products and/or products manufactured under an APIQR registered Quality Management System.

2016
NCRs Received: 16
Resolved: 16

2017
NCRs Received: 23
Resolved: 14

http://ncr.api.org/ncr.aspx
Enhance Technical Verification during Audits

- Pilot of new audit report template for Monogram Audits
  - Audit process focused on API product specifications
  - Q1 conformity will continue to be verified
  - Aim to eliminate product questions
- New templates will be tested in North America - First half 2018
Process for adding and removing documents within the Monogram Program

The process for adding and removing specs within the Monogram Program has being documented and it includes the minimum criteria for inclusion and continuity. Implementation Q1 2018

**Specs Added to the Monogram Program in 2017**
- API 15S – Spoolable Reinforced Plastic Line Pipe
- API 19AC – Completion Accessories

**Specs Removed from the Monogram Program in 2017**
- API 599  Metal Plug Valves—Flanged, Threaded and Welding Ends
- API 17E  Specification for Subsea Umbilicals
- API 7NRV  Specification for Drill String Non-return Valves
- 2MT2  Rolled Shapes with Improved Notch Toughness
The newly implemented API Compass will allow the use of analytics to evaluate industry trends by document and region.
New Certification Programs

• 18LCM – Life Cycle Management
  – Program launched the week of January 16\textsuperscript{th} 2018

• 16AR – Repair and Remanufacture of Drill-through Equipment
  – Program estimated to launch by June, 2018
API Standard 18LCM

Product Life Cycle Management System Requirements for the Petroleum and Natural Gas Industries
API Spec Q1 & Monogram Program

Product Manufactured

Sold

Installed

API Spec Q2

Product In Use Lifecycle

Serviced

Repaired

Inspected

Tested

Serviced

API Std 18LCM
API Standard 18LCM identifies requirements for service providers of life cycle management and the activities required to perform product life cycle management including:

- Determination of product life cycle management status
- Actions required to maintain a status
- Development of the life cycle management plan
18LCM defines requirements for three life cycle management statuses: LCM-1, LCM-2, and LCM-3.
Scope of Registration

- Service providers performing product life cycle management activities
- Service providers can be OEMs, service companies, operators, drilling contractors, repair organizations
- Program will be offered in all countries current APIQR programs are offered
- Must conform to API Spec Q2 – without exclusions
Program Structure

- APIQR Management System Certification
- No product marking
- Processes consistent with current APIQR processes
- Stage 1 & Stage 2 audits are required for applicants
- Annual surveillance audits required
- Managed and governed under existing framework
API Standard 16AR
Standard for Repair and Remanufacturing of Drill-through Equipment

APIQQR Registration Program
Plans and Next Steps
API Std 16AR Registration Program

Program Details

- Organizations must implement processes that meet 16AR and system that meets Q1
- APIQR audits will cover full scope of requirements
- Registered Organizations:
  - Certificate is active for 3-years
  - Right to use a registration mark (*NOT* on product or certificates of conformity)
  - Identified on the API Composite List
Annex F
(normative)

Minimum Requirements for Certificate of Conformance

NOTE This example contains the minimum document content requirements for the COC in order to provide good traceability of the equipment through field life.

Example

Company Logo
Company Name
Company Address
Company Telephone Number

QR Code or Bar Code

Company Certificate No.: ABC-15-0001

CERTIFICATE OF CONFORMANCE
### 16AR Registration

<table>
<thead>
<tr>
<th>Key Next Steps</th>
<th>Considerations</th>
<th>Timeframe</th>
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</thead>
<tbody>
<tr>
<td>Define and Align Expectations</td>
<td>• SC / Industry and API GIS Programs&lt;br&gt;• APIQR Registration Program&lt;br&gt;• Does not include COC database</td>
<td>Feb 2018</td>
</tr>
<tr>
<td>Develop Technical Inputs</td>
<td>• Input to develop program definition&lt;br&gt;• Formal training for API staff and auditors</td>
<td>TBD</td>
</tr>
<tr>
<td>Program Definition</td>
<td>• Clear technical requirements&lt;br&gt;• Inputs for API legal and financial review</td>
<td>TBD</td>
</tr>
</tbody>
</table>

#### Program Development Process

- **Define**
  - Program Requirements
  - Business Plans
- **Design and Develop**
  - Audit Process, Marks, IT
- **Implement**
  - Marketing, Training, Documentation
- **Launch**
  - Communications

5 to 6 months
Questions?