



**Australasia Business Unit**

**Darwin Operations Centre  
Bayu-Undan & Darwin LNG Operations**

***Supplier Quality Requirements***

**DOCUMENT NO: DOC/CMP/PRO/002**

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Document Number:     DOC/CMP/PRO/002  
Revision                1  
Date:                    17/01/07

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## **1.0 PURPOSE**

To specify the minimum requirements for Supplier quality systems, traceability, certification, inspection, non-conformances and quality records for this purchase order. Requirements and details for Principal's inspections are included. If required the role of the regulatory Verifying Body and Supplier's validation outputs are detailed.

## **2.0 SCOPE**

The scope of the specification encompasses the total scope of supply of goods and services as agreed in the ConocoPhillips Contracts and Purchase Orders.

## **3.0 REFERENCES**

H8-10000004235

Supplier Drawing and Data Instructions

## **4.0 REQUIREMENTS**

### **4.1 Suppliers Quality System**

The Supplier shall have in place for the proposed scope of work a management / manufacturing system that conforms to the requirements of ISO 9001 or Principal approved equivalent. The Supplier shall complete and return the Quality Assurance/Validation Bid Questionnaire (Attachment 3) with their bid submission. The Supplier shall maintain the required level of quality in the system through the life of the Purchase Order.

### **4.2 Preparation and Submission of Quality Plan and Inspection and Test Plans**

If the Supplier has a specific Quality Plan for these manufactured items as a supplement to his Quality Manual this should be provided to the Principal for review prior to commencement of manufacture. A typical Quality Plan shall define and document the specific quality practices, resources, activities and responsibilities relevant to the Purchase Order. A Specific Quality Plan should be in accordance with ISO 9004.1 para. 5.3.3. Similarly the Quality Plan should describe the Suppliers management of any external interfaces associated with the Purchase Order e.g. with Principal inspection agencies, the Verifying Body, sub-suppliers etc.

If a Quality Plan is provided it shall list all procedures, work instructions and the like, which are applicable to the execution of the purchase order.

Either as part of the specific Quality Plan or separately the Supplier shall develop specific Inspection and Test Plans (ITP's) detailing (in workflow sequence) the activities, corresponding procedures, required acceptance standards and responsibilities relating to the Scope of Work. The provision of an ITP in this case is mandatory.

The Supplier shall list in the Quality Plan (or separately), all inspection and test procedures referred to in the ITP's and shall submit these procedures to Principal on request, or when specified in the Purchase Order.

The preferred ITP format is shown in Attachment 1. Instructions for completion of the ITP are detailed in Attachment 2. Work conducted by sub-contractors or sub-units of work conducted by the Supplier may be on separate ITP's. All ITP's shall be subject to Principal's approval.

The Supplier may propose the use of its own standard ITP format provided all of the Principal's required information is included. Copies of any proposed alternative ITP format shall be submitted at the enquiry or bid stage for review and acceptance.

The ITP shall be completed and signed off progressively by the Supplier's quality control personnel, and the Principal's inspection personnel as defined and agreed (and/or Verifying Body if required).

Stage inspections by Principal will be scheduled using the ITP. Notwithstanding inspection activities identified in the ITP, the Principal's personnel or their representative Inspectors may carry out scheduled or random audits of any Supplier's, or Sub-supplier's quality systems or elements thereof.

#### **4.3 Traceability and Certification Requirements**

The specific requirements for this purchase order are given in the Material Requisition

Definitions of the certificate types and general requirements for traceability and certification are given herein Attachment 6.

The design and fabrication code requirements are the manufacturer's responsibility. Specific testing requirements are shown mainly to satisfy the Principal's requirements. Only a limited summary of main Principal specific requirements are given in this document and the Supplier shall ensure that he has read them and fully understands such requirements.

#### **4.4 Non-Conformances, Corrective and Preventative Actions**

If the Supplier discovers material or work, which is not in accordance with the Specification or Purchase Order, the Supplier shall promptly initiate their non-conformance procedure.

If the Supplier proposes a disposition of any non-conforming materials or work which varies from the requirements of the Specification or Purchase Order, such a proposal shall be submitted in writing to Principal for approval, acceptance or rejection by way of the Supplier Deviation Requests and Queries (SDRQ) form – refer Attachment 4.

#### **4.5 Quality Records**

The Supplier shall maintain records of all documents necessary to provide objective evidence, which demonstrates and verifies achievement of the quality assurance requirements specified in the Purchase Order.

The Supplier shall be responsible for ensuring the security of such records for a period of retention, which, as a minimum, meets statutory and/or Purchase Order requirements, whichever is the greater. The Supplier shall submit nominated Quality Records to Principal at the times, and in the quantities specified in the Supplier Drawing and Data Requirements (SDDR) as provided in the Material Requisition.

Unless otherwise agreed at the bid stage, original source material test certificates and NDE reports are required. Where it is not possible for the Supplier to provide the Principal with such originals, and the reasons for this are forwarded to and accepted by the Principal, copies of certificates and reports will be accepted only if they are individually certified as being a true copy of the original. These certified copies must be of sufficient clarity to permit scanning, microfilming or further copying.

Minimum requirements for manufacturer's data records for specific materials and equipment are herein Attachment 6.

#### **5.0 VERIFYING BODY**

Verifying Body requirements (if applicable) are defined in the Material Requisition

#### **6.0 VALIDATION**

Validation requirements (if applicable) are defined in the Material Requisition

#### **7.0 PRINCIPAL'S INSPECTION REQUIREMENTS**

##### **7.1 General**

For this Purchase Order, as part of the Principal's quality control requirements, inspection shall be required at the Supplier's works and/or sub-supplier's locations. As well, receipt inspection of the goods shall be performed at designated delivery location.

Inspection may be conducted by the Principal, its nominated inspector, or by any combination of the two.

## **7.2 Communications**

The Principal's representative for all inspection matters shall be the Supplier Quality Surveillance Coordinator as described in the Purchase Order.

The Supplier shall make the necessary contact with the SQS Coordinator as soon as possible after being awarded the Purchase Order.

## **7.3 Costs for Delays and/or Rework**

For this Purchase Order all costs associated with the Principal's inspection activities shall be paid by the Principal, with the following exceptions:

- Where excessive rework resulting from Supplier's errors results in return visits
- Where delays exceeding 2 hrs occur in scheduled hold points designated for Principal's Inspector attendance.
- Where the Supplier fails to provide adequate notice of cancellation of a hold point to the Inspection Coordinator.

In these cases the Principal may elect (on a direct cost basis) to deduct the inspection charges for extra time etc from the Purchase Order value. If this course of action is undertaken it shall be advised in writing to the Supplier within 10 working days after the event.

## **7.4 Specific Inspection Activities Applicable to this Purchase Order**

Specific Inspection activities applicable to the Purchase Order shall be agreed with the SQS Coordinator and identified on the Inspection and Test Plan.

## **7.5 Inspection Notification**

The Supplier shall notify, by fax or e-mail, the SQS Coordinator at least seven working days in advance of any pre-designated inspection or testing stages where the Principal's nominated inspector/s have requested a presence. Such attendance shall normally be on a weekday Monday to Friday, excluding Public holidays in the country or locale of works location. Any required deviation shall be approved by the SQS Coordinator.

It is the Supplier's responsibility to plan and schedule inspection activities to support the delivery schedule and to ensure the maximum economic use of the visiting inspector's time.

Direct arrangements between the Inspector and the Supplier for attendance may be acceptable in some circumstances. However, the SQS Coordinator shall be copied on all communication as per the above practice.

## **7.6 Access and Provision of Facilities**

The Supplier shall ensure access is given to the representatives of the Principal, verifying authorities and statutory authorities to inspect the Work and review procedures and records at its premises, the premises of Sub-Suppliers or at the location of the Work.

While the Principal's representative is at the Supplier's premises, the Supplier shall make available, free of charge, suitable working space (office space, a desk and chair) and reasonable access to telephone/facsimile and e-mail facilities for communication with the SQS Coordinator.

## **7.7 Deviation Requests and Technical Queries**

After award, queries, interpretation or guidance on any aspects of the purchase order, as well as any requests for a relaxation or waiver of any requirement of the material requisition, specification, materials, documentation, test inspection or whatever may be obtained by the Supplier from the Principal using the Supplier Deviation Requests and Queries (SDRQ) form – refer Attachment 4.

The SDRQ form shall clearly identify all elements of the proposed relaxation or waiver or query in accordance with the instructions contained in Attachment 5.

No relaxation or waiver shall be implemented without formal written agreement by the Principal. Completed SDRQ's shall be included in the Supplier's Manufacturer's Data Dossier (MDD).

## **7.8 Inspection Waivers/Deferred Inspection**

The following shall apply:

- Inspection Waivers - The Principal may by its own decision decide to waive a pre-designated inspection activity during the course of progressive inspection
- Deferred Inspection - The Principal may decide to defer inspection activities from the Supplier's works to another location or in a different stage of the manufacturing process.

The Principal shall provide confirmation in writing for either of the above.

## **7.9 Review of Manufacturers Data Dossier (MDD)**

Site review of the "MDD" shall be performed by the Principal's nominated inspector. The level of compilation for this review shall be sufficient to ensure that:

- The ITP/s are signed off by all nominated parties.
- All SDQR are signed by all parties
- All key procedures and records of qualifications are included
- All key supporting certificates and test reports are present
- All 'as built' drawings are hand marked and ready for final drafting

- Punchlist items are either signed off as cleared or agreement documented that they are to be addressed at a later date. Any outstanding punchlist items must be appended to the inspection release certificate.

Final review of the “MDD” shall be performed by the Principal’s SQS Coordinator in conjunction with the Package Engineer following submission of the site reviewed dossiers to the Principal’s office.

#### **7.10 Review of Manufacturer’s Installation, Operating and Maintenance Manual (IOM)**

Office review of the “IOM” shall be performed by the Principal’s Package Engineer. The purchase order shall not be considered complete until these manuals have been finalised.

#### **7.11 Inspection Release Notes or Non-Acceptance Notes**

Based on final inspection and test of the equipment and site review of the “MDD” the Principal’s Inspector shall, on the spot, either issue an “Inspection Release Note” or a “Non-Acceptance Note”.

An “Inspection Release Note” will signify readiness for shipping but not permission to ship. (Refer to shipping instructions for the required procedure for shipping).

If a “Non-acceptance note” is issued then the Supplier shall establish with the Inspector, in writing, a corrective action or disposition. This action or disposition shall be subject to the Principal’s approval.

## **8.0 ATTACHMENTS**

If applicable



## ATTACHMENT 2 - INSTRUCTIONS FOR COMPLETING OF ITP'S

When completing an ITP on the pro forma provided in this package, the Supplier shall:

- **COLUMN 1** - indicate the task number and probable date on which the QC activity shown in column 4 is to be carried out. Where the QC activity occurs over two or more weeks the probable date (or week number) shall be specified as weeks X to Y, e.g. weeks 23-31. Tasks shall be numbered chronologically taking into consideration design, procurement, production, fabrication, construction, packing, transportation and installation/commissioning, as appropriate.
- **COLUMN 2 AND 4** - the task and associated quality control activity, or activities, to be carried out shall be described. Supplier is responsible for determining ITP QC activities particular to the scope of work. However, the Principal may insert any additional activities that may be considered necessary.
- **COLUMN 3** - indicate, by the use of "I" or "S", whether the task or activity is to be carried out in-house (I) by the Supplier or alternatively utilising a Subcontractor (S).
- **COLUMN 5** - give procedure title and reference.
- **COLUMN 6** - the acceptance criteria pertaining to each activity is to be stated.
- **COLUMN 7** - the verifying documents are to be stated e.g., "Pipeline Pressure Test Record, Exhibit XXX".
- **COLUMN 8** - the Supplier must place a 'W' (Witness), 'H' (Hold), 'R' (Review), 'SU' (Surveillance) as applicable, for every Quality Control Activity, since such activities are required to be witnessed, reviewed or monitored by the Supplier's QC / Inspection organisation.
- **COLUMN 9** - will be completed when ITPs are reviewed by Principal and will indicate those activities to be subject to Witness (W), Hold (H), Review (R) or Surveillance (SU) inspection by the Principal (TIGA).
- **COLUMN 10** - will be used to indicate any survey or verification activity required by the appointed Verifying Body. This section shall be completed prior to final approval by the Principal.
- **COLUMN 11** - shall be signed by the Supplier's representative responsible for undertaking the task, to indicate that it has been satisfactorily completed in accordance with requirements.
- **COLUMNS 8, 9, 10 & 11** – shall be signed off progressively by the respective parties to indicate acceptance of the activity.

### Terminology Used In ITP's

The following definitions shall apply to the preparation and use of Supplier's Inspection and Test Plans.

**Inspection & Test Point** - A location or stage in the manufacturing cycle where inspection and/or testing are performed by personnel whose responsibility is to determine the acceptability of products or services and to record inspection and test data.

**Hold Point (H)** – an inspection point in the manufacturing cycle beyond which work shall not proceed without the specified activity, work or function being witnessed unless the Principal has notified the Supplier in writing that he may proceed. Hold points require formal notification to the Principal.

**Witness Point (W)** – an inspection point in the manufacturing cycle which will be witnessed or verified. If the witnessing representative is unable to attend after being provided with the required notice, then manufacture may proceed. Witness points require formal notification to the Principal.

At least five (5) days prior to reaching any ITP activity which has been designated as a *Hold* or *Witness Point*, the Supplier shall notify Principal specifying the date, time and location at which the activity is to be carried out. Notification shall be by facsimile or other agreed procedure.

**Surveillance (SU)** - The continuing evaluation of the status of procedures, methods, etc., and analysis of records to assure that quality requirements will be met. No formal notification is required.

**Review (R)** - The process of verifying by examination of documentary evidence that nominated inspections and/or tests have been satisfactorily conducted. Review points are not notifiable points.

**In-House (I)** - Applies to production at a facility under the direct control of the Supplier.

**Sub-Supplier (S)** – Applies to production at a facility under the control of a sub-supplier to the supplier.

**ATTACHMENT 3 - QUALITY ASSURANCE / VALIDATION BID QUESTIONNAIRE**

COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_ TELEFAX or EMAIL: \_\_\_\_\_

PROJECT ENQUIRY NO: \_\_\_\_\_

Is your Company: Assessed against a recognised Quality Standard? YES/NO  
or: Is your scope of supply product approved? YES/NO

If so, please state:

	Quality System Approval	Product Approval
Quality Standard & Level		
Assessment Body/Organisation:		
Registration Number:		
Approval Date:		
Expiry Date:		
Scope of Registration:		

NOTE: Supporting Documentation should be submitted for the above.

When? \_\_\_\_\_ By whom? \_\_\_\_\_

List previous work for ConocoPhillips or associated companies

On behalf of the Supplier, \_\_\_\_\_ the signature below signifies commitment to meet the quality requirements of the Project, as defined in:

THE REQUEST FOR QUOTATION

Signed: \_\_\_\_\_ Position in Company: \_\_\_\_\_

**QA / Validation Bid Questionnaire Cont.**

**Validation Outputs:**

1.	Maturity of design for specific equipment	
2.	Summarise design complexity on a scale increasing from 1 to 5 (Provide justification)	
3.	Summarise fabrication complexity on a scale increasing from 1 to 5 (Provide justification)	
4.	Summarise maintenance complexity on a scale increasing from 1 to 5 (Provide justification)	
5.	Identify any recent changes in Supplier's key personnel (last 12 months)	
6.	Identify all recent design changes (last 12 months)	
7.	Identify any recent changes in sub-suppliers (last 12 months)	
8.	Identify all recent changes in manufacture (last 12 months)	
9.	Number of similar products designed	
10.	Number of similar products produced by fabricator	
11.	Length of time in operation of similar equipment	
12.	Analysis of failure modes for equipment	
13.	List of clients and projects operating similar equipment	
14.	Summarise all proposed validation activities for the design and manufacture of equipment under this Purchase Order.	

**QA / Validation Bid Questionnaire Cont.**

**Bid Checklist:**

1.	Has the QA / Validation Bid Questionnaire been completed?	YES / NO
2.	Has a typical project quality plan been incorporated with the bid?	YES / NO
3.	Has a typical (similar) project inspection & test plan (ITP) been incorporated with the bid?	YES / NO
4.	Does ITP include all key activities, including sub-assemblies and activities of sub-contractors, in a sequential format?	YES / NO
5.	Have all sub- suppliers been listed?	YES / NO
6.	Have all procedures that control the work been identified?	YES / NO
7.	Are the requirements of the Verifying Body clear?	YES / NO
8.	Are the requirements for certification and traceability clear?	YES / NO
9.	Are the documentation requirements clear?	YES / NO

**Completed form to be included with bid submission**

**ATTACHMENT 4 – SUPPLIER DEVIATION REQUESTS & QUERIES (SDRQ) FORM**

SUPPLIER DEVIATION REQUESTS & QUERIES (SDRQ)	Principal Use Only
	SDRQ No.
	Date Initiated
	Sheet _____ of _____

**A. To be Completed By or on Behalf of Supplier**

Supplier/Subsupplier Name	PO No.
Location	Change Order No.
Supplier ID No.	
Description of Deviation /Query Requested (Define all Attachments)	<input type="checkbox"/> Routine <input type="checkbox"/> Urgent
Proposed Action (Define All Attachments)	
Name	Signature
Position	Date

**B. To Be Completed By the Package Engineer**

Comments/Recommendations by Engineer
--------------------------------------

*C. Decision by Engineer*

<input type="checkbox"/> Accept	<input type="checkbox"/> Accept (with comments)	<input type="checkbox"/> Reject	<input type="checkbox"/> Change
	Order Required		
Package Engineer	Lead Engineer	Discipline Supervisor	SQS Supervisor
Date	Date	Date	Date
			Facility Manager (as required)
			Date

## **ATTACHMENT 5 – INSTRUCTION TO SUPPLIERS ON SDRQ FORMS**

1. The SDRQ form shall be marked as “Urgent” if the problem is likely to affect the Works to be performed within five (5) working days, or as “Routine” if this is not the case.
2. This form shall be used for obtaining Principal approval where Supplier seeks any concession, waiver, relaxation, variation, change or deviation to or from the Purchase Order requirements, or formal queries on same.
3. This form shall not be used where a non-conformance has already been identified by Principal’s inspection and not closed out.
4. Supplier shall sequentially number each SDRQ in the “Supplier ID No” box prior to submitting to Principal and shall maintain a log of numbers. This will enable Principal to readily identify if an SDRQ has not been received.
5. Where an SDRQ form is raised after Supplier’s drawing/document has been accepted by Principal, the SDRQ number shall be referenced by Supplier in the drawing/document revision control box.
6. Initial telephone, facsimile or e-mail advice of the deviation request or query shall be followed up immediately with the part A completed form sent direct, with any attachments to Principal’s office in Darwin, Northern Territory of Australia
7. The Supplier shall direct the initial advice and the subsequent Part A completed form to the SQS Supervisor as detailed on the Purchase Order.
8. On receipt of the part B & C completed form; the Supplier shall include the SDRQ in the relevant Manufacturer’s Data Dossier (MDD).

## **ATTACHMENT 6 – CERTIFICATION AND TRACEABILITY REQUIREMENTS**

### **Certification**

Types of certification of material (documentation) requirements shall be used, as denoted in BS EN10204:2004 –Metallic products, Types of inspection documents and shall be included in the MDD

Type 2.1 Manufacturer's declaration of compliance with the order without test results

Type 2.2 Manufacturer's declaration of compliance with the order with test results based on non specific inspections

Type 3.1 Document issued by the manufacturer which declares that the products supplied are in compliance with the requirements of the order with stated test results defined by the product specification, regulatory correspondence, rules and or the order and specifications. The document is validated by the manufacturer's independent authorized inspector. E.g. Material Test Certificates, NDE & test type certificates

Type 3.2 Documents prepared by both the manufacturer's independent authorized inspector and or the purchaser's authorized inspector or the designated official regulatory inspector

### **Traceability**

The ability to trace the history, application or location of an item or activity or similar items or activities, by means of a recorded level of identification and shall be apart of the MDD.

A Traceable to material test certificate

B Traceable to product grade or event

C Traceable to product type or event

A satisfactory audit trail must be demonstrated where traceability is required by this document.