

Civil/Criminal Penalties Program

The goal of the BSEE OCS Civil/Criminal Penalties Program is to assure safe and clean operations on the OCS. Through the pursuit, assessment, and collection of civil penalties and referrals for the consideration of criminal penalties, the program is designed to encourage compliance with OCS statutes and regulations.

2012 Civil/Criminal Penalties Summary Penalties Paid through calendar year 2012

(1/1/2012 - 12/31/2012)

Operator Name and Case No.	Violation and Date(s)	Penalty Paid and Date Paid	Regulation(s) Violated 30 CFR)
Linder Oil Company Production Services Network G-2009-001	During an inspection it was revealed that the shutdown valve (SDV), for the fuel gas to the main generator, was bypassed. It was also discovered that Linder was discharging produced water from the production separator into the containment skid. Oct. 25- Oct. 28, 2008 Oct. 2 – Oct. 28, 2008	\$200,000* 12/28/12 *Note: Pursuant to a Settlement Agreement, Linder shall make payments from January 2013 to January 2015 totaling \$500,000.	 250.803 (c) 250.802 (a)
LLOG Exploration Offshore, LLC. (Noble Drilling (US) Inc.) G-2010-013	During a drilling inspection, a BSEE inspector discovered an unattended, non-barricaded open hole in the pit room. February 25, 2010	\$5,000 5/14/12	 250.107
Rooster Petroleum, LLC G-2010-014	During the course of a BOEMRE inspection on February 20, 2010, the inspectors discovered multiple safety devices were bypassed and not flagged or monitored. Also, sump pump was inoperable. February 20, 2010 (4 violations) July 20, 2010	\$75,000 9/21/12	 250.803 250.803(b)
Black Elk Energy Offshore Operations, LLC G-2011-001	During the course of a BOEM inspection, The SCSSV for Well F-3 was being used as a tubing plug and was not tested for leakage at the required interval of 6 months (March 1- 31, 2010); also, when tested, it was found leaking greater than the maximum	\$307,500 9/11/12	 250.804(a)(1)

	<p>allowed 5 cubic feet of gas per minute. The SCSSV was left without being repaired or replaced for 117 days (April 5 to July 30, 2010)</p> <p>March 1, 2010 –July 30,2010</p>		
<p>East Cameron Partners, LP</p> <p>G-2011-006</p>	<p>During a BSEE inspection, the Level Safety High (LSH) isolation valves to the vent scrubber (MBF-6000) was blocked closed, preventing the shutdown device from functioning.</p> <p>Aug 2 – Aug 5, 2010</p>	<p>\$80,000</p> <p>4/9/12</p>	<p>250.803(c)</p>
<p>Ankor Energy LLC</p> <p>G-2011-021</p>	<p>During a BSEE inspection, the inspectors discovered that the Operator removed the LSH on the Booster Compressor No. 2 Suction Scrubber and capped off the sensing line from the vessel to the Compressor shut down panel.</p> <p>February 16, 2011</p>	<p>\$15,000</p> <p>3/26/12</p>	<p>250.803</p>
<p>Flextrend Development Company, LLC</p> <p>G-2011-023</p>	<p>During a BSEE Inspection, it was observed that the fire and gas detection systems panel was not in service and not being monitored. Upon investigation, a determination was made that the switch located outside the panel was in the off / test position, placing both the fire and gas detection systems in a bypassed mode.</p> <p>May 19, 2011</p>	<p>\$25,000</p> <p>4/5/12</p>	<p>250.803(c)</p>
<p>Walter Oil & Gas Corporation</p> <p>G-2011-024</p>	<p>During a BSEE Inspection, an inspector discovered an unattended, non-barricaded 42- by 30-inch open hole in the Pit Room.</p> <p>July 7, 2011</p>	<p>\$15,000</p> <p>8/7/12</p>	<p>250.107</p>
<p>Maritech Resources Inc.</p> <p>G-2011-025</p>	<p>During a BSEE Inspection, it was discovered that a Pressure Safety High Low installed on a well was observed pinned open and blocked rendering the device inoperable without a flag while this portion of the facility was operating unmonitored by personnel under normal conditions.</p>	<p>\$15,000</p> <p>4/20/12</p>	<p>250.803(c)</p>

	April 6, 2011		
Apache Corporation G-2011-029	During the course of a BSEE inspection, the inspectors discovered two Open Hole/Fall Hazards posing a threat to the safety of personnel on the rig. July 7, 2011	\$50,000 1/4/12	 250.401
W&T Offshore, Inc. (Evans Operating LLP) G-2011-031	During a BSEE inspection, the Inspector discovered that the flow line/pipeline was corroded in several spots to such an extent that it was a threat to the environment and personnel. During the inspection, fluid discharged from the 3/8-inch tubing into the Gulf waters, creating a sheen. August 4, 2011 (2 violations)	\$35,000 7/19/12	 250.107
Mariner Energy, Inc. G-2011-033	During the course of a BSEE announced inspection, the inspector discovered the following areas of concern; Well No. 10, on the facility, was found not secured and was moving freely in all directions creating a 12 foot hole in the grating (Noted: Area was within a Barricaded area); Numerous areas of the top deck were discovered with severe corrosion, metal loss, and holes within the designated walk areas. In addition, there were several areas of corrosion in bracing, beams, and equipment threatening to fall, creating an overhead falling hazard to personnel when visiting the facility; Numerous items of trash, scrap metal, drums, buckets, cans, etc were found laying on the open deck creating trip hazards and a potential environmental hazards. June 17, 2011 (3 violations)	\$55,000 4/23/12	 250.107
Chevron USA Inc. G-2011-034	During a BSEE investigation it was discovered that an injury occurred to an employee attempting to repair a water pressure tank. August 26, 2011	\$35,000 4/6/12	 250.107(a)

Apache Corporation G-2011-035	During the course of a BSEE inspection, the inspectors discovered the isolation valve for the surface controlled subsurface safety valve (SCSSV) was found to be shut / bypassed and not flagged or monitored. Aug. 23 – Aug. 31, 2011 (2 violations)	\$480,000 5/2/12	250.803
Chevron USA, INC G-2011-036	A BSEE investigation into a fire, revealed that the failure to repair or replace the extremely corroded and pitted section of the fire tube led to the fire. Operator failed to properly maintain the heater treater's fire tube, which resulted in a pinhole due to severe corrosion in the fire tube's heat impingement area, thus causing a fire, property damage, and a potential threat to the health and safety of personnel on the facility. May 31, 2011	\$30,000 4/6/12	250.107
BHP Billiton Petroleum (GOM) Inc. G-2011-038	During the course of a BSEE inspection on June 3, 2011, the inspector discovered an improper barricade around the ROV stab panel, located on the upper level of the BOP stack and was approximately 50 feet off the main deck. In addition, at the time of the inspection personnel were also not equipped with fall protection. June 3, 2011	\$20,000 6/8/12	250.107(a)
Energy XXI GOM, LLC G-2011-039	During an on-site inspection, the BSEE Inspector discovered and verified the isolation valves on the LSH bridle were in the closed position on the sump tank (ABH 0100). It was operating with no one in attendance, and the panel was not flagged out of service. Aug. 3 – Aug. 5, 2011	\$60,000 6/14/12	250.107
Flextrend Development Co.,	During the course of a BSEE investigation into a crane incident, it was determined	\$35,000 10/4/12	250.107(a)

LLC G-2011-040	that an employee was performing a pre-use inspection on the top deck of a crane. A hatch door was left open and the employee fell through the open hole and suffered severe injuries. September 22, 2011		
Mariner Energy G-2011-041	As BSEE Inspectors were landing on the platform for inspection, they noted excessive amounts of oil on the helideck while exiting the aircraft. The oil on the helideck was due to maintenance on the anti-two-block device on the end of the crane boom. September 11-14, 2011	\$140,000 7/11/12	250.107(a)
Merit Energy Company, LLC G-2011-042	During the course of a BSEE investigation into a crane incident, the inspectors discovered that operator failed to follow safe lifting policies and procedures and to accurately identify the weight of the load prior to lifting operations. July 31, 2011	\$35,000 4/16/12	250.107
Castex Offshore, Inc. (Evans Operating LLP) G-2012-002	During the course of a BSEE inspection, and upon review of the SCSSV inspection records, the inspectors discovered that the SCSSV for Well No. 2, being utilized as a tubing plug prior to production, was not tested for leakage at the required 6 month intervals. Sept. 1 – Sept. 13, 2011	\$15,000 5/23/12	250.804(a)(1)
Freeport-McMoRan Energy LLC G-2012-004	During a BSEE inspection, inspectors discovered an open hole, created by missing grating in the wellbay around the riser stack. The open hole was not properly barricaded to protect personnel from entering the hazardous area. October 18, 2011	\$20,000 10/19/12	250.107
Contango Operators, Inc. (Island Operators Co.)	During the course of a BSEE inspection, the inspectors discovered that the Pressure Safety Valve (PSV) for the Heater Treater (NBK-8300) was found isolated by a	\$25,000 4/27/12	250.803(c)

Inc) G-2012-005	closed block valve placing the safety device in bypass and was not flagged or monitored by personnel. November 30, 2011		
W&T Offshore, Inc. G-2012-006	During a BSEE investigation, the following violations were cited: failure to perform operations in a safe manner, failure to follow established company procedures, and failure to perform a job safety analysis prior to troubleshooting what was believed to be a problem with the starter gas supply pressure on a generator. Personnel were injured as a result of these actions. November 1, 2011	\$35,000 7/25/12	250.107(a)
Hilcorp Energy GOM, LLC (Flow Petroleum Services, Inc.) G-2012-009	During the course of a BSEE inspection, the Inspectors discovered a failure to comply with the subsurface safety system requirements of the regulations in that the SCSSV for a well was bypassed and blocked out of service. January 11, 2012	\$25,000 7/25/12	250.803(c)
W&T Offshore, Inc. G-2012-010	During a BSEE inspection, an operator was asked to isolate the LSH bridle for the Sump Tank as part of the requested testing procedure. Prior to leaving the platform, an Inspector made one final safety check of the platform where he observed the LSH was still in an isolated position. It was determined that the operator never reopened the isolation valves, as required, to place the safety system back in service after completing the testing requirements; September 16, 2011	\$20,000 7/7/12	250.803
Energy XXI GOM, LLC G-2012-014	During an on-site inspection, BSEE Inspectors discovered an open hole, approximately 3 feet x 4 feet, created by missing grating on a walking/working surface. The open hole posed a threat for personnel to drop approximately three feet to the deck below. The open hole was not properly	\$20,000 6/14/12	250.401

	barricaded to protect personnel from entering the hazardous area. December 28, 2011		
Flextrend Development Company, LLC (Enterprise Products Operating) G-2012-017	BSEE did an investigation of an incident where an onsite personnel sustained an injury while decommissioning a portable crane. December 26, 2011	\$40,000 11/26/12	250.107(a)
Chevron USA Inc. G-2012-018	A BSEE investigation resulted in a determination that a lower manual master valve was not properly repaired (as per manufacturer specification.) Despite the valve stem being loose, 12 sticks of grease were inserted rather than disassembling the valve and evaluating the condition of the valve stem and housing. This decision presented a threat to personnel and the environment. November 15-16, 2011	\$45,000 7/25/12	250.107(a)
Arena Offshore, LP G-2012-019	During the course of a BSEE inspection, the inspectors discovered that the purge loss safety shutdown device for the power source inside the portable Mud lab Unit was rendered inoperable due to being manually put in bypass mode. March 7, 2012	\$25,000 12/4/12	250.107
Hilcorp Energy GOM, LLC G-2012-022	BSEE investigated a fatality due to an accident that occurred during work to plug and abandon wells and decommissioning a platform. The employee fell through a hole in the deck while moving a power swivel stand. April 18, 2011	\$40,00 7/25/12	250.107(a)
Total Penalties Paid: 1/1/12 - 12/31/12			
31 Cases: \$2,022,500			

The following acronyms are used in this table:

LSH	Level Safety High
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PSHL	Pressure Safety High Low
PSV	Pressure Safety Valve
SCSSV	Surface Controlled Subsurface Safety Valve

The purpose of publishing the penalties summary is to provide information to the public on violations of special concern in OCS operations and to provide an additional incentive for safe and environmentally sound operations.