

Black Elk Energy Offshore Operations  
Performance Improvement Plan (PIP)  
Submitted December 14, 2012, in Response to  
BSEE's November 21, 2012 Letter

Black Elk Energy Offshore Operations LLC ("Black Elk") submits this performance improvement plan as directed in BSEE's November 21, 2012, letter ("the Letter"). Item 4 of that Letter identifies three minimum components for the performance improvement plan. Black Elk below identified additional components of its performance improvement plan.

**Mandatory Elements:** Item 4a of the Letter instructed Black Elk to document Black Elk's compliance with the requirements of 30 CFR Subpart S. Black Elk understands that BSEE intends to undertake an assessment of Black Elk's SEMS compliance during or prior to the third party audit required by the Letter.

1. 30 CFR Subpart S – SEMS compliance – Based on discussions during the November 27 meeting between Black Elk and BSEE's Regional Director, it is Black Elk's understanding that BSEE will conduct an assessment of Black Elk's SEMS documentation as part of BSEE's participation Black Elk's third party SEMS audit.
2. Initiate an independent third-party audit of Black Elks SEMS program by January 31, 2013. Black Elk selected M&H as the independent third party auditor and is submitting with this PIP the required audit scope. Black Elk will timely initiate the required audit.
3. Integrate BSEE Auditors into the third-party audit team. Black Elk will integrate BSEE auditors into the third-party audit team.

**Additional Performance Improvement Plan Elements:**

1. Oversight – Black Elk will take a number of steps to enhance oversight of work on Black Elk operated platforms including:
  - a. Onsite Safety Coordinator - Currently to supervise major work Black Elk has two individuals present on any platform – the platform person in charge ("PIC") and the subject matter expert for the work (e.g. drilling supervisor, construction supervisor). Major work includes all drilling and workover operations, major construction operations, and most well work. Black Elk will enhance this oversight by adding an Onsite Safety Coordinator for all major work. The Onsite Safety Coordinator will possess experience in safety of offshore operations, familiarity with Black Elk's safety policies and procedures, and an ability to ensure that the Black Elk safety policies and procedures are properly executed.
  - b. Operations Specialist – Black Elk is also adding an Operations Specialist role to assist with oversight of construction operations. The Operations Specialist will be an individual with operations experience and knowledge of the platform systems

and potential hazards. The Operations Specialist will have focused knowledge, training or experience in safe offshore operations and the policies and procedures necessary to maintain safe operations. The Operations Specialist will assist the PIC and the construction supervisor assess and assure the clarity of project plans, and the preparation of job components such as hot work permits, job safety analysis, simultaneous operations plan components, and job isolation.

- c. During all construction work, one or more of the Operations Specialist, Onsite Safety Coordinator, platform person in charge or the subject matter expert will be present at the work area. There will be at least one person present who is knowledgeable of the facility, production system, and wells.

2. Hazard Recognition – Black Elk’s hazard recognition program includes the following:

- a. Black Elk will provide refresher training in hazard recognition to all platform workers. Black Elk anticipates providing a day of classroom training on identification of hazards. Black Elk is enhancing its training and anticipates that it will commence to implement the training in the first quarter of 2013.
- b. Black Elk will supplement the hazard recognition training with refresher training in the Job Safety Analysis (“JSA”) and Hot Work processes.
- c. Black Elk is evaluating its Simultaneous Operations plan for improvements. As part of that evaluation Black Elk is enhancing its Simultaneous Operations plan by adding a check list, a planning form, and a daily simultaneous operations log. Black Elk’s current simultaneous operations procedure defines roles, accountabilities and requirements to safely conduct simultaneous operations on Black Elk platforms. The added documents guide the implementation of the plan, help assure each step of the plan is taken, provides auditable documentation of the Simultaneous Operations plan implementation, and helps ensure repeatability of the process. Black Elk will train its employees in the implementation of the enhanced plan.
- d. Black Elk is evaluating how to better implement its policies and practices for contractor work, e.g., bridging documents and methods for assuring clear communications including accommodation of language issues.

3. Compliance/INC reduction

- a. Black Elk plans to have three blast and paint crews for the 2013 blasting and painting season and anticipates blasting and painting 15 platforms. Black Elk is also assessing its corrosion inspection reports to identify potential issues requiring more immediate attention than the blasting and painting program.
- b. Black Elk is enhancing its internal compliance monitoring by increasing the number of personnel who will assist platform operators by checking paperwork and advising on compliance, monitoring platform component testing and

challenging test methods and results, and increasing awareness and education on safety and environmental compliance.

- c. Black Elk will evaluate its end device failure trends and further consider corrective actions.
4. Stop work authority – Black Elk has an existing stop work authority policy. Black Elk will provide platform operations personnel additional training on their stop work authority and Black Elk's expectation that operations personnel use their stop work authority. Black Elk also will initiate a recognition and incentive program for exercise of the stop work authority. One aspect of that program will be instructing all platforms to fill out a form when someone stops work. The form will be forwarded to the corporate office and an award will be issued to the worker who executed that authority. It will also assist in tracking near misses.
5. Compensation – Black Elk initiated a Production Operations Performance Incentive Program on December 5, 2012. The program was instituted retroactive to December 1, 2012. The purpose of the program is to reward field operations personnel for safe and compliant performance on Black Elk facilities. The incentives will be based on safety and compliance performance by the facility or an assigned team for the award period.