NOTIFICATION OF INCIDENT(S) OF NONCOMPLIANCE

You are hereby ordered to correct the identified Incident(s) of Noncompliance (INC) listed below. You have the right to appeal any INC Notification in accordance with Title 30 CFR part 290. You must file your appeal in the office of the official issuing this Notification. However, the filing of an appeal will not suspend the requirement to comply with this Notification.

BSEE Office Address
California District
770 Paseo Camarillo
Camarillo, CA 93010

Lease No. P-0166
Area and Block 6B/5163
Facility/Rig and Well No. HOUCHIN
Complex ID No. 51001

Enforcement Action: W - Warning C - Component Shut-in S - Facility Shut-in

<table>
<thead>
<tr>
<th>PINC No.</th>
<th>EnF Action Authority 30 CFR</th>
<th>INC Description and any Special Orders (shut-in of operations, facility, wells, etc.)</th>
<th>Potential INC/PINC Guidelines at <a href="http://www.bsee.gov/reconciliation/inspect.htm">http://www.bsee.gov/reconciliation/inspect.htm</a></th>
<th>Date Corrected</th>
</tr>
</thead>
<tbody>
<tr>
<td>6410</td>
<td>S 250.107(b), 401(b)</td>
<td>DOES THE LESSEE PERFORM ALL OPERATIONS IN A SAFE MANNER AND PROVIDE FOR THE PRESERVATION OF THE ENVIRONMENT? OPERATOR FAILED TO PROVIDE A SCRUBBIN VESSEL TO REMOVE LIQUID HYDROCARBONS IN THEIR VENT, FLARE AND EMERGENCY RELIEF SYSTEM AS REQUIRED IN API RP 14C C.2.2.7 &amp; API RP 14J C.3.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RECEIVED
MAR 18, 20--

BSEE Representative: The operator must insert in the "Date Corrected" column the date each INC was corrected; sign and date the green copy of this form; and return it to the BSEE office identified above no later than 14 DAYS from the date of issuance. If the green copy cannot be returned within the allotted time, the operator must obtain a waiver from the appropriate BSEE office. This process should ensure that onshore operator management is aware and acknowledges that INCs were issued on this facility, on this date, but in no way delays any enforcement action taken.

Unless specifically ordered otherwise, the operator representative must correct and inspect all components and facility shut-in INCs identified and notify the issuing BSEE office before returning to operations.

Manager/Supervisor: I certify each Incident of Noncompliance listed above has been corrected on the corresponding date, and I understand that the submission of false statements to the United States is a criminal offense under 18 U.S.C. Section 1001.

Print Last Name Date

Small Business Statement: Your comments are important. The Small Business and Agriculture Regulatory Enforcement Ombudsman and ten Regional Fairness Boards were established to receive complaints from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the actions of BSEE, call 1-888-REG-PAIR (1-888-734-7274). You may comment to the Small Business Administration without fear of retaliation. Disciplinary action for retaliation by a BSEE employee may include suspension or termination from employment with the Department of the Interior.

Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that BSEE collects this information to ensure that facility management is knowledgeable of the incident of noncompliance issued; corrective action is taken in a reasonable period of time; and for component or facility shut-in enforcement actions, that the identified component or facility is not returned to operation without the prior notice to the appropriate BSEE office. Responses are mandatory (43 U.S.C. 1331 et seq.). No proprietary information is collected. An agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 2 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. You may direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Edden Street, Herndon, VA 20170.
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BSEE Office Address
California District
770 Paseo Camarillo
Camarillo, CA 93010

Lease No. 30166
Area and Block 68/5163
Facility/Rig and Well No. HOUCHIN
Complex ID No. 51001

Enforcement Action:
W – Warning
C – Component Shut-in
S – Facility Shut-in

PINC No. 115
Enf. Action 250,682
Authority 30 CFR 382

INC Description and any Special Orders (shut-in of operations, facility, wells, etc.)

Date 3-6-13
Time (24-Hour Clock) 1200

BSEE Rep. (Print Last Name) PROD.

ARE OPERATIONS CONDUCTED WITH APPROVED APPLICATIONS?

RECEIVED

OPERATOR RECEIVED A VERBAL FROM THE DISTRICT MANAGER TO MODIFY THEIR EMERGENCY RELIEF SYSTEM DUE TO NECESSARY REPAIRS TO THEIR SETTLE-TANK BUT FAILED TO SUBMIT FOR APPROVAL A PRODUCTION SAFETY SYSTEM APPLICATION CONTAINING INFORMATION RELATIVE TO THE DESIGN & INSTALLATION FEATURES OF THE MODIFICATION.

OFFICE OF FIELD OPERATIONS

BSEE Representative 1234567890 Signature John Doe

Operator Representative Signature Jane Smith

Print Last Name John Doe Date 3-8-13

The operator must insert in the “Date Corrected” column the date each INC was corrected; sign and date the green copy of this form; and return it to the BSEE office; identify no later than 14 DAYS from the date of issuance. If the green copy cannot be returned within the allotted time, the operator must obtain a waiver from the appropriate BSEE office. This process should ensure that onshore operator management is aware and acknowledges that INCs were issued on this facility, on this date, but in no ways delays any enforcement action taken.

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Print Last Name John Doe Date 3-15-13

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Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that BSEE collects this information to ensure that compliance management is knowledgeable of the incidents of noncompliance issued; corrective action is taken in a reasonable period of time; and for component or facility shut-in enforcement actions, that the identified component or facility is not returned to operation without the prior notice to the appropriate BSEE office. Responses are mandatory (43 U.S.C. 1331 et seq.). No proprietary information is collected. An agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 2 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. You may direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Bureau of Safety and Environmental Enforcement, 381 Eileen Street, Herndon, VA 20170.