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.

<table>
<thead>
<tr>
<th>Lease No.</th>
<th>Area and Block</th>
<th>Facility/Rig and Well No.</th>
<th>Platform</th>
<th>Lease Operator (Print)</th>
<th>Drill, Prod, P/L Contractor (Print)</th>
<th>Turnkey Company (Print)</th>
<th>Complex ID No.</th>
<th>Complex ID 20249</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCS 000367</td>
<td>WD 32</td>
<td></td>
<td></td>
<td></td>
<td>Grand Isle Shipyard, Inc. (GIS)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>PINC No.</th>
<th>Enf. Action</th>
<th>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/Inspection-and-Enforcement/index.aspx">http://www.bsee.gov/Inspection-and-Enforcement/index.aspx</a></th>
<th>Date Corrected</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-110</td>
<td>S</td>
<td>250.107(a)</td>
<td>GIS failed to ensure that construction activities were completed onboard the facility were performed in a safe and workmanlike manner to protect health, safety, property and the environment when welding operations were conducted in close proximity to piping containing hydrocarbons.</td>
<td>The following INC's are in response to the accident that occurred on November 16, 2012, on the WD 32 E platform in the Gulf of Mexico that triggered an explosion and fire and resulted in the death of three individuals. The event is described in detail in BSEE Panel Report 2013-002</td>
<td></td>
</tr>
<tr>
<td>G-110</td>
<td>C</td>
<td>250.107(a)</td>
<td>GIS failed to ensure that operations were conducted in a safe and workmanlike manner because there was open-ended sump discharge piping and the sump was active.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G-112</td>
<td>C</td>
<td>250.107(b)</td>
<td>GIS did not take necessary precaution to protect all personnel from hydrocarbon accumulation and fire hazard during the construction operations by ensuring that all hazards were identified and addressed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G-116</td>
<td>S</td>
<td>250.109</td>
<td>GIS failed to conduct operations in accordance with the approved welding plan by not ensuring personnel involved in the operation followed the approved plan.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

BSEE Form BSEE-1832 (September 2012 - Supersedes all previous editions of this form which may not be used.)
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BSEE Office Address
New Orleans District
800 W. Commerce Rd. Suite 300
New Orleans, LA 70123-3392

Lease No. OCS 000367
Area and Block WD 32
Facility/Rig and Well No. Platform E
Lease Operator (Print) Drill, Prod, P/L Contractor (Print) Turnkey Company (Print)
Grand Isle Shipyard, Inc. (GIS)

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

PINC No. Enf. Authority Date Corrected
G-303 C 30 CFR 201.113(a) GIS did not ensure the removal or protection of equipment containing hydrocarbons and other flammable substances within 35 feet from the point of impact of slag, spark, or burning materials.

G-310 C 201.113(3)(3) GIS did not render the contents of the affected piping and interconnected tanks inert and safe prior to commencing welding activities in the area of the LACT system and overhead piping.

G-311 C 201.113(3)(2) GIS did not designate adequate quantity of personnel to conduct duties of a fire watch during simultaneous hot work operations in separate locations.

G-312 C 201.113(3)(2)(a) The welding operation was conducted in an area not equipped with a properly functioning gas detector and GIS did not maintain continuous monitoring with gas detection equipment during the welding operation in the affected areas.

E-100 S 205.300(a) GIS failed to take measures to prevent unauthorized discharge of pollution into offshore waters.

BSEE Representative
Operator Representative
Signature
Print Last Name
Signature
Date

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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 comments 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-FAIR (1-888-734-3247). 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 (44 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.

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