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 C.F.R. 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:
102 Oak Park Drive
Clute, Texas 77584

Lease No. G03484
Area and Block HI A557
Facility/ Rig and Well No. "A"

Complex ID No. 10290

Lease Operator (Print) ERT GOM Inc. (02899)
Drill, Prod, Plt. Contractor (Print) Turnerly Company (Print)

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

PINC No. Enf. Authority
action 30 CFR

INC Description and any Special Orders (shut-in of operations, facility, wells, etc.)
Potential INC/PINC Guidelines at http://www.bsee.gov/regcompliance/insect.htm

On 16 August 2011 at approximately 0815 hours, a fatal accident occurred on the offshore production platform, HI A557 "A", operated by Energy Resource Technology GOM, Inc. (ERT).

Platform personnel were using the platform crane to move a rental generator from the platform onto a vessel. A lubricator that extended approximately 14-feet above the deck and two tanks were positioned in close proximity to the generator. Two riggers were on deck close to the load, using tag lines to stabilize the load.

When the load was lifted, the crane’s boom hoist wire rope failed, the generator dropped to the deck, and the boom fell striking the generator. The boom subsequently broke into three sections, one section attached to the crane, the middle section resting on top of the dropped generator, while the nose section continued overboard. The crane’s main block hook subsequently disengaged releasing the connection between generator and boom nose.

The falling boom nose dragged the attached bridle/sheaves behind it as it fell overboard until its fall was arrested by the main load line and bridle pendant wire ropes. The 850-lb bridle/sheaves struck the fallen boom and pulled by the nose, ricocheted off of the end of the middle section, finally coming to rest against the toe-board. The rigger handling the left tag line was struck by the bridle and fatally injured.

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.

BSEE Representative

Operator Representative

Signature

Print Last Name

Signature

Date

The response is mandatory (30 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 Office, Bureau of Safety and Environmental Enforcement, 381 Elden Street, Herndon, VA 20170.
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>Complex ID No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>G03484</td>
<td>HI A557</td>
<td>&quot;A&quot;</td>
<td>10290</td>
</tr>
<tr>
<td>ERT GOM Inc. (02899)</td>
<td>Drill, Prod., P/l, Contractor (Print)</td>
<td>Turnkey Company (Print)</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 to 30 CFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-110</td>
<td>C 401(e)</td>
<td></td>
</tr>
</tbody>
</table>

The following INCs are being issued due to causes and contributing causes of the incident identified during the investigation:

**Incident No.:** G-110 (401(e))

**At the time of the incident, the Lessee failed to perform all operations in a safe and workmanlike manner to provide for the preservation and conservation of property and the environment.**

- The Operator had no company manual for crane operations. An internal company policy for crane operations may have led to actions preventing the incident.
- The vicinity of the lift was constrained by other equipment which caused the rigger to be positioned in the path of the falling boom.
- The positioning of other equipment in proximity to the lift, especially the 14-feet high (above the deck) lubricator, contributed to the need to control the load with tag lines in the early stages of the lift.
- There was no indication that moving the interfering equipment prior to the lift was considered or discussed in the JSA.

**BSEE Representative**

<table>
<thead>
<tr>
<th>Signature</th>
<th>Operator Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Print Last Name</td>
</tr>
</tbody>
</table>

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 BSEE office. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 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. You will receive a waiver after 60 days from the date of issuance.

Manager/Supervisor: I certify that 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.

**Small Business Statement:** Your comments are important. The Small Business and Agriculture Regulatory Enforcement Conundrum and ten Regional Palmer 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 businesses. If you wish to comment on the actions of BSEE, call 1-888-RIG-PAIR (1-888-744-7274). 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 issue; 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. 3501 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, 331 Eileen Street, Herndon, VA 20170.
At the time of the incident, the Lessee failed to maintain all equipment in a safe condition to provide for the protection of the lease and associated facilities.

- The Crane's boom hoist wire rope parted due to being weakened by internal and external corrosion, with loss of integrity, ductility and strength. The line was over four years old.
- The crane's severely corroded and damaged boom hoist wire rope was found to be systematically lacking internal lubrication.
- The annual inspection of the crane conducted six months previous by a third-party contractor did not identify critical corrosion and lubrication issues.

Note: In addressing the incidents of Non-Compliance above, please ensure that ERT demonstrates their ability to address the violations from a safety management system approach that properly identifies management controls that will be established and implemented to address safety risks within all of your operations.