



United States Department of the Interior
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

In Reply Refer To: GE 432A

November 21, 2012

Mr. John Hoffman
President and CEO
Black Elk Energy Offshore Operations, LLC
11451 Katy Freeway, Suite 500
Houston, Texas 77079

Dear Mr. Hoffman:

This letter is to notify you that the Bureau of Safety and Environmental Enforcement (BSEE) has determined that the operating performance of Black Elk Energy Offshore Operations, LLC (Black Elk) must be improved immediately. This letter provides notice pursuant to 30 CFR 250.135 that unless immediate steps are taken to improve compliance with all applicable regulations, Black Elk's operating performance will be deemed unacceptable. Failure to improve overall performance will subject Black Elk to additional enforcement actions up to and including possible referral to the Bureau of Ocean Energy Management (BOEM) to revoke Black Elk's status as an operator on all of its existing facilities.

Specifically, BSEE instructs Black Elk to do the following:

1. Keep all facilities that currently are in a shut-in status in such status until it provides BSEE with documentation of the corrective actions taken to safely return each facility into operational status to BSEE's satisfaction.
2. Notify the appropriate District Office at least 48 hours prior to returning these facilities to production to allow for the proper BSEE inspection.
3. Immediately cease hot work on its facilities until it demonstrates to BSEE's satisfaction that steps have been taken, and a safety manager is in place whose responsibility it will be to improve hazard identification, training, and oversight for such operations.
4. Develop a performance improvement plan that at a minimum:
 - a. Provides documentation to BSEE that Black Elk has complied with the requirements of 30 CFR Subpart S;

- b. Initiates an independent third-party audit of Black Elk's Safety and Environmental Management Systems (SEMS) program in accordance with 30 CFR 250.1925(a). Such audits must begin no later than January 31, 2013; and
 - c. Integrates BSEE auditors into the third-party audit team.
5. Submit the plan and scope of the audit(s) referenced in paragraph 4 above for approval by BSEE no later than December 15, 2012.
 6. Within 30 days of this letter, provide an analysis of all Incidents of Non-Compliance (INC's) issued to Black Elk since 2010 identifying patterns and documenting actions taken by Black Elk to change processes or procedures to prevent similar incidents on other facilities.


Until further notice by BSEE, in the event that Black Elk becomes a designated operator on any other leases, those additional leases shall be subject to the terms of this letter.

Our determination of unacceptable performance follows numerous troubling safety incidents involving Black Elk facilities, including:

1. The November 16, 2012, incident at Black Elk's West Delta 32 A/E facility, which resulted in loss of life, numerous serious injuries, and harm to the environment.
2. The October 2012 issuance of 45 INC's by the Lafayette District to Black Elk regarding nine facilities in the South Marsh Island Area in the Gulf of Mexico.
3. Incidents that occurred before November 2012, which include a number of significant safety violations that demonstrate a disregard for the safety of personnel. For example, in October 2011, Black Elk operations involving the use of an acid-based chemical for treating a well at High Island 571A resulted in the hospitalization of six workers.

In addition, in an April 2012 meeting, Lake Jackson's District Manager warned Black Elk that it would be placed on notice if it did not improve its operations. The BSEE stands ready to meet with you to further discuss this letter and Black Elk's performance improvement plan.

Sincerely,



Lars Herbst
Regional Director