

## Civil Penalties Program

The goal of the BSEE OCS Civil Penalties Program is to ensure safe and environmentally sound operations on the Outer Continental Shelf. Through the pursuit, assessment, and collection of civil penalties the program is designed to encourage compliance with the Outer Continental Shelf Lands Act (OCSLA) and BSEE's implementing regulations.

### 2014 Civil Penalties Summary Penalties Paid through the Calendar Year of 2014 (1/1/2014 - 12/31/2014)

Name of Violator and Case No.	Violation and Date(s)	Penalty Paid and Date Paid	Regulation(s) Violated 30 CFR)
<b>Linder Oil Company</b>  (Production Services Network)  G-2009-001	During the course of a BSEE inspection the shutdown valve (SDV), for the fuel gas to the main generator, was bypassed. It was also discovered that Linder was discharging produced water from the production separator into the containment skid.  Oct. 25- Oct. 28, 2008 Oct. 2 – Oct. 28, 2008	\$150,000*  6/20/14 12/24/14  <b>*Note: Represents partial payments pursuant to a Settlement Agreement that also addressed Linder's decommissioning obligations. Linder owed a total penalty of \$500,000. Linder has now paid a total of \$500,000.</b>	250.803 250.803(a)
<b>McMoran Oil &amp; Gas LLC</b>  G-2011-007	During a BSEE incident investigation, it was discovered that McMoran failed to move equipment containing hydrocarbons at least 35 feet from welding area. Another violation was the explosion and rupture of two oil tanks which resulted in spilled oil into the Gulf of Mexico.	\$60,000  11/25/14	250.300(a) 250.113



	admitted to not wearing gloves during the operation, despite the wearing of gloves being cited in the JSA.  August 12, 2012		
<b>Fairways Offshore Exploration, Inc.</b>  (DeLeon & Associates, LLC)  G-2013-010	During the course of a BSEE inspection, the SCSSV for Well A-2 and A-2D was being utilized as a tubing plug. The tubing plug had not been tested for leakage at the required 6 month interval.  Feb 1 – Oct 24, 2012	\$40,000  5/6/2014	250.804(a)(1)
<b>Energy Resource Technology GOM, Inc.</b>  G-2013-017	During the course of an unannounced BSEE inspection, it was discovered that the operator failed to shut-in all wells while performing Hot-work cutting operations within the Well-Bay. ERT failed to perform operations in a safe and workmanlike manner.  November 26, 2012	\$30,000  8/25/14	250.107
<b>Mariner Energy Resources, Inc.</b>  G-2013-021	During a BSEE incident investigation, multiple violations were discovered that led to an overpressure event in production vessels that caused a fire.  Sept. 2, 2010 (8 violations)	\$295,000  11/12/14	250.107 250.107(a) 250.803(c) 250.803(b)(8) 250.300(a)
<b>Energy Resource Technology GOM, Inc.</b>  (Wood Group Production Services)  G-2013-022	During the course of a BSEE investigation, it was determined that a crane lifting operation led to the collapse of the crane boom, causing a fatality.  August 16, 2011 (2 violations)	\$80,000  3/12/14	250.401(e)
<b>Ensco Offshore Co.</b>	During a BSEE incident investigation, it was discovered that Ensco	\$70,000  12/2/14	250.442 250.401(e)

G-2013-025	<p>failed to develop and use a management system for operation of the subsea BOP system, which includes procedures for prevention of accidental or unplanned disconnects of the system. It was also found that the driller's energized BOP panel was accessed with ongoing wireline operations in the well bore. No JSA had been developed and no Permit to Work had been issued because appropriate personnel were not aware of the action.</p> <p>Feb. 19, 2012 Dec. 9, 2011 – Feb. 19, 2012</p>		
<p><b>McMoRan Oil &amp; Gas LLC</b></p> <p>(Danos &amp; Curole Marine Contractors, Inc.)</p> <p>G-2013-028</p>	<p>During the course of a BSEE Investigation into an incident with injury, it was discovered that McMoRan failed to adhere to safety policies and perform all operations in a safe and workmanlike manner during riser pipe decommissioning operations. They did not have proper management and onsite supervision to address safety hazards and deficiencies that contributed to the cause of the incident.</p> <p>March 30, 2013</p>	<p>\$35,000</p> <p>9/28/14</p>	<p>250.107(a)(1)</p>
<p><b>Stone Energy Corporation</b></p> <p>G-2013-029</p>	<p>During an inspection, it was discovered that Stone Energy did not comply with blowout prevention equipment requirements during the well abandonment operation. The well was not in a Temporarily</p>	<p>\$50,000</p> <p>8/6/14</p>	<p>250.170(c)(1) 250.1706(c)(5)</p>

	<p>Abandoned (T&amp;A'd) status at the time of the inspection. This means that communication still existed between the hydrocarbon bearing zone and the wellbore. The kill line not being connected as required posed a threat to personnel and the facility in the event of a well control situation.</p> <p>March 26, 2013 (2 violations)</p>		
<p><b>Black Elk Energy Offshore Operations, LLC</b></p> <p>2013-030</p>	<p>During the course of a BSEE inspection, it was discovered that the Sump Tank LSH selector valve was in the bypass position, it was not flagged, nor was it being monitored. The Sump Tank is the containment system for deck drainage from all production vessel skids. Due to the safety device being in the bypass mode, the LSH would not have been able to perform its design function and shut in the facility in the event of a high level in the Sump Tank.</p> <p>March 11, 2013</p>	<p>\$30,000</p> <p>4/9/14</p>	<p>250.803(c)</p>
<p><b>GOM Shelf LLC</b></p> <p>G-2013-032</p>	<p>During an inspection, several violations were discovered. Inspectors found that a test separator had been placed out of service on the instrument panel. When inspectors questioned why the vessel was out of service, they found that it had been placed out of service because it was full of sand. Inspectors returned to the structure a day later, performed a re-test and audited the</p>	<p>\$1,230,000</p> <p>11/12/14</p>	<p>250.802(b)</p> <p>250.107(a)(1)</p>

	<p>records. Records showed that GOM Shelf was aware of sand entering the production system for a prolonged period of time. Despite this awareness, GOM Shelf failed to take steps to sufficiently address the sand hazards. This failure placed the safety of people on the facility, as well as the environment, at risk.</p> <p>March 12, 2013 Feb. 1 – March 12, 2013</p>		
<p><b>Arena Offshore, LP</b>  (Danos &amp; Curole Marine Contractors, Inc.)  G-2013-033</p>	<p>During the course of a BSEE investigation, it was determined Arena failed to adhere to safety policies and perform all operations in a safe and workmanlike manner during riser pipe decommissioning operations. They did not have proper management and supervision to address safety hazards and deficiencies that contributed to the cause of the incident.</p> <p>March 30, 2013</p>	<p>\$35,000  8/6/14</p>	<p>250.107(a)</p>
<p><b>Danos and Curole Marine Contractors, Inc.</b>  G-2013-034</p>	<p>During the course of a BSEE investigation, it was determined D&amp;C failed to operate in a safe and workmanlike manner for not following their Safe Work Practice Procedures and policies, including failure to utilize Stop Work Authority, Hazard Recognition &amp; Control, and Open Hole Safety. These failures to adhere to proper management and onsite supervision to address safety hazards and equipment deficiencies in</p>	<p>\$30,000  7/30/14</p>	<p>250.107(a)(1)</p>

	<p>planning, and make operational errors contributed to the cause of the injury.</p> <p>March 30, 2013</p>		
<p><b>Chevron U.S.A. Inc.</b></p> <p>G-2013-035</p>	<p>During the course of a BSEE investigation, it was discovered that the operator failed to operate in a safe and workmanlike manner by failure to utilize proper personal protective equipment per the "Corrosive Chemical Procedure" while dismantling the pump assembly. In addition, there was not a Material Safety Data Sheet for the chemical located on the facility nor was there a Job Safety Analysis or permit to work prepared with this job task. Finally, there was no eye wash station(s) located near the temporary chemical pumping area.</p> <p>May 21, 2013</p>	<p>\$35,000</p> <p>9/23/14</p>	<p>250.107(a)(1)</p>
<p><b>Black Elk Energy Offshore Operations, LLC</b></p> <p>G-2013-036</p>	<p>During an onsite BSEE investigation, there was a pollution incident that involved a gasket failure on the departing pipeline riser resulting in the release of liquid hydrocarbons into Gulf of Mexico waters. Also, the facility had been shut-in prior to Black Elk receiving a Performance Improvement Plan (PIP) notification letter from the BSEE Regional Director which states in part: 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</p>	<p>\$70,000</p> <p>4/9/2014</p>	<p>250.101</p> <p>250.107(a)</p>

	<p>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. Black Elk failed to conduct operations in accordance with lease stipulations as noted in excerpts number 1&amp;2 above from the November 21, 2012 PIP notification letter.</p> <p>February 1, 2013 (2 violations)</p>		
<p><b>Mariner Energy, Inc.</b></p> <p>G-2013-037</p>	<p>During the course of a BSEE inspection, 3 violations were discovered where operations were not being conducted in a safe and workmanlike manner. Violation 1 involved unsecured and improperly assembled scaffolding/ fabricated platform utilized for the decommissioning operations. BSEE inspectors observed that the scaffolding/fabricated platform was not secured to the platform and was missing some of the bracings and pins. This could have allowed the scaffolding to shift while personnel were working from the scaffolding deck. Violation No. 2 involved an open-hole/fall hazard located on the deck scaffolding. This hazard posed a potential threat of personnel falling onto the lower platform deck or into the Gulf of Mexico waters from the decking of the scaffolding. Violation No. 3) also involved an Open-</p>	<p>\$280,000</p> <p>4/4/2014</p>	<p>250.107(a)</p>

	<p>hole/fall hazard located on the platform lower deck. BSEE inspectors observed personnel working on a section of the platform deck that had no hand rails presenting a threat of personnel falling into the Gulf of Mexico Waters.</p> <p>May 22-28, 2013</p>		
<p><b>Apache Corporation</b></p> <p>G-2013-038</p>	<p>During a BSEE incident investigation, it was discovered that the rigger on top of Marine Portable Transfer tank unhooked the D-ring and then dropped it over the side of tank. The D-ring caught the right index finger of the employee between the side of the tank and the D-ring. It was initially stated that the rigger was wearing the company required high-visibility, impact resistant gloves, but later into the investigation changed his testimony to say he was not wearing any gloves at the time of the incident.</p> <p>April 11, 2013</p>	<p>\$75,000</p> <p>11/12/14</p>	<p>250.107(a)(1)</p>
<p><b>Linder Oil Company</b></p> <p>G-2013-039</p>	<p>During a BSEE inspection of the facility's plug and abandonment operations, the inspector found an open hole that was un-barricaded on one side and accessible to personnel working on the well deck creating a fall hazard. After further review of documents, it was found that after pulling the drive pipe from the well B1, an approximately 34" diameter hole was created in the grating in the well deck area.</p>	<p>\$25,000</p> <p>6/20/14</p>	<p>250.107(a)(1)</p>

	May 16, 2013		
<b>Black Elk Energy Offshore Operations, LLC</b> 2013-040	During the course of a BSEE investigation into an incident with injury, the investigators discovered 2 violations of failing to conduct operations in a safe and workmanlike manner.  May 4, 2013	\$75,000 4/28/14	250.107(a)(1)
<b>BP Exploration &amp; Production Inc.</b> G-2013-041	During the incident investigation, two violations were found. One was for discharging pollutants into Gulf waters and the other was for failure to maintain equipment in a safe manner which led to the discharge.  April 19, 2013 (2 violations)	\$65,000 11/14/14	250.107 250.300(a)
<b>W&amp;T Offshore, Inc.</b> G-2013-043	During the course of a BSEE inspection, it was discovered that the LSL for the Oil Treater was operating in the by-pass position, and was not flagged or monitored by personnel.  June 7, 2013	\$30,000 4/24/14	250.803(c)
<b>Hercules Offshore</b> G-2013-045	During the course of a BSEE investigation on a drilling rig, it was determined that the air hoist cable had become entangled with the hose safety clamp during the replacement of inner bushings. The bushing puller tool and air hoist hook were secured to an anchor post after the bushings were replaced. It was also observed that the driller's view of the entangled air hoist cable was obstructed by the traveling block and top drive. The downward	\$25,000 3/25/14	250.107(a)

	<p>force of the traveling block and top drive put an undetermined amount of force on the cable and anchor post, breaking the post from the rig floor allowing either the anchor post or the bushing puller tool to strike the injured party.</p> <p>July 8, 2013</p>		
<p><b>Dynamic Offshore Resources, LLC</b>  (Fieldwood Energy, LLC)  G-2013-046</p>	<p>During the course of a BSEE investigation into pollution incident, it was discovered that LSH for the Flash Tank (MBB-150) was in bypass and not flagged and monitored resulting in the operator's failure to prevent unauthorized discharge of pollutants into offshore waters.</p> <p>February 27, 2013 March 2, 2013</p>	<p>\$45,000  8/4/14</p>	<p>250.803 250.107(a)</p>
<p><b>Arena Offshore, LP</b>  (Wood Group Production Services)  G-2013-047</p>	<p>During the incident investigation, it was found that a person was injured when a flash fire occurred while employees were conducting an acidizing operation on the float cell. The flash fire resulted in a contract employee suffering first and second degree burns on his right arm and torso.</p> <p>July 20, 2013</p>	<p>\$40,000  8/25/14</p>	<p>250.107(a)</p>
<p><b>Express P&amp;A</b>  G-2013-048</p>	<p>During a BSEE on-site inspection, multiple violations were found. Personnel were working in unsafe areas of the platform; there was unsecured and improperly assembled scaffolding; missing handrails on the platform deck as well as gaps in</p>	<p>\$84,000  10/3/14</p>	<p>250.107(a)</p>

	existing handrails. May 24-28, 2013		
<b>Apache Corporation</b> G-2013-049	During the course of a BSEE onsite inspection, it was discovered that the fire and gas detection system for several portable buildings were found with the power switch in the off position rendering the system inoperable and disabling the backup battery system, leaving the building without adequate fire detection.  June 24-27, 2013 (4 violations)	\$360,000 9/4/14	250.803(b)(9)(v)
<b>Nexen Petroleum U.S.A. Inc.</b> G-2013-051	During the course of an inspection, BSEE Inspectors discovered the SCSSV for wells I-1 and I-2 operating in the by-pass position. Also, they were not flagged or monitored by personnel.  September 13, 2013 (2 violations)	\$40,000 8/30/14	250.107(a)
<b>Energy XXI GOM, LLC</b> G-2013-052	During a BSEE onsite inspection, inspectors observed multiple oil-leaks on the gas compressor. During a follow up inspection, the operator failed to correct multiple oil leaks on the gas compressor.  July 30-September 17, 2013	\$7,248 3/5/14	250.107
<b>Dynamic Offshore Resources, LLC</b> G-2013-053	During the incident investigation, it was found that on several occasions the rig crew made the decision to continue to pull drill pipe out of the wellbore even while they were taking gains through the trip tank.	\$125,000 10/7/14	250.456(a)

	May 6 – June 6, 2013		
<b>Nexen Petroleum U.S.A. Inc.</b> G-2013-055	During the course of a BSEE inspection, inspectors discovered that the helicopter landing deck was being utilized as an extension of the platform to conduct abandonment operations without the addition of hand rails.  September 24, 2013	\$20,000 9/26/14	250.107(a)
<b>SandRidge Energy</b> G-2013-056	During an inspection, gas was observed escaping from a vent cover of a wet oil tank, into the atmosphere, without flame arrestor protection.  Sept. 30 - Oct. 9, 2013	\$250,000 11/14/14	250.107
<b>Fairways Offshore Exploration</b> G-2014-002	BSEE inspector discovered a violation in which the operator was unable to provide testing records for the Well JA-2D SCSSV, being utilized as a tubing plug. In addition, the operator failed to correct a previous violation for failure to conduct required daily pollution inspections.  Sept. 30, 2011 – Aug. 29, 2013 Dec. 7, 2012 – Aug.29, 2013	\$32,250 10/3/14	259.301 250.804(a)(1)(i)
<b>McMoran Oil and Gas LLC</b> G-2014-004	An inspection was conducted because an oil sheen was spotted during flight. Violations connected to the spill were due to the sump pile not operating automatically; the LSH and sum pile pneumatic pump failed, and then the sump pile was used as a processing device.  October 24, 2013 (3 violations)	\$85,000 11/13/14	250.300(b)(4) 250.802(b) 250.300(a)

<p><b>Century Exploration New Orleans, LLC</b></p> <p>G-2014-005</p>	<p>During the course of a BSEE onsite inspection, it was discovered that the Coiled Tubing Unit reel gear and chain guards/covers were not installed to protect personnel from the moving components.</p> <p>October 29, 2013</p>	<p>\$20,000</p> <p>10/20/14</p>	<p>250.107</p>
<p><b>W&amp;T Offshore, Inc.</b></p> <p>G-2014-006</p>	<p>During an inspection, it was discovered that a fusible cap had been placed on the SSV (of Well G-9) during testing the previous day. The fusible cap had been left in place rendering the SSV inoperable and locking the valve in the open position. The SSV was not flagged, nor was it being monitored by personnel</p> <p>Aug. 7 – 8, 2014</p>	<p>\$60,000</p> <p>11/10/14</p>	<p>250.803(c)</p>
<p><b>Black Elk Energy Offshore Operations, LLC</b></p> <p>2014-007</p>	<p>During an onsite inspection BSEE issued three INCs (one for each well that was flowing at the time the bypassed relay was found.) BSEE Inspectors performed a function test of the emergency ESD system while the relay was in bypass, to see if the SCSSV's pressure would bleed off. During this function test, the SCSSV's control pressure did not bleed off.</p> <p>April 29, 2013 (3 violations)</p>	<p>\$180,000</p> <p>4/28/14</p>	<p>250.803(c) 250.803</p>
<p><b>Chevron U.S.A. Inc.</b></p> <p>G-2014-010</p>	<p>During the course of a BSEE investigation into an incident with injury, Chevron failed to properly supervise construction operations after a</p>	<p>\$25,000</p> <p>7/6/14</p>	<p>250.107(a)</p>

	<p>construction worker was injured while stepping on grating that was secured with plastic zip ties.</p> <p>December 9, 2013</p>		
<p><b>Hilcorp Energy GOM, LLC</b></p> <p>G-2014-013</p>	<p>During a BSEE onsite inspection, three INCs were issued and forwarded for civil penalty review. An inspector discovered a LSL on the L.P. Separator was in bypass mode, and the separator was in operation and not being tested or maintained. Another violation discovered was that the bottom isolation valve for the LSH on the sump was in the closed position. The sump was not being tested or maintained. The third violation discovered was a valve on the air supply for the sump pump was in the closed position preventing its ability to automatically operate.</p> <p>May 24, 2012 (3 violations)</p>	<p>\$75,000</p> <p>8/14/14</p>	<p>250.803(c)</p> <p>250.300(b)</p>
<p><b>Chevron U.S.A. Inc.</b></p> <p>G-2014-015</p>	<p>During the course of an inspection, BSEE Inspectors discovered an open hole next to the Lease Automatic Custody Transfer skid. The hole was not properly barricaded to prevent personnel from entering the hazardous area.</p> <p>September 1-9, 2013</p>	<p>\$160,000</p> <p>7/30/2014</p>	<p>250.107</p>
<p><b>Anadarko Petroleum Corporation</b></p> <p>G-2014-017</p>	<p>During the course of a BSEE investigation involving injuries, it was discovered that a composite air pressure vessel exploded causing a large fireball and flying shrapnel, followed by a venting sound. The</p>	<p>\$37,000</p> <p>9/23/14</p>	<p>250.107(a)</p>

	<p>Subsea personnel were injured, receiving second and third degree burns from the flash fire.</p> <p>November 2, 2013</p>		
<p><b>SandRidge Offshore, LLC</b></p> <p>(Wood Group Production Services)</p> <p>G-2014-019</p>	<p>During the course of a BSEE investigation involving injuries, it was discovered that an employee was attempting to clear a line that was being used to transfer coolant (antifreeze) from a 500 gallon poly tank to a compressor. The poly tank exploded and severely injured employee's hand.</p>	<p>\$35,000</p> <p>9/8/14</p>	<p>250.107(a)</p>
<p><b>Fairfield Nodal</b></p> <p>G-2014-023</p>	<p>During the course of a BSEE field investigation, Fairfield failed to follow an approved plan that led to the fatality of Spotted Dolphin by entanglement of the tethered line on the Dolphin.</p> <p>November 7, 2013 – January 24, 2014 (2 violations)</p>	<p>\$430,000</p> <p>12/17/14</p>	<p>250.551.3</p> <p>250.551.6(a)(2)</p>
<p><b>Tana Exploration Company, LLC</b></p> <p>G-2014-025</p>	<p>During the time of the inspection, BSEE Inspectors discovered that the well abandonment operations with the tree removed did not contain a secondary power source, independent from the primary source, with sufficient capacity to close all BOP stack components and hold them closed. BSEE Inspectors discovered the pneumatic supply line connected to the pneumatic driven secondary pump on the Hydraulic Power Unit having its "Air Pump Shut-off Valve" in the closed or blocked</p>	<p>\$25,000</p> <p>12/24/14</p>	<p>250.1706</p>



	personal protective equipment as required by the JSA at the time of the incident.		
<b>Exxon Mobil Corporation</b> P-2013-003	During the course of a BSEE investigation into an incident with injury, the investigators discovered that an employee fell off the dragway onto the drill deck.  September 18, 2012	\$30,000 4/30/14	250.107(a)
<b>Exxon Mobil Corporation</b> P-2014-001	During the course of a BSEE investigation, it was discovered that a release of H2S gas under high pressure occurred due to maintenance of an incorrect injection gas compressor fitting. A maintenance team commenced work on the wrong fitting which led to a blowout.  January 19, 2013	\$20,000 9/12/14	250.107
<b>Beta Operating Company, LLC</b> P-2014-005	During the course of a BSEE investigation, it was discovered that crude oil was released through the flare boom. A safety device was bypassed for reasons other than startup, maintenance or testing and was not properly flagged or monitored.  May 23, 2014	\$30,000 12/15/14	250.803(c)
<b>Total Penalties Paid: 1/1/2014 - 12/31/2014</b>			
<b>53 Cases: \$5,695,498</b>			

The purpose of publishing this civil penalties summary is to provide information to the public regarding OCSLA and regulatory violations of special concern in OCS operations and to provide an additional incentive for safe and environmentally sound operations.

ESD	Emergency Shut Down
INC	Incident of Non Compliance
JSA	Job Safety Analysis

LSH	Level Safety High
LSL	Level Safety Low
SCSSV	Surface Controlled Subsurface Safety Valve
SDV	Shut Down Valve
SSV	Subsurface Safety Valve