

# Enforcement Newsletter

October 2011 – December 2011 ■ Volume I Issue 1



## Bureau of Safety and Environmental Enforcement

### Recommended Safety Measures from Macondo Investigation Issued

Bureau of Safety and Environmental Enforcement (BSEE) investigators recently made recommendations for safety measures developed from the investigation of the Deepwater Horizon explosion and oil spill which took place April 20, 2010. The recommendations were distributed through a National Safety Alert; the safety alert is one of the tools BSEE uses to inform the offshore oil and gas industry of the circumstances surrounding an incident or a near miss. The alerts also contain recommendations that should help prevent the recurrence of such an incident on the OCS.

Issued in November 2011, the safety alert resulting from the Deepwater Horizon investigation included such recommendations as: minimize the amount of fluid transfers during well operations so that accurate monitoring of flow-in versus flow-out can be achieved, review well control procedures to ensure that the initial response actions default to routing the well flow to the overboard diverter lines when appropriate, and inspect all dynamically-positioned mobile offshore drilling units and determine if all air intakes are located as far as practically possible from the rig floor.

Safety Alerts can be viewed on the BSEE web site: <http://www.bsee.gov/Regulations-and-Guidance/Safety-Alerts.aspx>

### BSEE Conducted Inspections on the Outer Continental Shelf

BSEE inspectors travel offshore every day conducting all types of inspections to promote safety and ensure compliance with federal regulations covering oil and gas operations. See the table below for inspection statistics for the period, October 1, 2011 through December 31, 2011.

TYPE OF INSPECTION	INSPECTIONS PERFORMED		
	TOTAL OCS <sup>7</sup> 1 <sup>st</sup> Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
Well Operations <sup>1</sup>	227	216	11
Production <sup>2</sup>	667	580	87
Pipelines <sup>3</sup>	735	708	27
Meters <sup>4</sup>	588	584	4
Environmental <sup>5</sup>	863	799	64
Other <sup>6</sup>	884	794	90
Quarterly Total	3,964	3,681	283

<sup>1</sup> Well Operations inspections include: drilling, workover, completion, and abandonment.

<sup>2</sup> Production inspections include: production and flaring.

<sup>3</sup> Pipeline inspections involve the review of service and maintenance records and checking safety valves and devices.

<sup>4</sup> Meters inspections involve the review of calibration documents and the physical inspection of seals.

<sup>5</sup> Environmental inspections include: pollution, air quality & oil spill exercise.

<sup>6</sup> Other includes USCG guidelines, H<sub>2</sub>S & compliance inspections.

<sup>7</sup> For the 1<sup>st</sup> quarter, there were no inspections conducted in the Alaska OCS

Region which currently has one ongoing operation under its jurisdiction, the BPXA Northstar production facility located on a gravel island in Alaska State waters.

## Incidents of Noncompliance Issued First Quarter

When BSEE inspectors find a violation of federal regulations during the course of their work, they issue an incident of noncompliance (INC). This enforcement tool is equivalent to a violation notice or citation. Operators receiving an INC have 14 days in which to correct the violation and come into compliance with federal regulations. INCs can range from buckets not being properly marked to by-passed safety devices. The majority of INCs issued are corrected immediately or with the first 24 hours. In some cases, operations may be shut-in until the violation is corrected and the operator is given the approval to restart operations. Operators have 60 days from issuance of an INC to appeal the INC. Depending on the severity of the violation, the operator may be assessed civil penalties. See the table below for INCs issued during the period, October 1, 2011 through December 31, 2011.

TYPE OF INC	INCIDENTS OF NONCOMPLIANCE (INC) ISSUED		
	TOTAL OCS 1 <sup>st</sup> Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
Completion	2	2	0
Crane	15	14	1
Drilling	21	21	0
Electrical	30	27	3
General	272	265	7
Hydrogen Sulfide	3	3	0
Measurement & Site Security	25	25	0
Personal Safety	42	40	2
Pipelines	41	40	1
Pollution	29	29	0
Production	178	157	21
Production Conservation	1	1	0
Quarterly Total	659	624	35

## OCS Region Activity Levels Vary According to Scope of Operations

The type and scope of oil and gas operations are different in each of the OCS Regions. The enforcement activity levels adjust accordingly.

As of Dec. 31, 2011, there were 3,114 production platforms in the Gulf of Mexico and 23 in the Pacific Region. The average weekly number of rigs and non-rig units conducting well operations for Oct 2011 through Dec. 2011 was 81 in the Gulf of Mexico and 18 in the Pacific Region. Alaska Region currently has one federal/state production operation and no drilling activities.

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Comments can be sent to:  
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## Accident Investigations Work to Identify Areas for Improvements

Under the Outer Continental Shelf Lands Act, BSEE is responsible for conducting investigations and preparing public reports of incidents associated with federal offshore oil and gas operations. The investigation's purpose is to identify the incident's cause and make recommendations to prevent recurrence or the occurrence of similar accidents. Not all incidents are investigated. If an incident meets the criteria for investigation, BSEE inspectors conduct an initial onsite investigation. Formal investigations, either a District or a Panel, are conducted for the more significant incidents. See the table below for District and Panel Investigations completed for incidents that occurred during the period, October 1, 2011 through December 31, 2011. To view the Investigation Reports, go to <http://www.bsee.gov/Inspection-and-Enforcement/Accidents-and-Incidents/District-Investigation-Reports.aspx> for District Investigations and <http://www.bsee.gov/Inspection-and-Enforcement/Accidents-and-Incidents/Panel-Investigation-Reports/Panel-Investigation-Reports.aspx> for Panel Investigations.

	ACCIDENT INVESTIGATION REPORTS COMPLETED FOR INCIDENTS OCCURRING OCTOBER 1, 2011 THROUGH DECEMBER 31, 2011		
	TOTAL OCS: 1 <sup>st</sup> Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
District Investigations	3	3	0
Panel Investigations	0	0	0

## Environmental Enforcement Program Ramps Up

Included in the efforts to enhance safety and environmental regulations and standards is an increased focus on environmental compliance/oversight. The Environmental Enforcement Division (EED) was established as part of the Bureau to marshal all environmental compliance efforts under a single program and compliment the compliance function with increased enforcement authority and improved evaluations of mitigation measures. Mitigation measures are actions or conditions that a leaseholder agrees to within the lease instrument for those specific lease operations.

Centrally located in the Headquarters structure of BSEE, the EED has Environmental Officers and support staff in each Regional office. A main focus of the EED personnel is monitoring and conducting inspections on operations not generally covered by the Safety Program such as: seismic surveys, pipe lay work, anchoring, decommissioning, and artificial –reef emplacements. These types of operations are subject to activity-specific environmental mitigation, lease stipulations, and conditions of approval.

Environmental Enforcement staff will reinforce the Safety Inspectors who work out of the District Offices in each Region with air and water quality oversight and other pollution issues.

In its first quarter of existence, EED personnel have established foundational policies, led a damage-assessment survey for an impacted deepwater benthic community, and conducted a field Mitigation Evaluation Assessment of a new-archaeological-resource mitigation. In future newsletters, the EED will be reporting the issuance of several Incidents of Noncompliance currently pending, and additional field monitoring and inspection efforts.

## Incidents of Noncompliance Are Reviewed for Potential Civil Penalties

Certain regulatory violations are reviewed for potential civil penalties. When an Incident of Noncompliance is issued, whether or not the violation is reviewed for civil penalties depends upon a number of criteria. Violations not corrected within the period of time BSEE identifies, violations that cause or may pose a threat of serious, irreparable, or immediate harm or damage to life, property, or the environment are always reviewed for potential civil penalties by a BSEE Reviewing Officer.

Once a letter is issued to a violator assessing a proposed civil penalty, the violator has 30 days from receipt of the letter to schedule a meeting and submit information, or pay the penalty. At the end of 30 days, the BSEE Reviewing Officer issues a decision on the amount of any final civil penalty. This decision can be appealed to the Interior Board of Land Appeals. Currently, the maximum civil penalty rate for Outer Continental Shelf Lands Act (OCSLA) violations is \$40,000 per violation per day. The rate is adjusted at least once every three years by the Interior Secretary to reflect any increase in the Consumer Price Index prepared by the U.S. Department of Labor. It was most recently increased in June 2011. To view a summary of civil penalties paid, go to: <http://www.bsee.gov/Inspection-and-Enforcement/Civil-Penalties-and-Appeals/Civil-Penalties-and-Appeals.aspx>

See the table below for civil penalties closed and total amounts paid during the period, October 1, 2011 through December 31, 2011.

	CIVIL PENALTIES PAID: October 1, 2011 thru December 31, 2011		
	TOTAL OCS 1 <sup>st</sup> Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
No. of Civil Penalty cases closed and paid	7	7	0
Total \$ amount of penalties paid	\$340,000	\$340,000	0

## Notices-to Lessees and Operators Provide Clarification and Interpretation of Federal Regulations

Notices to Lessees and Operators (NTLs) are formal documents that may provide guidance on the implementation of a statute, regulation, or term of a lease or permit; clarify the scope and meaning of a regulation by explaining BSEE interpretation of a requirement; or transmit administrative information such as current telephone listings and a change in BSEE personnel or office address. When issued, NTLs are posted on the BSEE web site, <http://www.bsee.gov/Regulations-and-Guidance/Notices-to-Lessees-and-Operators.aspx> and distributed through email to lists of operators, contractors and interested parties.

Following is a list of NTLs issued from October 2011 through December 2011.

- **Temporary Helideck Closures** (2011-N08) issued October 10, 2011.
- **Guidance on the Development, Implementation and Maintenance of a Safety and Environmental Management Systems (SEMS) Program for Outer Continental Shelf (OCS) Oil, Gas and Sulphur Operations** (2011-N09) issued October 21, 2011
- **Suspensions of Production** (2011-N10) issued November 15, 2011.
- **Subsea Pumping for Production Operations** (2011-N11) issued November 21, 2011.
- **Revisions to the List of OCS Lease Blocks Requiring Archaeological Resource Surveys and Reports** (2011-BSEE/BOEM- G01) issued December 29, 2011.