

Enforcement Newsletter

January 2012 – March 2012

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Bureau of Safety and Environmental Enforcement

Investigation Findings Support Safety Alerts with Areas for Improvement

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. BSEE investigative reports also specify where evidence gathered supports the issuance of INCs. 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.

Investigation reports publish findings regarding the cause(s) of the accident and identify potential topics for Safety Alerts. A Safety Alert is a tool used by BSEE to inform the offshore oil and gas industry of the circumstances surrounding an accident or a near miss. It also contains recommendations that should help prevent the recurrence of such an incident.

The following is a list of Safety Alerts issued from January 2012 through March 2012.

- **Failure to Properly Bleed Tubing Hanger Void Results in Injury** (Gulf of Mexico Region No. 299) issued January 31, 2012.
- **Unplanned Emergency Disconnect Sequence (EDS) of the Lower Marine Riser Package** (Gulf of Mexico Region No. 300) issued March 9, 2012.

See the table on Page 3 for District and Panel Investigations completed for incidents that occurred during the period, January 1, 2012 through March 31, 2012.

BSEE Inspections on the Outer Continental Shelf

The table below provides inspection statistics for the period January 1, 2012 through March 31, 2012.

TYPE OF INSPECTION	INSPECTIONS PERFORMED			
	TOTAL OCS 2 nd Qtr. FY '12	ALASKA REGION	GULF OF MEXICO REGION	PACIFIC REGION
Well Operations ¹	264	0	255	9
Production ²	645	1	575	69
Pipelines ³	694	0	677	17
Meters ⁴	891	1	885	5
Environmental ⁵	662	0	585	77
Other ⁶	701	0	611	90
Quarterly Total	3,857	2	3,588	267

¹ Well Operations inspections include: drilling, workover, completion, and abandonment.

² Production inspections include production and flaring.

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

⁴ Meters inspections involve the review of calibration documents and the physical inspection of seals.

⁵ Environmental inspections include: pollution, air quality & oil spill exercise.

⁶ Other includes USCG guidelines, H₂S & compliance inspections.

INCs Target Many Aspects of Regulatory Program

An Incident of Noncompliance (INC) is issued when a federal regulation is violated. The majority of INCs are issued for violations associated with drilling and production operations, but all areas of the program are inspected and required to abide by federal regulations.

One such area is Measurement & Site Security: these INCs cover the accurate measurement of liquid and gas hydrocarbons as well as proper security to guard against production loss or theft. This oversight is important because royalties on production are paid to the federal treasury. Two such INCs were issued during the 2nd quarter for failure to prove liquid hydrocarbon royalty meters within the frequency requirements. Federal regulations require that oil and gas royalty meters be verified to ensure accurate measurement monthly, not to exceed 42 days. If an operator goes beyond that time period without getting a prior waiver, an INC is issued. See the table below for INCs issued during the period January 1, 2012 through March 31, 2012.

TYPE OF INC	INCIDENTS OF NONCOMPLIANCE (INC) ISSUED		
	TOTAL OCS 2 nd Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
Completion	2	2	0
Crane	11	10	1
Drilling	15	15	0
Electrical	20	17	3
General	297	289	8
Hydrogen Sulfide	2	2	0
Measurement & Site Security	34	34	0
Personal Safety	39	39	0
Pipelines	23	23	0
Pollution	26	25	1
Production	220	208	12
Well Work-over	4	2	2
Quarterly Total	693	666	27

Enforcement Work Tied to OCS Regions' Activity Levels

Each BSEE Region has different amounts and types of facilities and operations. The type and amount of enforcement activity in each Region differs as well.

As of Mar. 31, 2012, there were 3,107 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 Jan 2012 through Mar. 2012 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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To view 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 JANUARY 1, 2012 THROUGH MARCH 31, 2012		
	TOTAL OCS: 2 nd Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
District Investigations	3	3	0
Panel Investigations	0	0	0

BSEE Issues Incident of Non-Compliance for Lack of Adequate Supervision and Allowing Hazardous Work Areas

BSEE inspectors from the Lake Charles District recently completed a District Investigation that examined a crane incident which took place in late February 2012 during drilling operations by Rooster Petroleum, LLC. From the investigation, the BSEE inspectors determined that a blocked walkway in the vicinity of the operation and an inexperienced rigger whose job it was to guide and secure the casing as it was being moved by the crane were contributing causes of the accident. More information on the District Investigation is available at: http://www.bsee.gov/uploadedFiles/BSEE/Enforcement/Accidents_and_Incidents/Rooster%20VR%20376%20A%202010.pdf.

Annual Production Inspection Results in Shut-in Well for Three Days

The Bureau of Safety and Environmental Enforcement (BSEE) is charged with inspecting oil and gas production facilities to ensure that they are safe and in compliance with federal regulations. Safety valves are critical components on a production facility. Recently, a BSEE inspector from the Lafayette District discovered a surface safety valve (SSV) that failed to close within the required 45 second time period. A SSV is an actuator-operated valve located at the top of the well; its purpose is to close and shut-in production when there is an abnormal condition. The emergency shut-down (ESD) system was being tested at the time of the failure. The inspector issued a shut-in incident of noncompliance (INC) for a component, the well head, due to the failure of the SSV to close within the required timeframe.

BSEE regulations require that "Closure of the SSV shall not exceed 45 seconds after automatic detection of an abnormal condition or actuation of an ESD." There are two types of INCs, warning and shut-in; these allow for different levels of enforcement. If the violation is not severe or threatening, a warning INC is issued and the violation has to be corrected within 14 days. Shut-in INCs are issued for more severe or threatening violations and production or the operation is shut-in until the violation is corrected. Shut-in INCs cover a specific component or the entire facility. BSEE required the operator to shut-in the well after issuing the INC on February 7, 2012. Three days later, on February 10, 2012, the BSEE supervisory production inspector granted the operator's request for permission to put the well back on production. The operator had identified the problem, obtained the necessary equipment to correct it, and performed the ESD actuation test to confirm that the SSV closed in the required timeframe.

Civil Penalties Highlight BSEE's Commitment to Personnel Safety

Regulatory violations that pose a threat of serious, irreparable, or immediate harm or damage to life are always reviewed for potential civil penalties by a BSEE Reviewing Officer. One such violation was the subject of a civil penalty case that was closed and paid during the 2nd Quarter. In July 2011 during the course of an inspection, bureau inspectors discovered two open holes or fall hazards which posed a threat to the safety of personnel on the rig. The operator, Apache Corporation, paid civil penalties in the amount of \$50,000.

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, January 1, 2012 through March 31, 2012.

	CIVIL PENALTIES PAID: January 1, 2012 thru March 31, 2012		
	TOTAL OCS 2 nd Qtr. FY '12	GULF OF MEXICO REGION	PACIFIC REGION
No. of Civil Penalty cases closed and paid	2	2	0
Total \$ amount of penalties paid	\$65,000	\$65,000	0

Joint BOEM/BSEE Notices-to Lessees and Operators Take Effect 2nd Quarter

In the 2nd Quarter, BSEE and the Bureau of Ocean Energy Management (BOEM) issued two joint Notices to Lessees and Operators (NTLs). NTLs 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 federal bureau interpretation of a requirement; or transmit administrative information such as current telephone listings and a change in 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.

The following is a list of NTLs issued from January 2012 through March 2012.

- **Marine Trash and Debris Awareness and Elimination** (2012-BSEE-G01) issued January 1, 2012.
- **Vessel Strike Avoidance and Injured/Dead Protected Species Reporting** (2012-JOINT-G01) issued January 1, 2012
- **Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program** (2012-JOINT-G02) issued January 1, 2012.
- **Calculating Maximum Anticipated Surface Pressure and Expected Surface Pressure for the Compliance Case and Estimated Shut-in Tubing Pressure Prior to Production** (2012-BSEE-N01) issued February 14, 2012.
- **Inspection Fees for Fiscal Year 2012** (2012-BSEE-N02) issued February 17, 2012.