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OCS Civil/Criminal Penalties Program

The goal of the MMS OCS Civil/Criminal Penalties Program is to assure safe and clean operations on the OCS. Through the pursuit, assessment, and collection of civil penalties and referrals for the consideration of criminal penalties, the program is designed to encourage compliance with OCS statutes and regulations.

**2006 Civil/Criminal Penalties Summary
All Penalties Paid in Calendar Year 2006
(01/01/2006 - 12/31/2006)**

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Operator Name (Contractor) and Case No.	Violation and Date(s)	Penalty Paid and Date Paid	Regulation(s) Violated (30 CFR)
The Houston Exploration Company	Failed to conduct one annual crane inspection	\$10,000	
(Grasso Production Management)		08/25/06	
G-2003-004	01-Jul-2002 – 30-Sep-2002		250.108
PetroQuest Energy, L.L.C.	Missing grating & handrails, corroded unsafe steps, and severe corrosion around the fuel scrubber created an unsafe situation for personnel. Also, the flowline and departing pipeline did not have secondary over-pressure protection.	\$60,000	
(Wood Group Production Services)		1/3/2006	
G-2004-026	29-JUN-2004 - 29-JUN-2004		250.802(b)

	29-JUN-2004 - 29-JUN-2004		250.107
El Paso Production Oil and Gas Company	Explosion and fire occurred on platform from welding and cutting operations near hydrocarbons.	\$25,000	
G-2005-007		2/7/06	
	23-DEC-2004 - 23-DEC-2004		250.107
Exxon Mobil Corporation	The Pressure Safety Low (PSL) for Well G-24 , had the incorrect spring and piston installed; the spring tension was backed off to a point where it would not function. This violation occurred for 11days.	\$25,000	
G-2005-012		06/8/06	
	12/29/04 – 12/29/04		250.803 (b)(2)(i)
Apache Corporation (Wood Group Production Services)	During an annual inspection, the inspector discovered that the Emergency Shut Down (ESD) stations for both the North and South boat landings were out-of-service.	\$28,000	
G-2005-014		3/10/2006	
	15-OCT-2004-18-OCT-2004		250.803
Noble Energy, Inc. (Hercules Offshore Drilling)	The gas detector panel that monitors the mud pit room and shale shaker area was found to be in bypass during a monthly rig inspection. The operator forgot to put it back in service after calibrating the sensors. When the panel was taken out of bypass and tested, the audible alarm failed to activate.	\$160,000	
G-2005-015		2/15/06	
	23-FEB-2005 - 02-MAR-2005		

			250.459(b)
Energy Partners Ltd. G2005-016	The level safety high (LSH) shut-in sensor for the deck drain sump tank was bypassed at the main panel. Neither the LSH nor the operating condition of the sump tank were being monitored by platform personnel. 02-MAR-2005 - 02-MAR-2005	\$8,000 1/10/2006	250.803(c)
El Paso Production Oil and Gas Company (Baker Energy, Inc.) G-2005-020	Shut down valve connected in such a way that it would not operate as designed; pressure would not bleed off if an upset had occurred. 10-Mar-2005 – 10-Mar-2005	\$10,000 08/07/06	250.802(b)
Apache Corporation (Wood Group Production Services) G-2005-021	Grating missing on the plus 10 deck level in two areas and area not barricaded to prevent personnel from entering. 10-APR-2005 - 20-APR-2005	\$66,000 2/9/06	250.107
Apache Corporation (Wood Group Production Services) G-2005-022	During a production follow-up inspection on February 20,2005, wells A002 and A003 Surface Safety Valve (SSV's) were pinned out of service in the open position, and the wells were not flagged or monitored.	\$24,000 3/13/06	

	20-FEB-2005 - 20-FEB-2005		250.803(c)
ATP Oil & Gas Corporation (Wood Group Production Services)	The vertical run Surface Safety Valve (SSV) for Well C-2 was bypassed and locked out of service with a locking cap.	\$21,000 6/22/06	
G-2005-023	05/17/05 – 05/19/05		30 CFR 250.803 (c)
Millennium Offshore Group, Inc. (TODCO)	Unsafe and unworkmanlike operations were conducted in that the policies and procedures for Confined Space Entry were not being adhered to as per Operator's Health, Safety and Environment manual.	\$10,000 07/27/06	
G-2005-024	30-Mar-2005 – 30-Mar-2005		250.107
Noble Energy G-2005-025	During an inspection on May 2, 2005 the top and bottom isolation valves on the Level Safety Low (LSL) for the Bad Oil Tank (ABJ-5020) were found blocked out of service and not flagged or being monitored.	\$8,000 3/24/06	
	01-MAY-2005 - 02-MAY-2005		250.803(c)
Apache Corporation G-2005-026	Apache failed to comply with the safe and workmanlike manner and well control requirements addressed in the regulations. A remote blowout preventer (BOP) station on the rig floor would not operate nor function	\$28,000 05/11/06	

	<p>the bottom pipe ram and the hydraulic (HCR) choke valve. An accumulation of hydraulic oil on derrick beams and board rack, oily and slippery hand rail, and no grating over mud pits demonstrated Apache's failure to maintain all equipment in a safe condition.</p>		
	7/25/05 – 7/25/05		250.107
	7/25/05 – 7/25/05		250.615 (c)
<p>Pioneer Natural Resources USA, Inc.</p> <p>G-2005-027</p>	<p>Operations were not performed in a safe manner as Personnel attempted to replace a 2" ball valve on the water dump bypass line on the Chem-Electric Treater without draining the vessel. This created an uncontrolled oil release from the vessel over the structure's open grating, and into the containment skid which was damaged and unable to contain</p> <p>the oil. As a result, approximately 1 barrel of oil polluted the Gulf.</p>	<p>\$45,000</p> <p>5/10/06</p>	<p>250.300 (b)</p>
	6/10/05 – 6/10/05		
	6/10/05 – 6/10/05		
	6/10/05 – 6/10/05		

			250.300 (a)
			250.107 (a)
SPN Resources, LLC	The sump system could not automatically maintain the oil at a level sufficient to prevent discharge of oil into offshore waters.	\$10,000	
G-2005-028		6/13/06	
	05/06/05 – 05/06/05		250.300 (b)
ATP Oil & Gas Corporation	The Level Safety Low (LSL) on the water section of the Heater Treater was bypassed and blocked out of service. Startup, maintenance or testing procedures were not being performed; personnel were not monitoring the bypassed and blocked out functions; and the LSL was not flagged.	\$5,000	
G-2006-001		06/27/06	
	10/31/05 – 10/31/05		250.803 (c)
Petroquest Energy, L.L.C	The Gas Detector Head (ASH) in the operator's tool room was found covered with plastic wrap which rendered it inoperable. Paint fumes were activating the ASH and plastic bags were placed over it to prevent nuisance shut-ins and to keep the fumes from contaminating the sensor.	\$20,000	
(Grasso Production Management)		06/08/06	
G-2006-002			250.803 (c)
	6/19/05 – 06/20/05		
Apache Corporation	An employee was injured since work had been performed in an unsafe and un-workmanlike manner. On 10-3-05, in order to access a well slot, 33" openings were cut in the grating on the well deck and on the lower production deck. The two holes cut in the decking were never	\$70,000	
G-2006-003		05/16/06	

	barricaded, covered, guarded, or made inaccessible until 10-5-05, after the employee fell 8' through the unguarded hole cut in the well deck and into the opening cut on the lower production deck. He was able to catch himself before falling completely through the second opening into the cross members and well slot guide 40' below.		
	10/03/05 – 10/05/05		250.107
Noble Energy, Inc.	While in route to another destination, the Minerals Management Service (MMS) Inspectors noticed a multi-colored sheen on the water coming from the ST 196 Platform B. They landed on the platform and found oil flowing out of the vent hatch on the Sump Tank ABH-4760. The MMS	\$50,000	
G-2006-004	Inspectors also found the Sump System did not automatically maintain the oil level sufficiently enough to prevent discharge of oil into offshore waters.	07/13/06	
	18-Oct-2005 – 18-Oct-2005		250.300(a)
	18-Oct-2005 – 18-Oct-2005		250.300(b)
Kerr-McGee Oil & Gas Corporation	Three safety devices were found bypassed at the panel. The level safety low for the wet/dry oil tank, the shut down valve for the dry oil pump, and the shut down valve for the incoming pipeline. Proposed amount mitigated from information supplied in letter.	\$15,000	
G-2006-005		07/19/06	
			250.1004
	12-Nov-2004 – 12-Nov-2004		250.803
	12-Nov-2004 – 12-Nov-2004		
ATP Oil & Gas	An injury occurred as a result of	\$110,000	

<p>Corporation</p> <p>G-2006-006</p>	<p>unsafe and unworkmanlike operations. A contract worker fell 30ft. through a unsecured access hatch. Additionally large openings in the deck were found and sections of heliport skirting was missing.</p> <p>10/29/04 – 11/6/04</p>	<p>12/29/06</p>	<p>250.107</p>
<p>Union Oil Company of California</p> <p>G-2006-007</p>	<p>A pollution incident occurred as a result of improperly isolating the turbine compressor from the production train.</p> <p>10-Sep-2004 – 10-Sep-2004</p>	<p>\$25,000</p> <p>07/25/06</p>	<p>250.300(a)</p>
<p>Tana Exploration Company LLC</p> <p>(BP Exploration and Production)</p> <p>G-2006-008</p>	<p>The primary and secondary surface safety valves (SSV), in addition to the fuel gas were bypassed on Caisson Well No. 28. The relays were placed in bypass by BP Exploration and Production employees (acting as contractors for Tana) on February 14, 2005. When an upset occurred on February 19, 2005, on the upstream processing platform, the Well No. 28 did not shut in due to these safety devices being bypassed. The pipeline experienced overpressure and the flange gasket ruptured allowing gas/condensate to escape. The Well was shut in using the boat landing emergency shut down pull loop.</p> <p>14-Feb-2005 – 19-Feb-2005 14-Feb-2005 – 19-Feb-2005</p>	<p>\$165,000</p> <p>08/31/06</p>	<p>250.803(c)</p> <p>250.803(c)</p>
<p>Energy Partners, Ltd</p> <p>G-2006-009</p>	<p>The pressure safety low (PSL) on the departing high-pressure transfer gas pipeline (KAH-103) was bypassed at the master panel, leaving the pipeline unprotected from a leak or rupture. The relay was not flagged and</p>	<p>\$10,000</p> <p>06/22/06</p>	

	conditions were not being monitored.		
	07/06/05 – 07/07/05		250.1004
Arena Offshore, LLC (Island Operators Co., Inc) G-2006-010	Pollution occurred in offshore waters from overflow of vessel to deck caused from a pipeline being tested which was using FSVs instead of block valves. This overflow went to the deck containment system and the deck drain sump system tank was inoperable. 26-Aug-2005 – 26-Aug-2005 26-Aug-2005 – 26-Aug-2005	\$27,000 08/25/06	 250.300(b) 250.300(a)
Callon Petroleum Operating Company G-2006-011	The fuel gas supply for the sump pump was manually closed, placing the sump pump in an out of service mode. Neither the sump pump nor the sump tank were being monitored by platform personnel. 12/12/05 – 12/12/05	\$5,000 05/11/06	 250.300 (b)
Forest Oil Corporation (Production Management Industries, LLC) G-2006-012	Operations were not performed in a safe and workmanlike manner, and equipment had not been maintained in a safe condition. Pollution occurred since a fuel tank was filled beyond capacity and the sump system had not been properly maintained. 17-Jun-2005 – 17-Jun-2005 17-Jun-2005 – 17-Jun-2005 17-Jun-2005 – 17-Jun-2005	\$45,000 09/06/06	 250.107 250.107 250.300(a)
Palace Operating Company	During an annual inspection the MMS inspector detected that the Surface Safety Valve (SSV) on well	\$5,000 10/27/06	

(Island Operators Co.) G-2006-013	# 2 was locked open using a fusible SSV stem cap rendering the valve inoperable or by-passed. This valve would not close had an undesirable event occurred (under pressure or overpressure of the flowline). 11/28/05 – 11/28/05		250.803(c)
Total E&P USA, Inc. G-2006-014	Both Emergency Shut Down Valves were bypassed by isolation valve on two boat landings and the two PSVs on the Intermediate Production Separator were found closed thus taking them out of service (bypassed) by two isolation valves. 08/15/05 – 08/21/05 08/16/05 – 08/21/05	\$130,000 06/16/06	250.803 250.803
Northstar Gulfsands, LLC (Offshore Contract Services LLC) G-2006-015	The level safety low (LSL) on the atmospheric bad oil tank was manually closed placing it in bypass. 4-Jan-2006 – 5-Jan-2006	\$15,000 09/06/06	250.803
Nippon Oil Exploration U.S.A. G-2006-017	The Platform's two Primary means of escape had not been adequately maintained. Personnel on the platform had no safe means of egress due to missing grating and handrails. 9/4/05 -1/3/06	\$30,000 9/28/06	250.107

Chevron U.S.A. Inc	Platform's emergency equipment had not been adequately maintained. The winch and lower flange kit on the south capsule was severely corroded and unsafe for use.	\$30,000	
G-2006-018	8/3/04 – 8/9/04	10/30/06	250.107(a)(2)
ATP Oil & Gas Corporation	The level controller which starts the sump pump was improperly set therefore rendering the sump pump incapable of maintaining the oil in the sump tank at a safe level to prevent discharge into the gulf waters.	\$12,000	
G-2006-019	19-Sep-2004 – 19-Sep-2004	09/22/06	250.300(b)
ATP Oil & Gas Corporation (Wood Group Production Services)	The Emergency Shut Down (ESD) Stations on the condensate accumulator deck, sump deck, well bay area and boat landing were all rendered out of service since the ESD supply line was disconnected.	\$20,000	
G-2006-020	09-Nov-2004 – 09-Nov-2004	09/22/06	250.803(c)(1)
Marathon Oil Company	The Temperature Sensing Element for the +10 deck drain Sump Pump was bypassed.	\$40,000	
G-2006-022	9/23/04 – 9/23/04	11/9/06	250.803
BP America Production Company	Operations were not performed in a safe and workmanlike manner. While making an assessment of the unsafe conditions on the platform that needed repairing, the construction crew did not barricade a 3'4" x 3'4" opening in the stairway landing. Later, one of the crew members	\$25,000	
G-2006-023		10/25/06	

	was injured when he fell through the open hole approximately 20' and into the Gulf of Mexico.		
	2/10/06 – 2/10/06		250.107(a)(1)
GOM Shelf LLC (Crown Oilfield Services, Inc.) G-2006-026	While attempting to secure and barricade hurricane related damages on the sub-cellar deck, a contract employee was seriously injured since the work was not performed in a safe and workmanlike manner. He was not wearing fall protection while he was in the direct vicinity of open holes in the deck grating, and he fell approximately 25-30 feet through a 3'x 3' opening onto the +10 deck.	\$30,000 10/6/06	
	2/10/06 – 2/10/06		250.107(a)
Pioneer Natural Resources USA, Inc. G-2006-034	The main safety panel was bypassed during testing. In order to test any safety device on this panel they all had to be placed in bypass. When the panel was in total bypass the supply to the indicators was removed not allowing them to trip when an abnormal condition became present, thus there was no way for personnel to monitor the bypassed devices.	\$20,000 12/13/06	
	7/17/06 – 7/17/06		250.803(c)
Venoco, Inc.	During well recompletion operations, an accident occurred which resulted in a loss of well control (blowout),	\$30,000	


P-2005-001	and a 3 gallon oil spill. An investigation revealed removal of a lockdown pin from the well head during the alignment of the split tube hanger had circumvented the blowout preventer system.	4/27/06	
			250.300(a)
	11/19/04 – 11/19/04		250.107(a)
Nuevo Energy Company	On February 16, 2004, a transformer on a variable speed drive (VSD) unit over-heated and caught fire. A Minerals Management Service (MMS) investigation of the incident determined the fire, which was confined to the motor control center room was due to the following causes: The electrical overload protection on the VSD had been placed in a non-functional mode. High amperage from a downhole electric submersible pump caused transformer to overload on the VSD, which subsequently overheated. Melting metal from the transformer dripped into a pan of threading oil below the transformer. A cotton glove that was laying in the pan of threading oil ignited. The resultant fire was extinguished by platform personnel investigating the source of smoke from the motor control center.	\$8,000	
P-2004-002		2/8/06	
	16-FEB-2004 - 16-FEB-2004		250.107
	31-MAR-2004 - 31-MAR-2004		250.803(c)(1)
Total Penalties Paid: 01/01/2006 - 12/31/2006			
41 Cases: (\$1,480,000)			

The following acronyms are used in this table:

ESD	Emergency Shutdown Device
H2S	Hydrogen Sulfide
INC	Incident of Non-Compliance
LACT	Liquid Automatic Custody Transfer
LSH	Level Safety High
LSL	Level Safety Low
MAWP	Maximum Allowable Working Pressure
NON	Notice of Non-Compliance
PSHL	Pressure Safety High/Low
PSL	Pressure Safety Low
PSV	Pressure Safety Valve
SCSSV	Surface Controlled Subsurface Safety Valve
SDV	Shut Down Valve
SSV	Subsurface Valve

The purpose of publishing the [penalties summary](#) is to provide information to the public on violations of special concern in OCS operations and to provide an additional incentive for safe and environmentally sound operations.

The Oil Pollution Act (OPA 90) strengthened section 24 of the OCS Lands Act Amendments of 11038. Subtitle B of OPA 90, entitled "Penalties," increased the amount of the civil penalty from a maximum of \$10,000 to a maximum of \$20,000 per violation for each day of noncompliance. More importantly, in cases where a failure to comply with applicable regulations constitutes or constituted a threat of serious, irreparable, or immediate harm or damage to life (including fish and other aquatic life); property; any mineral deposit; or the marine, coastal, or human environment; OPA 90 provided the Secretary of the Interior with the authority to assess a civil penalty without regard to the requirement of expiration of a period of time allowed for corrective action.

On August 8, 1997, the MMS published [new regulations](#)  implementing the civil penalty provisions of the OCS Lands Act. Written in "plain English," the new question-and-answer format provides a better understanding of the OCS civil penalty process. In

addition, the provisions of OPA 90 require the Secretary of the Interior to adjust the maximum civil penalty to reflect any increases in the Consumer Price Index. The new rule increased the maximum civil penalty to \$25,000 per day per violation.

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