



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 973E

October 22, 2024

FEDERAL EXPRESS

Mr. Keith A. Krenek
Sanare Energy Partners, LLC
777 North Eldridge Parkway, Suite 300
Houston, Texas 77079

Dear Mr. Krenek:

The Bureau of Safety and Environmental Enforcement (BSEE) is providing the following analysis and determination regarding Sanare Energy Partners, LLC's (Sanare) operations at the Ship Shoal (SS) Block 72 Unit, Agreement No. 14-08-001-2945 (SS Block 72 Unit). The SS Block 72 Unit consists of Leases OCS 00057, 00058, 00059, 00060, 00062, G 12345, G 12346, G 12347, G 12348, G 12349 (OCS Leases), and Louisiana State Lease 17669. Based on the following analysis, BSEE is directing a suspension of operations and suspension of production for the OCS Leases in the SS Block 72 Unit.

Failure to Timely Decommission Idle Wells

During an August 26, 2019, teleconference, BSEE informed Sanare of its determination that the following wells (the Wells) are no longer useful for lease operations and are not capable of oil, gas, or sulphur production in paying quantities, and had been in this state for longer than the decommissioning timeframes specified in Notice to Lessees and Operators No. 2018-G03:

- Lease OCS-G 12345, SS Block 63 - Well 021;
- Lease OCS 00057, SS Block 63 - Wells 004 and K001;
- Lease OCS-G 12348, SS Block 72 - Well L025; and
- Lease OCS 00060, SS Block 72 - Wells 010, 012, 014, 026, and B004.

The Wells and the OCS Leases are part of the SS Block 72 Unit. Decommissioning of idle wells is necessary because “[i]dle infrastructure poses a potential threat to the [OCS] environment and potential financial liabilities if destroyed or damaged in a future event, such as a hurricane” and the “cost and time to permanently plug wells and remove storm-damaged infrastructure is significantly higher than decommissioning assets that have not been damaged as of the time of decommissioning.” NTL No. 2018-G03 at 1.

By letter dated September 6, 2019, BSEE ordered Sanare to permanently plug and abandon the Wells by December 31, 2020, and informed Sanare that failure to comply with this order may result in future enforcement actions. Sanare did not appeal this order and has not complied with this order. On December 3, 2020, Sanare requested an extension through December 31, 2022. On December 21, 2020, BSEE approved a time extension to March 31, 2021. On May 28, 2021, BSEE extended the deadline to June 30, 2021. Sanare did not comply with the June 30, 2021, deadline.

Due to Sanare's failure to comply with the multiple extended order deadlines provided, BSEE issued Notifications of Incidents of Non-Compliance (INCs) on December 22, 2021, with corrective action dates of December 31, 2022. The INCs also required Sanare to submit, within 60 days from the date of the INCs, a work schedule to BSEE, Decommissioning Support Section, showing how Sanare will accomplish the plugging and abandonment to permanently plug the Wells by the December 31, 2022, deadline. Sanare did not appeal these INCs and has not corrected the violations. While Sanare did submit a work plan, Sanare failed to start the proposed decommissioning activities and ultimately failed to comply with the December 31, 2022, INC correction deadline. As of the date of this letter, the work to permanently plug the Wells in accordance with regulations, including 30 CFR 250.1703, BSEE's orders, order extensions, and INCs has yet to commence. Due to Sanare's failure to correct the INCs, BSEE has also commenced the civil penalty review process.

Failure to Timely Perform Structural Inspections

Additionally, in accordance with 30 CFR 250.901(a)(7), 250.903, and 250.919, Sanare was required to conduct underwater structural inspections for platforms located on OCS 00057, OCS 00060, and OCS 00062 (SS Blocks 63, 72, and 87) by November 1, 2021. Underwater structural inspections are critical for enabling operators to understand the condition of submerged platform infrastructure. Absent such inspections, the structural integrity of the platforms is unknown, which increases risks to the platform, personnel, and environmental safety.

Sanare failed to conduct the underwater structural inspections and BSEE issued INCs for each violation of the applicable regulations. Specifically, BSEE issued over 20 INCs to Sanare on March 13 and 14, 2023. On March 28, 2023, Sanare requested extensions until August 31, 2023 to perform the underwater structural inspections, which BSEE granted. On August 30, 2023, Sanare requested a second set of extensions until October 31, 2023, which BSEE denied on September 5, 2023. To date, Sanare has not completed the underwater structural inspections. Due to Sanare's failure to correct the structural survey INCs, BSEE has also commenced a civil penalty review process for those INCs.

BSEE's Determination

As designated operator of the OCS Leases in the SS Block 72 Unit, Sanare is acting on behalf of the lessees and must fulfill the lessees' obligations under the Outer Continental Shelf Lands Act, the leases, and the implementing regulations (30 CFR 550.143(b)). Pursuant to 30 CFR 250.173(a), when a designated operator "failed to comply with an applicable law, regulation, order or provision of a lease or permit," BSEE may direct a Suspension of Operations (SOO)

and/or Suspension of Production (SOP) for a period of up to five years, or until compliance is obtained. 30 CFR 250.170.

Therefore, pursuant to 30 CFR 250.173(a), and effective October 22, 2024, BSEE hereby directs an SOO and SOP for the OCS Leases in the SS Block 72 Unit because of Sanare's failure to comply with the orders and INCs described herein and the outstanding regulatory obligations underlying those orders. These suspensions do not apply to Louisiana State Lease 17669. While under the directed SOO and SOP, production from the OCS Leases in the SS Block 72 Unit along with any other lease-holding operations are prohibited (see NTL No. 2019-G01). You must immediately take all necessary steps for an orderly and safe shut-in of all production from OCS Leases in the SS Block 72 Unit and notify the Houma District Office when the production has been shut-in. Activities that do not constitute production or other lease-holding operations (see 30 CFR 250.180(a)(2)), including performing wellbore plugging and other decommissioning operations, are allowed once BSEE approves the permits required for those activities, unless otherwise specifically prohibited by a shut-in order from BSEE.


Pursuant to 30 CFR 250.170, the directed SOO and SOP for the OCS Leases in the SS Block 72 Unit will remain in place for one year. Within that year, BSEE may terminate the directed SOO and SOP if you provide information to BSEE demonstrating that the well plugging operations required under the September 6, 2019, order have commenced on the Wells and the required underwater structural inspections have begun. If you fail to commence well plugging operations and the underwater structural inspections within that year, BSEE may take additional enforcement actions.

This decision may be appealed pursuant to 30 CFR part 290. If you elect to appeal, a Notice of Appeal must be filed with this office and served on the Associate Solicitor, Division of Mineral Resources, within 60 days of receipt of this letter (see NTL No. 2009-N12). If a Notice of Appeal is filed, please send a courtesy copy via e-mail to the contact e-mail address provided below. Pursuant to 30 CFR 290.6, you may seek informal resolution with the issuing officer's next level supervisor during the 60-day period established in 30 CFR 290.3. If you are adversely affected by the outcome of informal resolution, you will have 60 days from that decision to appeal pursuant to 30 CFR 290.4. If you have any questions, contact Mr. Brant Cole at (504) 736-2635 or Brant.Cole@bsee.gov.

Sincerely,

**NATASHA
BLAND**

Natasha Bland
Regional Supervisor
Office of Production and Development

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cc: Ms. Betsy Cleland
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