



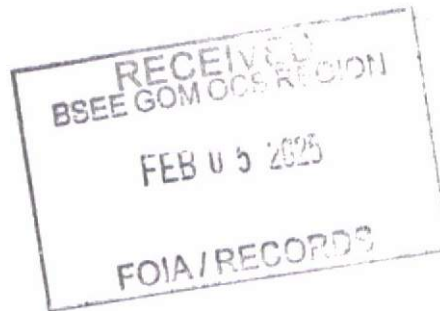
United States Department of the Interior
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

In Reply Refer To: GE 973E

February 21, 2024

FEDERAL EXPRESS

Mr. Benji Smith
Ms. Cindy Rogers
Monforte Exploration L.L.C.
3200 Southwest Freeway, Suite 3300
Houston, Texas 77027



Dear Mr. Smith and Ms. Rogers:

During an August 27, 2019, teleconference, the Bureau of Safety and Environmental Enforcement (BSEE) informed Monforte Exploration L.L.C. (Monforte) of its determination that Lease OCS-G 32207, Ship Shoal Block 290, Wells A014, A017, and A021, in addition to two wells located on Lease OCS-G 09627, are no longer useful for lease operations and not capable of oil, gas, or sulfur 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. By letter dated September 9, 2019, BSEE ordered Monforte to permanently plug and abandon the aforementioned wells by December 31, 2020, and informed Monforte that failure to comply with this order may result in future enforcement actions. Monforte did not appeal this order. As of the date of this letter, three years past the order deadline, Monforte has yet to perform the work to permanently plug any of the wells in accordance with the regulations.

By letter dated August 2, 2023, BSEE notified Monforte that it had failed to meet its obligation to maintain regulatory compliance for Lease OCS-G 32207, Ship Shoal Block 290, Wells A004, A007, A014, A021, and A025 to the point that these wells now pose an immediate hazard to safety and the environment on the Outer Continental Shelf. In the letter, BSEE ordered Monforte to permanently plug the aforementioned five wells and ordered Monforte to commence the plugging operations within 90 days from August 2, 2023. BSEE again reiterated that failure to comply with this order may result in future enforcement actions. Monforte did not appeal this order. As of the date of this letter, the work to permanently plug the wells in accordance with BSEE's order and the cited regulations has yet to commence.

As a result of Monforte's inaction and persistent noncompliance with BSEE's orders over the last four years, the state of the wells has now deteriorated into a significant safety and environmental hazard. Three of the wells have had their wellheads/trees completely severed, and the other two wells' wellheads/trees are significantly leaning. Without an operational wellhead/tree, there are no mechanisms located at the surface to control or stop the flow of hydrocarbons. Monforte has not demonstrated sufficient concern for the hazardous state of the

wells located on Lease OCS-G 32207, nor have they meaningfully attempted to work towards compliance with their legal obligations despite repeated orders. In fact, Monforte is deferring its well remediation and decommissioning obligations to prior lessees, while Monforte continues to profitably produce oil and gas from Lease OCS-G 32207.

As operator and lessee of this lease, Monforte is required to follow all laws, regulations, and orders. Failure to do so, especially in a case where wells are in a “severely compromised condition and are posing an immediate hazard to safety and the environment” as stated in our August 2, 2023, order, can result in BSEE taking enforcement action, including exercising its discretionary authority to direct a Suspension of Operations (SOO) and/or Suspension of Production (SOP) until compliance is obtained pursuant to 30 CFR 250.173(a).

Therefore, in accordance with 30 CFR 250.173(a), and effective February 21, 2024, BSEE hereby directs an SOO and SOP for Lease OCS-G 32207 as a result of Monforte’s failure to comply with the orders described herein and the regulatory obligations underlying those orders. While under this directed SOO and SOP, production from Lease OCS-G 32207 along with any other lease holding operations are prohibited. You must immediately take all necessary steps for an orderly and safe shut in of all production from this lease. Activities that do not constitute production or other lease holding operations (see 30 CFR 250.180), including performing wellbore plugging and other decommissioning operations, are permitted unless otherwise specifically prohibited by a shut-in order from BSEE.

This directed SOO and SOP for Lease OCS-G 32207 will remain in place until BSEE determines that the well plugging operations required under the August 2, 2023, order have commenced, and BSEE notifies you that the directed SOO and SOP are terminated.

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. You may submit your request through the BSEE Technical Information Management System (TIMS) Web Portal (<https://timsweb.bsee.gov>). 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. Mark Hanan at (504) 736-2650 or Mark.Hanan@bsee.gov.

Sincerely,

**TROY
GUIDRY** Digitally signed
by TROY GUIDRY
Date: 2024.02.21
06:38:55 -06'00'

for Natasha Bland
Regional Supervisor
Office of Production and Development