



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TEXAS 75202-2733

MAY 30 2013

CERTIFIED MAIL – RETURN RECEIPT REQUESTED: 7011 3500 0000 0359 9533

Mr. Jim R. Brock  
President & Chief Financial Officer  
Prime Offshore, L.L.C.  
9821 Katy Freeway, Suite 1050  
Houston, TX 77024

Re: Administrative Order, Docket Number: CWA-06-2013-1791  
Permit Number: GMG290267

Dear Mr. Brock:

Enclosed is an Administrative Order (AO) issued to Prime Offshore, L.L.C., for violation of the Clean Water Act (33 U.S.C. § 1251 et seq.). Violations were identified during our review of Discharge Monitoring Reports submitted by Prime Offshore, L.L.C. to the Environmental Protection Agency (EPA). The violations alleged include, but are not limited to, the following:

- a) Failure to submit monitoring results; and
- b) failure to meet effluent limitations required by its permit.

This AO does not assess a monetary penalty; however, it does require compliance with applicable federal regulations. The first compliance deadline is within thirty days of receipt of the AO. The AO also contains other deadlines, including certain information demands. The EPA is committed to ensuring compliance with the requirements of the National Pollutant Discharge Elimination System (NPDES) program, and my staff will assist you in any way possible. Please reference AO Docket Number CWA-06-2013-1791 and NPDES Permit Number GMG290267 on your response.

If you have any questions, please contact Mr. Robert Houston, of my staff, at (214) 665-8565.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins".

John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosures

Re: Administrative Order  
Prime Offshore, L.L.C.

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cc: Glynn Breaux, Chief  
Office of Safety Management (OSM)  
Bureau of Safety and Environmental Enforcement  
Gulf of Mexico OCS Office – MS GE1073E  
1201 Elmwood Park Blvd.  
New Orleans, LA 70123

Ramona Sanders, Chief  
Environmental Inspection and Enforcement Unit (EIEU)  
Bureau of Safety and Environmental Enforcement  
Gulf of Mexico OCS Office – MS GE466  
1201 Elmwood Park Blvd.  
New Orleans, LA 70123

LCDR Keith Pierre  
Incident Management Division  
Eight Coast Guard District  
Hale Boggs Federal Building  
500 Poydras Street  
New Orleans, LA 70130

S. Erin O'Reilly, Ph.D.  
Bureau of Ocean Energy Management, Regulation and Enforcement  
1201 Elmwood Park Blvd – MS 5433  
New Orleans, LA 70123



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
Region 6 • 1445 Ross Avenue, Suite 1200 • Dallas, TX 75202-2733  
FINDINGS OF VIOLATIONS, ORDER FOR COMPLIANCE,  
AND INFORMATION DEMAND

Docket Number: CWA-06-2013-1791, NPDES Permit Number: GMG290267

Statutory Authority

The following findings are made, and Order issued, under the authority vested in the Administrator of the United States Environmental Protection Agency ("EPA"), by Sections 308 and 309(a) of the Clean Water Act ("the Act"), 33 U.S.C. §§ 1318 and 1319(a). The Administrator of EPA delegated the authority to issue this Order to the Regional Administrator of EPA Region 6, who has further delegated this authority to the Director of the Compliance Assurance and Enforcement Division.

Findings

1. Prime Offshore, L.L.C. ("Respondent") is a "person," as that term is defined at Section 502(5) of the Act, 33 U.S.C. § 1362(5), and 40 C.F.R. § 122.2.
2. At all times relevant to this Order ("all relevant times"), Respondent owned or operated offshore oil and gas production and/or exploration facilities, located in the Central and Western Portions of the Gulf of Mexico in the Outer Continental Shelf ("facilities"), and was, therefore, an "owner or operator" within the meaning of 40 C.F.R. § 122.2. The mailing address for Respondent is 9821 Katy Freeway, Suite 1050, Houston, TX 77024.
3. At all relevant times, the facilities were "point sources" of "discharges" of "pollutants" to the receiving waters of the Gulf of Mexico, which is considered a "water of the United States" within the meaning of Section 502(12) and (14) of the Act, 33 U.S.C. § 1362(12), (14) and 40 C.F.R. § 122.2.
4. Because Respondent owned or operated facilities that acted as point sources of discharges of pollutants to a water of the United States, Respondent and the facilities were subject to the Act and the National Pollutant Discharge Elimination System ("NPDES") program.
5. Under Section 301 of the Act, 33 U.S.C. § 1311, it is unlawful for any person to discharge any pollutant from a point source to waters of the United States, except with the authorization of, and in compliance with, an NPDES permit issued pursuant to Section 402 of the Act, 33 U.S.C. § 1342.
6. Section 402(a) of the Act, 33 U.S.C. § 1342(a), provides that the Administrator of EPA may issue permits under the NPDES program for the discharge of pollutants from point sources to waters of the United States. Any such discharge is subject to the specific terms and conditions prescribed in the applicable permit.
7. Pursuant to Section 402(a) of the Act, 33 U.S.C. § 1342(a), EPA issued the "Final NPDES General Permit for New and Existing Sources and New Dischargers in the Offshore Subcategory of the Oil and Gas Extraction Category for the Western Portion of the Outer Continental Shelf of the Gulf of Mexico," [63 Fed. Reg. 58722 (November 2, 1998)] (GMG290000) ("permit"), which was modified April 19, 1999 [64 Fed. Reg. 19156], December 18, 2001 [66 Fed. Reg. 65209], October 7, 2004 [69 Fed. Reg. 194], October 1, 2007 [72 Fed. Reg. 31575]. The general permit was modified again, [77 Fed. Reg. 196, p. 61605], which took effect on October 1, 2012, and is available on the Internet at <http://www.epa.gov/region6/water/npdes/genpermit/gmg290000final/gmg290000finalpermit2012.pdf>. The permit authorizes discharge from new sources, existing sources, and new dischargers in the Offshore Subcategory of the Oil and Gas Extraction Point Source Category (40 C.F.R. Part 435, Subpart A) to operators of lease blocks in the Oil and Gas Extraction Point Source Category which are located in Federal Waters of the Central and Western Portions of the Gulf of Mexico (defined as seaward of the outer boundary of the territorial seas off Louisiana and Texas) to the Central and Western Portions of the Federal Waters of the Gulf of Mexico, but only in accordance with the conditions of the permit. The permit does not authorize discharges from facilities located in, or discharging to, the territorial seas of Louisiana or Texas or from facilities defined as "coastal," "onshore," or "stripper" (see 40 C.F.R. Part 435, Subparts C, D, and E). The permit does, however, authorize the discharge of produced water to the Central and Western portions of the Federal Waters of the Gulf of Mexico from wells located in lease blocks in the territorial seas of Louisiana and Texas.
8. Part I.B of the permit places certain limitations on the quality and quantity of effluent discharges by Respondent. The relevant discharge limitations are listed in Attachment A, which is incorporated by reference.
9. Part I of the permit requires Respondent to sample and test its effluent and monitor its compliance with permit conditions according to specific procedures in order to determine the facilities' compliance or noncompliance with the permit and applicable regulations. Part II.D of the permit requires Respondent to file with EPA certified Discharge

Monitoring Reports ("DMRs") of the results of monitoring, and Noncompliance Reports when appropriate.

10. Certified DMRs filed by Respondent with EPA in compliance with the permit show discharges of pollutants from the facility that exceed the permitted effluent limitations established in I.B.

11. A DMR file review was conducted by representatives of the EPA, for the monitoring period of April 1, 2011, to March 31, 2012.

12. Pursuant to Part I.B.4 of the permit, frequency of toxicity testing shall be once per annual DMR monitoring period or once per calendar quarter. Part I.B.4 of the permit was violated in that Respondent failed to conduct produced water toxicity tests. The produced water toxicity tests that Respondent failed to conduct are specified in Attachment B, which is incorporated by reference.

13. A DMR file review was conducted by representatives of the EPA, for the monitoring period of April 1, 2010, to March 31, 2011.

14. Pursuant to Part II.D.4 of the permit, Respondent shall be responsible for submitting monitoring results for all facilities within each lease block for which Respondent has permit coverage. Part II.D.4 of the permit was violated in that Respondent failed to report monitoring results for lease block North Padre Island 998 Permitted Feature 0023A & 0023T.

15. A DMR file review was conducted by representatives of the EPA, for the monitoring period of April 1, 2009, to March 31, 2010.

16. Pursuant to Part II.D.4 of the permit, Respondent shall be responsible for submitting monitoring results for all facilities within each lease block for which Respondent has permit coverage. Part II.D.4 of the permit was violated in that Respondent failed to report monitoring results for lease block North Padre Island 998 Permitted Feature 0023A & 0023T.

17. Each violation of the conditions of the permit was a violation of Section 301 of the Act, 33 U.S.C. § 1311.

#### SECTION 309(a)(3) COMPLIANCE ORDER

Based on the foregoing Findings and pursuant to the authority of Section 309(a)(3) of the Act, EPA hereby orders Respondent to take the following action:

A. Within thirty (30) days of the effective date of this Order, Respondent shall take such steps as necessary to comply with the effluent limitation provisions of the permit cited herein.

#### SECTION 308 INFORMATION DEMAND

Based on the foregoing Findings and pursuant to the authority of Section 308 of the Act, Respondent is required to do the following:

A. Within thirty (30) days of the effective date of this Order, Respondent must certify compliance with the terms and conditions of the permit.

B. Within thirty (30) days of the effective date of this Order, Respondent shall provide EPA with a list of all mechanical, management and operational deficiencies and a narrative describing the specific actions taken to correct all cited violations.

C. In the event it will take Respondent longer than thirty (30) days to achieve compliance, a listing of all non-compliance related deficiencies and a schedule for repair/correction for each deficiency shall be submitted to the EPA for review and approval.

D. Any approved compliance schedule will be incorporated and reissued in a future administrative order.

E. To ask questions or comment on this matter, please contact Mr. Robert Houston, of my staff, at (214) 665-8565.

F. Any information or correspondence submitted by Respondent to EPA under this Order shall be addressed to the following:

Ms. Sharon Angove  
Water Enforcement Branch (6EN-WC)  
EPA, Region 6  
1445 Ross Ave., Suite 1200  
Dallas, TX 75202-2733

General Provisions

Respondent may seek federal judicial review of the Order pursuant to Chapter 7 of the Administrative Procedure Act, 5 U.S.C. §§ 701-706. Section 706, which is set forth at <http://uscode.house.gov/download/pls/05C7.txt>, states the scope of such review.

Issuance of this Section 309(a)(3) Compliance Order and the Section 308 Information Demand shall not be deemed an election by EPA to forego any administrative or judicial, civil or criminal action to seek penalties, fines, or any other relief appropriate under the Act for the violations cited herein, or other violations that become known. EPA reserves the right to seek any remedy available under the law that it deems appropriate. Failure to comply with this Section 309(a)(3) Compliance Order, or the Section 308 Information Demand, or the Act can result in further administrative action, or a civil judicial action initiated by the United States Department of Justice.

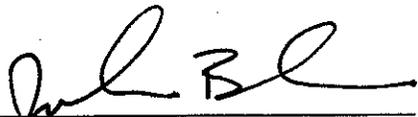
This Order does not constitute a waiver or modification of the terms or conditions of Respondent's NPDES permit which remain in full force and effect.

Compliance with the terms and conditions of this Order does not relieve Respondent of its obligations to comply with any applicable federal, state, or local law or regulation.

The effective date of this Order is the date it is received by Respondent.

5.30.13

Date



John Blevins

Director

Compliance Assurance and  
Enforcement Division

**Attachment A**  
**Effluent Limitations, Prohibitions and Monitoring Requirements**

Discharge	Regulated & Monitored Parameter	Discharge Limitations/ Prohibition	Measurement Frequency	Monitoring Requirements	
				Sample Type/Method	Recorded Value(s)
Drilling fluid	Free Oil	No free oil	Once/week	Static sheen	Number of days sheen observed
	Toxicity 96-hr LC <sub>50</sub>	30,000 ppm daily min 30,000 ppm monthly avg. min.	Once/month Once/end of well Once/month	Grab Grab Grab	96-hr LC <sub>50</sub> 96-hr LC <sub>50</sub> 96-hr LC <sub>50</sub>
	Discharge Rate	1,000 barrels/hour	Once/hour	Estimate	Max. hourly rate
	Discharge Rate for controlled rate areas		Once/hour	Measure	Max. hourly rate
	Mercury and cadmium	No discharge of drilling fluids to which barite has been added; if such barite contains mercury in excess of 1.0 mg/kg or cadmium in excess of 3.0 mg/kg (dry weight)	Once prior to drilling each well	Absorption Spectro-photometry	mg mercury/kg barite mg mercury/kg barite
	Oil Based or Inverse Emulsion Drilling Fluids	No Discharge			
	Oil Contaminated Drilling Fluids	No discharge			
	Diesel Oil	No discharge of drilling fluids to which diesel oil has been added			
	Mineral Oil	Mineral oil may be used only as a carrier fluid, lubricity additive, or pill			
Non aqueous Based Fluids	No discharge except that which adheres to drill cuttings				
All Drill Cuttings	Free Oil	No free oil	Once/week	Static sheen	Number of days sheen observed
	Toxicity 96-hr LC <sub>50</sub>	No discharge of cuttings generated using drilling fluids which exhibit a toxicity of less than 30,000 ppm daily min. or 30,000 ppm monthly avg. min.			
	Mercury and cadmium	No discharge. If generated using drilling fluids to which barite is added which contains mercury in excess of 1.0 mg/kg or cadmium in excess of 3.0 mg/kg			
	Cuttings generated using Oil Contaminated Drill Fluids	No discharge			
	Cuttings generated using drilling fluids to which Diesel Oil has been added	No discharge			
Cuttings generated using drilling fluids to which Mineral Oil has been added	Mineral oil may be used only as a carrier fluid, lubricity additive, or pill				

**Attachment A (cont.d)**  
**Effluent Limitations, Prohibitions and Monitoring Requirements**

Discharge	Regulated & Monitored Parameter	Discharge Limitations/ Prohibition	Measurement Frequency	Monitoring Requirements	
				Sample Type/Method	Recorded Value(s)
Stock Limits for Drill Cuttings Generated using Non-aqueous Based Drilling Fluids	Polynuclear Aromatic Hydrocarbons (PAH)	0.00001 grams PAH per gram of base fluid	Once/year on each base fluid blend	PAH content of Oil by HPLC/UV EPA Method 1654 [see 40 C.F.R. 435.11(n)]	gram PAH/gram stock base fluid
	Sediment Toxicity	Ratio of 10-day LC <sub>50</sub> s not to exceed 1.0	Once/year on each base fluid blend	ASTM method E1367-99	Ratio of C <sub>16</sub> -C <sub>18</sub> IO LC <sub>50</sub> to stock base fluid LC <sub>50</sub>
	Biodegradation Rate	Biodegradation rate ratio not to exceed 1.0	Once/year on each base fluid blend	Modified ISO 11734-1995	Ratio of C <sub>16</sub> -C <sub>18</sub> IO biodeg. To stock base fluid biodeg.
Discharge Limits for Cuttings Generated using Non-aqueous Based Drilling Fluids	Sediment Toxicity	Ratio of 4-day LC <sub>50</sub> s not to exceed 1.0	Once/month	GCMS	
	Formation Oil	No Discharge	Once prior to drilling Once/week	RPE	
	Base fluids Retained on Cuttings	6.9% IO 9.4% ester	Once/day	Retort Test Method	Percent retained
Deck Drainage	Free Oil	No free Oil	Once/day	Visual sheen	Number of days sheen observed
Produced Water	Oil and grease	42 mg/L daily max 29 mg/L monthly avg.	Once/month	Grab	Daily Max., monthly average
	Toxicity	7-day min. NOE and monthly avg. min. NOEC	Rate Dependent	Grab	Lowest NOEC for either species
	Free Oil	Monitor	Once/day	Visual sheen	Number of days sheen observed
	Flow (bbl/day)	Monitor	Once/month	Estimate	Monthly Average
Produced Sand	No Discharge				
Well treatment fluids, completion fluids, workover fluids (includes packer fluids); and pipeline brine	Free Oil	No free oil	Once/day	Static sheen	Number of days sheen observed Daily max., monthly average
	Oil & Grease	42 mg/L daily max. 29 mg/L monthly avg.	Once/month	Grab	
Sanitary waste continuously manned for 30 or more days by 10 or more persons	Residual chlorine	1 mg/L (minimum)	Once/month	Grab	Concentration
	Solids	No floating solids	Once/day	Observation	Number of days solids observed
Sanitary waste continuously manned for thirty or more days by 9 or fewer persons or intermittently by any number	Solids	No floating solids	Once/day	Observation	Number of days solids observed
Domestic waste	Solids	No floating solids or foam	Once/day	Observation	Number of days observed

**Attachment A (cont.)**  
**Effluent Limitations, Prohibitions and Monitoring Requirements**

Discharge	Regulated & Monitored Parameter	Discharge Limitations/ Prohibition	Measurement Frequency	Monitoring Requirements	
				Sample Type/Method	Recorded Value(s)
Miscellaneous discharges: Desalinization unit discharge; blowout preventer fluid; uncontaminated ballast water; uncontaminated bilge water; uncontaminated freshwater; mud, cuttings and cement as seafloor; uncontaminated seawater; boiler blowdown; source water and sand; diatomaceous earth filter media; excess cement slurry; bulk pipeline brine; transfer powder sub sea wellhead preservation fluids; sub sea production control fluid; umbilical steel tube storage fluid; leak tracer fluid; riser tensioner fluids;	Free oil	No free Oil	Once/week	Visual sheen	Number of days sheen observed
	Toxicity	7-day NOEC < 50 mg/L (produced-specific NOEC for powder dye)	Once/year	Grab	Lowest NOEC observed for either of the two species
Miscellaneous discharges of seawater and freshwater to which treatment chemicals have been added: excess seawater which permits the continuous operation of fire control and utility lift pumps, excess seawater from pressure maintenance and secondary recovery projects, water released during training of personnel in fire protection, seawater used to pressure test new and existing piping and pipelines, ballast water, once-through non-contact cooling water	Treatment chemicals	Most stringent of EPA label registration, maximum manufacturers recommended dose, or 500 mg/L			
	Discharge Rate	Monitor	Once/month	Estimate	Monthly average
	Free oil	No free oil	Once/week	Visual sheen	Number of days sheen observed
	Toxicity	48-hour average min. NOEC and monthly average min. NOEC	Rate Dependent	Grab	Lowest NOEC observed for either of the two species
Hydrate Control Fluids (if discharged alone)	Toxicity	7-day NOEC (Product-specific NOEC)	Once/year	Grab	Lowest NOEC observed for either of the two species
Cooling Water Intake Structure Non-Fixed and Fixed with Sea Chest	Intake Screen Velocity	0.5 ft/sec	Continuous	Measuring Device	Maximum value
	Visual/remote Inspection	Report	Once/month	Observation	Fish number
Cooling Water Intake Structure Fixed without Sea Chest	Intake Screen Velocity	0.5 ft/sec.	Continuous	Measuring Device	Maximum value
	Visual/remote Inspection	Report	Once/month	Observation	Fish number
	Entrapment Study				

**Attachment B**  
**Monitoring Requirements**

<b>Lease Area/Block</b>	<b>Permitted Feature (Outfall)</b>	<b>Parameter</b>	<b>Permit Requirement</b>	<b>Value Reported</b>	<b>Monitoring End Date</b>
South Padre Island 1111	0005T	Produced Water, Toxicity Test	Conduct Test	No Test	3/31/12
South Padre Island 1166	0011T	Produced Water, Toxicity Test	Conduct Test	No Test	3/31/12
South Padre Island 1133	0017T	Produced Water, Toxicity Test	Conduct Test	No Test	3/31/12