



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

August 26, 2020

FEDERAL EXPRESS NO. 8152 8870 8156

Mr. William Pecue
Taylor Energy Company, LLC
1615 Poydras Street, Suite 500
New Orleans, Louisiana 70112

Dear Mr. Pecue:

Pursuant to 30 C.F.R. Part 250, Subpart Q, including §§ 250.1710–250.1716, the Bureau of Safety and Environmental Enforcement (BSEE) orders Taylor Energy Company, LLC (Taylor) to (1) decommission all wells at Mississippi Canyon, Block 20 (MC 20), (2) submit a plan to BSEE for completion of the required decommissioning and meet with BSEE to discuss that plan, and (3) following submission of your plan, provide monthly updates to BSEE on all decommissioning planning and activity. All 25 wells referenced in Section 1 of Appendix A of the March 19, 2008 Trust Agreement are subject to this Order. The April 30, 2008 departure decision by BSEE remains in effect for wells A5, A15, and A27, and as it pertains to the requirement to remove all wellheads and casings to at least 15 feet below the mudline. Except for these departures, all wells must be decommissioned in accordance with BSEE's regulations.

Taylor is required by the regulations at 30 C.F.R. Part 250, Subpart Q to permanently plug and abandon its former wells on MC 20 in accordance with identified standards. This Order is necessary because Taylor has not met these requirements in the 13 years since termination of its lease, and recent studies and field oil spill response operations conducted by the Federal Government indicate that there is an ongoing leak of oil from wells at MC 20 at a rate substantially higher than previously represented by Taylor. Scientific studies and analyses funded by BSEE and conducted by the National Oceanic and Atmospheric Administration (NOAA) and its contractors in September 2018 (NOAA Study) demonstrate that the source of the ongoing oil discharges from MC 20 is a group of hydrocarbon plumes (at least four, possibly five) emanating from the erosional pit adjacent to the toppled jacket.¹ Sampling and testing undertaken on the hydrocarbons being discharged through those plumes demonstrate that the gas in the plumes is thermogenic in nature and the oil in the plumes, while mildly biodegraded, emanates from reservoir depth and is similar in chemistry to samples taken from wells at the site prior to the 2004 incident. Accordingly, BSEE has concluded that the source of the ongoing discharges is not years-old residual oil being released from contaminated sediments at the site, as

¹ NOAA NOS National Centers for Coastal Ocean Science, An Integrated Assessment of Oil and Gas Release into the Marine Environment at the Former Taylor Energy MC20 Site (June 2019).

alleged by Taylor, but rather originates from deeper reservoirs penetrated by wells that continue to leak at MC 20.

Further, in April 2019, a containment system installed at MC 20 under the direction of the United States Coast Guard (Coast Guard) began collecting oil at the site. To date, the containment system has collected an average of around 25 barrels of sale-quality oil per day (1,042 gallons/day). This contradicts Taylor's assertions that the discharges are limited to just a few gallons per day. In addition, the containment system's steady collection rate supports BSEE's conclusion that the source(s) of the discharge are active leaks rather than limited releases from residual oil trapped in the sediment years ago.

These findings contradict the representations that Taylor previously proffered for the position that no further well plugging and abandonment operations should be undertaken at MC 20. They demonstrate, to the contrary, that the additional plugging and abandonment ordered herein is necessary and appropriate for purposes of addressing Taylor's outstanding regulatory decommissioning obligations and the ongoing hazards to safety and the environment at MC 20.

Taylor has an ongoing regulatory obligation to plug and abandon all of the wells at MC 20. Further, given the amount of oil leaking from the wells, BSEE has determined that the conditions at the site pose an unreasonable risk to public health and the environment. Accordingly, the Department has undertaken a detailed analysis of whether further plugging and abandonment operations at MC 20 can be done "in a manner that is safe, does not unreasonably interfere with other uses of the [Outer Continental Shelf], and does not cause undue or serious harm to the human, marine, or coastal environment." 30 C.F.R. § 250.1703(g). We have determined that it can. BSEE reviewed the analyses and feasibility study facilitated by the Couvillion Group, LLC (Couvillion), in collaboration with Federal partners and a number of highly experienced and qualified decommissioning contractors, and determined that viable options exist to achieve sub-surface source control in a manner that is safe and would not cause undue or serious harm.² Further, an Environmental Assessment prepared by BSEE has determined that issuance of this Order to Taylor would have no significant impact on the human, marine, or coastal environment.

Additionally, Taylor had previously represented its belief that intervention well drilling and abandonment on completions for nine wells, completed in 2011, had resulted in adequate plugging of those well completions to prevent their contribution to ongoing or future discharges. After evaluation of the 25 wells in connection with the BSEE and Taylor Well Review Team, BSEE stated in 2015 that it believed that there was potential for future leaks from these wells. Based on the magnitude of the current flow rate and further analyses done by Couvillion detailing multiple problems with well integrity in the nine wells, BSEE no longer accepts Taylor's assumption of full downhole well integrity in the previously plugged wells or the additional 16 wells with no intervention and believes that the evidence indicates that multiple wells are leaking.

Accordingly, BSEE orders Taylor to develop a decommissioning plan and meet with BSEE to discuss that plan by October 27, 2020. The Department's principal goal is for Taylor to identify

² United States Coast Guard and Couvillion Group, LLC, MC 20 Response Task 8 and Task 9 Report, Document #: Couv-Proj-Rpt-00031 (January 2019).

and execute the decommissioning operations necessary and appropriate to resolve the long-running environmental incident and achieve long term sub-surface source control at MC 20. To that end, Taylor's plan should first and foremost propose a prioritization of activities that efficiently and effectively addresses the ongoing discharge of oil. BSEE may decide to contract with an independent well decommissioning specialist to aid in its review and approval of Taylor's decommissioning plan and submissions.

Failure to comply with this Order may result in the issuance of an Incident of Non-Compliance (INC). If an INC is issued, you may request an extension to correct the non-compliance, and BSEE may grant an extension if you provide evidence of good faith efforts to meet your regulatory obligations. Failure to correct the non-compliance within the time provided may result in further enforcement actions or a finding of default.

This Order may be appealed pursuant to 30 C.F.R. 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 you have questions or concerns, you may contact Mr. Michael Prendergast at (504) 736-2680.

Sincerely,



Lars Herbst
Regional Director

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