

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

In order to ensure more uniform implementation of Oil and Gas Inspection and Enforcement (I&E) Program enforcement procedures, the following guidance provides clarification of policy to be implemented by Field Offices with oil and gas program responsibilities.

### I. Identification of Violations and Field Problems

- A. Identifying the Violation. Recognizing a violation is the critical first step in ensuring compliance, although it is not always as straightforward a decision as it may seem. Operations must be in violation of a specific requirement(s) outlined in the regulations, Onshore Oil and Gas Orders (Onshore Orders), Notice to Lessees (NTL), lease terms, and/or permit conditions of approval (COA's) before a Notice of Incidents of Noncompliance (INC), Form 3160-9, or letter INC can be issued.

If there are no specific standards or requirements against which to inspect, and a problem is identified that is not covered by any of the aforementioned directives, the inspector does not have the authority to issue an INC. Items that are judgmental in nature, such as environmental or health and safety issues with no specific standards, must be handled through an order of the authorized officer (AO). In these situations, if the inspector has not been delegated authority to issue orders, the inspector must notify the AO and explain the problem and the lack of authority to enforce. The AO must then determine if a written order, or oral order confirmed in writing in accordance with §3161.2, is to be issued to the operator. If the inspector has been delegated authority to issue written orders, then they are considered the AO.

1. Written Orders of the AO are used to specify requirements that may or may not be covered by the regulations, Onshore Orders, NTLs, lease terms, permit COAs, or to supplement an existing approval. The order must specify the requirement and provide a reasonable time frame to comply. If at the end of the time frame the requirement is not met, enforcement actions pursuant §3163.1 must be taken.

If an oral order is issued, it must be confirmed in writing by the AO within 10 working days from issuance thereof in accordance with §3161.2.

It should be noted that oral orders are not the same as verbal INCs. Oral (or written) orders are used to correct problems identified in the field that are not a regulatory violation. Verbal INCs are only used when an inspector encounters a minor and obviously inadvertent regulatory violation that must be corrected. Refer to section II.A.4 of this document for more information regarding verbal INCs.

Written orders are required to be tracked in the Automated Fluid Minerals Support System (AFMSS). Section I.B.1, as well as Attachment 3, outline

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

requirements for documenting written orders in AFMSS. The written or oral order is not an INC and does not count against an operators compliance rating.

A table and flow charts summarizing enforcement steps is included at the end of Attachment 1 for easy reference. Section II. A. provides specific instructions for notifying the operator when violations are identified.

B. Documentation of the Violation or Order. Sufficient documentation is the mainstay of successful enforcement. Clear evidence of a violation supports the issuance of an INC and will be vital evidence if a State Director Review (SDR) is requested or the enforcement is appealed to the Interior Board of Land Appeals (IBLA) or to Federal Court. There are three principal ways to document a violation: written reports, physical evidence, and photographs.

1. Written documentation provides a record of the facts of what, when, where, why, and the conditions pertaining to the violation. These reports must be made part of the inspection record for future reference and must be well-written. Meetings and telephone calls (date, time, name of the individual and discussion points) that relate to the INC must also be documented. Documenting verbal communications provides an important supplement to written correspondence.

All enforcement actions, including Written or oral Orders and verbal INCs, must be documented in AFMSS. Refer to Attachment 3 for detailed data entry instructions. Well maintained enforcement data in AFMSS provide field offices the capability to determine program direction and focus on the most critical noncompliance areas. The data also provide statistical information as to the overall effectiveness of the program on a State and National level. The system can provide a Violation Status Report containing enforcement action information and abatement dates which, if used properly, will assist in efforts to promptly follow up on violations to ensure compliance.

Although we are requiring Written Orders issued in letter format to be documented in AFMSS, you may summarize the order requirements. The Written Orders do not have to be entered verbatim in the Remarks section of the system. There should, however, be enough information in the enforcement record for the user to determine the particular wells/facilities involved, the work required, and a specific abatement time-frame. If the Written Order letter involves more than one case (lease or agreement), you must document the requirements for each case as a separate record in AFMSS for tracking purposes. If an office issues one written order letter that contains one abatement date for a common problem involving one or more wells/facilities on the same case, the written order may be

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

documented as one enforcement record in the system for tracking purposes; just make sure that the remarks section contains a synopsis of all the required work. If you are dealing with multiple requirements with varied abatement dates and/or multiple cases, the user must document the written order requirements under separate enforcement action records based upon the different case, abatement dates, etc. given for correction by the operator to assist in future followup tracking purposes. Use the Copy button on the INC window to quickly create another enforcement record and modify it to reflect the correct remarks, violation type, etc. After preparing the written order letter, using the copy (Ctrl-C) and paste (Ctrl-V) features of your system will allow you to easily enter the requirements previously recorded in your word processing document to the Remarks section of AFMSS.

Unlike written order information, each INC or regulatory violation must be documented in AFMSS as a separate enforcement record since Federal Oil and Gas Royalty Management Act (FOGRMA) related INCs are used for compliance rating purposes. The remarks section must also be filled out completely since the form is being generated from AFMSS and sent to the operator.

2. Physical evidence can range from collecting water samples to gathering reports. If samples are to be analyzed by a laboratory, consult with the laboratory on how to take and preserve the sample. Proper collection of the sample is as important as the analysis. Reports include but are not limited to logs, drillers' tour sheet data, mud reports, and cement job reports.
3. Photographs must be taken to document violations if possible. Photography is the most effective tool to describe such violations as missing seals, well signs, facility diagram deficiencies, oil spills, safety hazards, and others. It is also effective in documenting problems that need to be dealt with through an order of the AO. However, when violations cannot be depicted in photographs it will be necessary to rely on your written report(s) to document your actions.

All photographs must be identified, at a minimum, to show the: date, time, lease number, operator, location, and a brief description of the violation or problem. If an instant print camera is used, this information can be written on the print. If the film must be processed, indexing information (such as frame number) must be kept in the inspection record with the above information and then transferred to the prints once they are processed.

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

- C. Assigning Gravity of Violation. All violations must be classified either as major or minor. A major violation is defined in §3160.0-5(j) as a noncompliance that causes or threatens immediate, substantial, and adverse impacts on public health and safety, the environment, production accountability, or royalty income. If the violation does not meet this criteria, it must be classified as a minor violation. However, a minor violation can be elevated to a major if continued noncompliance meets the criteria of a major violation. Section II.A. provides the procedures for notifying the operator of major and minor violations.

The Onshore Orders provide the gravity for each requirement if found in noncompliance. This classification is provided to inform the operator what the gravity will be for the majority of instances. However, each violation must be weighed against the criteria of a major violation before that gravity can be assigned. As an example, Order Number 3, Site Security, provides that an unsealed, or inappropriately sealed, sales valve is a major violation. If the fluid level in the tank is at the same level as the valve near the bottom of the tank, the violation does not meet the criteria of a major violation and must be issued as a minor violation. In other words, the Onshore Order gravity designation should be used as a guideline, but judgement must also be used to determine if the violation meets the definition of a major or minor violation.

- D. Proactive Measures to Obtain Compliance. Identification of field problems and/or violations is the first step in obtaining compliance. However, the most significant workload starts after identification. As outlined in the following enforcement standards, we are required to document the violation, contact the operator to give due notice to correct the violation, follow up after the abatement date, document the followup, issue assessments or penalties as necessary, document those actions, and other requirements. To reduce some of the workload that escalates once noncompliance is observed, there are several key steps we can take to alleviate some of our noncompliance issues.

Field Offices should review operator noncompliance ratings each year to see which are being rated high FOGRMA due to noncompliance; or which companies are suddenly receiving batches of INCs. If necessary, open lines of communication and have those operators come to the office and discuss the problems that are occurring with them and further explain the regulatory requirements. Other proactive measures that you may want to adopt include:

- attending company safety meetings to explain regulatory requirements;
- having one-on-one meetings in the field to discuss specific violations that are occurring;
- calling the operator prior to violation abatement dates to remind them that it must be fixed by the due date or assessments will occur; and
- holding operator meetings in your area and discuss common violations consistently found by your Field Office.

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

Although these proactive measures will not help obtain compliance in all cases if you have a problem operator in your area, they should further better working relationships with most companies who are trying to operate their leases in accordance with the regulations.

### II. Notice of Violation - §3163.1, 3163.2, and 3165.3(a) (INC or letter)

**CAUTION:** Do not reference these instructions when citing a violation, assessment, or penalty. Always reference the appropriate approval document, i.e., Onshore Order, NTL, COA or regulation.

- A. **Notice.** When a violation is discovered, §3163.1(a) requires the AO to notify the appropriate party in writing and provide a reasonable abatement period to correct the violation. The notice can be an INC (Form 3160-9), or an INC letter, containing the warning and appeal rights specified on the INC form. The notice shall be issued and served by hand or by certified mail, return receipt requested.
1. If certified mail is used, delivery is deemed to occur when received or 7 business days after the date it is mailed, whichever is earlier (§3165.3(a)).
  2. If the notice is delivered by hand, ensure the recipient signs the notice. The abatement period for hand delivered notices begins when it is delivered.
  3. For major violations, §3165.3(a) requires that a good faith effort be made to contact the operator by telephone to inform him/her of the violation(s). It also requires that it be followed up in writing. Receipt of notice shall be deemed to occur at the time of such verbal communication. The time of notice and the name of the receiving party shall be documented in the remarks section of the notice.
  4. For minor violations, §3165.3(a) also requires that a written notice shall be provided. However, a verbal INC (also known as an oral warning or oral INC) can be used where the operator's efforts demonstrate good faith and the violation is minor, obviously inadvertent and non-reoccurring. Field Offices must ensure that any indication of a pattern of noncompliance is not established using verbal INCs. Repeated violations on an operator or Case basis, that have previously been handled through a verbal INC must be dealt with utilizing the written notification procedure.

---

**All Verbal INCs must be documented in AFMSS.** When entering the information, select the "V" for Verbal in the "Form" field and type the phrase "oral/verbal INC" at the beginning of your violation remarks in the Remarks section. All other fields in the INC record are to be completed as they would be for a written notice. The well, inspection, or lease file, as appropriate, must also contain sufficient documented information of the verbal INC.

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

When compiling the compliance history for individual Cases, verbal INCs are not considered in the count since they are only to be issued for obviously minor and inadvertent violations.

5. When Civil Penalties are initiated the lessee and operating rights owner shall be notified.

### III. Preparing an INC or a Shutdown of Operations (Forms 3160-9 and 3160-12 respectively)

Refer to Instructions provided in Attachment 2 for an explanation of the information entered in each field on the form(s). Attachment 3 provides an explanation on how to correctly enter enforcement action information into AFMSS.

### IV. Follow Up the INC or Written Order

- A. Reinspection. A follow-up inspection may be necessary to ensure compliance within the abatement period. This inspection must take place as soon as possible after the abatement period, preferably the day after.

1. Major violations must have a timely follow-up inspection immediately after the abatement period. If the operation is critical, inspections to check the status and condition may be necessary prior to the end of abatement period.
2. Self-certification by the operator can be used to verify the correction of minor violations. Reinspection after receipt of operator self-certification is not necessary except on a random basis. For certain violations, however, caution must be used when allowing self-certification because a "minor" violation can become a major violation if not abated in a timely manner.

#### B. Corrected INC

1. After the violation is corrected and the correction is verified, the INC is placed in the Case file for compliance history.
2. The INC record in AFMSS must also be updated by entering the follow-up and corrected dates, any extension dates, and any follow-up remarks.

#### C. Uncorrected INC

1. For major violations [§3163.1(a)(1)], if the violation has not been corrected issue a second notice for failure to abate or correct the default within the time allowed, notify the operator he is being assessed \$500/day for each day the violation continues, and give an abatement period of not less than 20 days. Also, notify the operator of potential civil penalties if the violation is not abated within the new abatement period. Also send a

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

copy of the INC to the lessee and/or operating rights owners if different from the operator.

In cases where continued noncompliance could result in immediate, substantial and adverse impacts on public health and safety, the environment, production accountability, or royalty income it may be necessary to shut down operation.

2. For minor violations, if self certification is not received from the operator then a field inspection is necessary to verify the status of the violation. If the violation has not been corrected write a second INC and assess \$250 under §3163.1(a)(2) for failure to correct the default within the time allowed, and give an abatement period of not less than 20 days to correct the violation. Notify the operator of potential civil penalties if the violation is not abated within the new abatement period. Also send a copy of the INC to the lessee and/or operating rights owners if different from the operator.
3. When necessary for compliance, the AO may enter upon a lease and perform or have performed, at the sole risk and expense of the operator, operations that the operator fails to perform when directed in writing [§3163.1(a)(4)]. Charges shall include actual cost of work plus 25 percent to cover administrative costs.

### V. Enforcement Tools For Noncompliance

If compliance cannot be obtained within the allotted time, use the following enforcement tools:

- A. Monetary assessment, §3163.1(a)(1) and (2).
- B. Immediate assessments, §3163.1(b)(1), (2), and (3).
- C. Civil penalties, §3163.2.
- D. Shut down of operations, §3163.1(a)(3).
- E. Enter lease and perform, or have performed work at the sole risk and expense of operator, §3163.1(a)(4).
- F. Forfeiture under the bond, §3163.1(a)(5).
- G. Lease cancellation, §3163.1(a)(5) and 43 CFR 3163.2(j).

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

### VI. Assessments

#### A. Monetary Assessments for Noncompliance - §3163.1(a)

1. Whenever an operator fails or refuses to comply with terms of any lease or permit, or the requirements of any notice or order, the AO shall:
  - a. Notify the appropriate parties in writing (notification as specified at II.A. above) of the violation or default.
  - b. Establish a reasonable abatement period.
  - c. If the violation or default is not corrected within the time allowed, the AO will subject the operator to an assessment:
    - (1) For a major violation, not more than \$500/day for each day of nonabatement not to exceed \$1,000/day/operator/lease.
    - (2) For a minor violation, \$250 imposed at the time a second notice is issued, per step IV.C.2., for failure to abate, not to exceed \$500/operator/lease/inspection.

#### B. Immediate Assessments for Noncompliance - §3163.1(b)

1. Certain instances of noncompliance are violations of such a serious nature as to warrant the imposition of immediate assessments which may be retroactive:
  - a. Failure to install blowout preventer equipment or other equivalent well control equipment, as required by the approved drilling plan, \$500/day for each day the violation existed, including days prior to discovery, not to exceed \$5,000.
  - b. For drilling, or for causing related surface disturbance, on Federal or Indian surface without approval, \$500/day for each day the violation existed, including days prior to discovery, not to exceed \$5,000. Violations on Fee or State surface do not incur this assessment.
  - c. For failure to obtain approval of a plan for well abandonment prior to commencement of such operations, \$500.

#### C. Compromise or Reduction of Assessments - §3163.1(e)

On a case-by-case basis, the State Director (SD) may compromise or reduce the

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

assessment amount. However, the SD must state on the record the reasons for such determination.

### VII. Civil Penalties - §3163.2

- A. Whenever an operator fails or refuses to comply:
1. The AO shall notify the operator in writing, unless the violation was discovered and reported by the liable person, or the notice was previously issued under §3163.1.
  2. If the violation is not corrected within 20 days of such notice or report, or such longer time the AO may agree to in writing, the operator shall be liable for a civil penalty of up to \$500/violation for each day such violation continues from the date of such notice or report.
  3. If the violation is not corrected within 40 days of such notice or report, the operator shall be liable for a civil penalty of up to \$5,000/violation for each day the violation continues, not to exceed 60 days from the date of such notice.
- See VII.F. for determination of penalty amounts for major and minor violations. Any amount imposed or paid as assessment under §3163.1(a)(1) shall be deducted from these penalties.
- B. If the AO agrees to an abatement period of more than 20 days, the date of the notice shall be deemed to be 20 days prior to the end of the longer period for the purpose of civil penalty calculations.
- C. Whenever a transporter fails to permit inspection for proper documentation, the transporter shall be liable for a civil penalty of up to \$500/day, not to exceed a maximum of 20 days. If the violation continues beyond the 20 day maximum time frame, the AO shall revoke the transporters authority to remove crude oil or other liquid hydrocarbons from, or allocated to, any Federal or Indian lease site under authority of the AO.
- D. Any person shall be liable for a civil penalty of up to \$10,000/violation for each day, not to exceed 20 days, if he/she:
1. Fails or refuses to permit lawful entry or inspection authorized by §3162.1(b).
  2. Knowingly or willfully fails to notify the AO by letter or Sundry Notice, not later than the 5th business day, of any well that begins production or resumes production after being off production for 90 days. See §3160.0-5(m).

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

- E. Any person shall be liable for a civil penalty of up to \$25,000 per violation for each day, not to exceed 20 days, if he/she:
1. Knowingly or willfully prepares, maintains, or submits false reports or other data.
  2. Knowingly or willfully takes or removes, transports, uses, or diverts any oil or gas from any Federal or Indian lease without legal authority.
  3. Purchases, accepts, sells, transports, or conveys to another, any oil or gas knowing or having reason to know that the oil or gas was stolen from the Federal or Indian lease.
- F. The amounts for civil penalties under §3163.2 shall be determined as follows:
1. For major violations, all initial proposed penalties shall be at the maximum rate provided.
    - a. Under paragraph (a), if the violation is not corrected within 20 days, the penalty shall be a \$500/violation/day, not to exceed the rate of \$ 1,000/day/operator/lease, through the 40th day.
    - b. Under paragraph (b), if the violation is not corrected within 40 days, the penalty shall be \$5,000/violation/day, not to exceed a maximum of \$10,000/day/operator/lease, not to exceed a maximum of 60 days from such notice or report.
  2. For minor violations, no penalty under §3163.2(a) shall be assessed unless:
    - a. The operator was notified of the violation in writing and did not correct.
    - b. The operator was assessed \$250 under §3163.1 and a second notice was issued giving an abatement period of not less than 20 days.
    - c. The noncompliance was not abated within the time allowed by the second notice.
    - d. The initial proposed penalty for a minor violation under paragraph (a) shall be at the rate of \$50/day beginning with the date of the second notice, not to exceed \$100/day/operator /lease.
    - e. If the noncompliance is not corrected within 40 days, the rate shall be \$500/day, not to exceed \$1,000/day/operator/lease.
    - f. If the violation continues beyond the 60-day maximum, lease

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

cancellation proceedings shall be initiated under Title 43 or 25 CFR.

- g. If a minor violation is subsequently changed to a major violation after the operator is notified of civil penalties, the Field Office must notify the operator in writing that the violation classification has been changed and state the penalty amounts applicable to the major violation. The date the major violation penalty amounts begin is the date the operator receives notification. Civil penalties incurred during the minor violation cease as soon as the major classification and penalty amounts begin.

NOTE: The Secretary delegated authority for administering operations on oil and gas leases to the Director, Bureau of Land Management, in 235 DM 1.1K. The authority with respect to the determination and levying of civil penalties under §3162.2 was redelegated to SDs. See Manual Part 1203, Release 1-1586, Appendix 1, page 67. Additionally, the Solicitor's Office has stated that the legislative history refers specifically to reductions and adjustments by the SDs in the course of administrative review. Therefore, on a case-by-case basis, the SD may compromise or reduce civil penalties and shall state on the record the reasons for such determination.

Civil penalties shall be supplemental to and not in derogation of other penalties or assessments for noncompliance in any other provision of law, except as provided in §3163.2(a) and (b).

- VIII. Accounting for Assessments and Penalties. As discussed earlier, the inspection office initiates an enforcement action by issuing an INC form or letter giving the operator an abatement period to correct the violation. If the violation is not corrected within the time allowed, a bill for collection is prepared using guidance contained in BLM Manual 1371 - Billings. Assessments and penalties are processed and collected the same way. Collected assessments and penalties are deposited into the General Fund. If there is a cooperative agreement with a State or Indian tribe, 50 percent of the funds collected by the Federal Government as civil penalties are payable to such State or Indian tribe. This amount shall be deducted from any compensation due such State or Indian tribe under the Federal Oil and Gas Royalty Management Act of 1982, section 202 or such State under section 205. Refer to Attachment 4 for additional instructions on procedures for collection of assessment and penalties.
- IX. State Director Review-§3165.3(b). Any adversely affected party who contests a notice of violation or assessment or an instruction, order, or decision of the AO may request an administrative review by the SD. Such request, including all supporting documentation, shall be filed with the appropriate SD within 20 business days of the date such notice of violation, assessment, instruction, or order was considered received. Upon request and showing good cause, an extension for submitting supporting data may be granted by the SD.

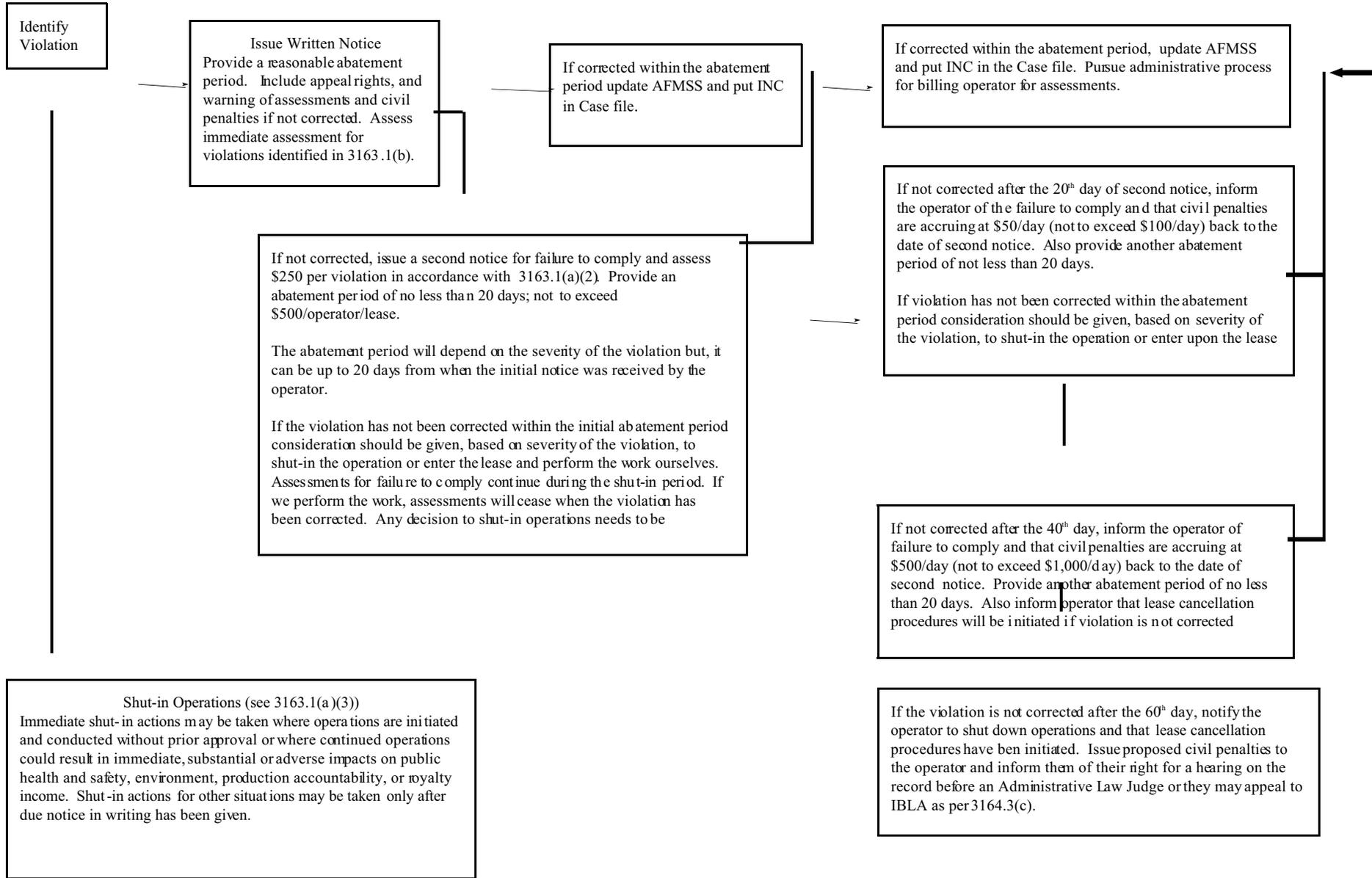
## **Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures**

- X. Hearing on the Record - §3165.3(c). Any party adversely affected by a SD's decision on a proposed penalty may request a hearing on the record before an Administration Law Judge (ALJ). Any party adversely affected by a decision of an ALJ may appeal to the IBLA.
  
- XI. Stopping the Daily Accumulation of Assessments or Penalties-§3165.3(e)(2). A request for a hearing on the record shall stop the accumulation of additional daily penalties until final decision is rendered. The SD may, after review of a request for hearing, and within 10 days of receipt of such request, recommend the Director reinstate the accumulation of daily civil penalties until the violation is abated. The Director has 45 days from filing of the request to reinstate the accumulation of civil penalties. If not reinstated within 45 days, the suspension shall continue.
  
- XII. Appeals - §3165.4. Any party who is adversely affected by the decision of a SD or an ALJ may appeal that decision to the IBLA as provided in §3165.4.

## Oil and Gas Program Inspection and Enforcement (I&E) Compliance Procedures

Enforcement Process Short Version		
Written Order	Major Violation	Minor Violation
Used for problems that are not violations	In violation of a specific regulatory requirement that causes immediate, substantial, adverse impact on environment, public health and safety, production accountability or royalty income	In violation of a specific regulatory requirement
1. Issue the Order - provide an abatement date. Follow up.	1. Issue the INC with a reasonable abatement date. Follow up.	1. Issue the INC with a reasonable abatement date. Follow up.
2. If not corrected - issue an INC.	2. If not corrected within initial abatement date, issue a second notice with \$500 per day assessment. Follow up.	2. If not corrected within initial abatement date issue a second notice with \$250 assessment. Follow up.
3. Follow the INC process.	3. Consider whether operations should be shut down or if we need to perform the work.	3. Consider whether operations should be shut down or if we need to perform the work.
	4. If not corrected within 20 days of first notice, Civil Penalties may be initiated at \$500 per day from the date of first notice and provide a 20 day abatement period.  Follow up.  Consider whether operations should be shut down or if we need to perform the work.	4. If not corrected within 20 days of second notice, Civil Penalties may be initiated at \$50 per day from the date of second notice and provide a 20 day abatement period.  Follow up.  Consider whether operations should be shut down or if we need to perform the work.
	5. If not corrected within 40 days of first notice Civil Penalties may be initiated at \$5000 per day from the date of first notice and provide a 20 day abatement period.  Follow up.  Consider whether operations should be shut down or if we need to perform the work.	5. If not corrected within 40 days of second notice Civil Penalties may be initiated at \$500 per day from the date of second notice and provide a 20 day abatement period.  Follow up.  Consider whether operations should be shut down if we need to perform the work.
	6. If not corrected within 60 days of first notice issue notice of proposed civil penalties and initiate lease cancellation procedure.	6. If not corrected within 60 days of second notice issue notice of proposed civil penalties and initiate lease cancellation procedure.

## Minor Violation Flow Chart



For minor violations it will be necessary to reinspect the violation several times during the abatement period(s) once assessments and/or penalties have been initiated. It is critical that every attempt is made to be in constant contact with the operator once assessments are initiated. This will help you in showing you made every attempt possible to bring the operation into compliance.

## Minor Violation Flow Chart

Identify Violation

Issue Written Notice  
Provide a reasonable abatement period. Include appeal rights, and warning of assessments and civil penalties if not corrected. Assess immediate assessment for violations identified in 3163.1(b).

If corrected within the abatement period update AFMSS and put INC in Case file.

If corrected within the abatement period, update AFMSS and put INC in the Case file. Pursue administrative process for billing operator for assessments.

If not corrected, issue a second notice for failure to comply and assess \$250 per violation in accordance with 3163.1(a)(2). Provide an abatement period of no less than 20 days; not to exceed \$500/operator/lease.

The abatement period will depend on the severity of the violation but, it can be up to 20 days from when the initial notice was received by the operator.

If the violation has not been corrected within the initial abatement period consideration should be given, based on severity of the violation, to shut-in the operation or enter the lease and perform the work ourselves. Assessments for failure to comply continue during the shut-in period. If we perform the work, assessments will cease when the violation has been corrected. Any decision to shut-in operations needs to be coordinated through your supervisor.

If not corrected after the 20<sup>th</sup> day of second notice, inform the operator of the failure to comply and that civil penalties are accruing at \$50/day (not to exceed \$100/day) back to the date of second notice. Also provide another abatement period of not less than 20 days.

If violation has not been corrected within the abatement period consideration should be given, based on severity of the violation, to shut-in the operation or enter upon the lease and perform the work ourselves.

If not corrected after the 40<sup>th</sup> day, inform the operator of failure to comply and that civil penalties are accruing at \$500/day (not to exceed \$1,000/day) back to the date of second notice. Provide another abatement period of no less than 20 days. Also inform operator that lease cancellation procedures will be initiated if violation is not corrected within the abatement period.

If the violation is not corrected after the 60<sup>th</sup> day, notify the operator to shut down operations and that lease cancellation procedures have been initiated. Issue proposed civil penalties to the operator and inform them of their right for a hearing on the record before an Administrative Law Judge or they may appeal to IBLA as per 3164.3(c).

Shut-in Operations (see 3163.1(a)(3))  
Immediate shut-in actions may be taken where operations are initiated and conducted without prior approval or where continued operations could result in immediate, substantial or adverse impacts on public health and safety, environment, production accountability, or royalty income. Shut-in actions for other situations may be taken only after due notice in writing has been

For minor violations it will be necessary to reinspect the violation several times during the abatement period(s) once assessments and/or penalties have been initiated.

It is critical that every attempt is made to be in constant contact with the operator once assessments are initiated. This will help in showing you made every attempt possible to bring the operation into compliance.