



NEWS RELEASE

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Offshore Industry Pays Nearly \$1.5 Million in Civil Penalties in 2006

Minerals Management Service Assesses 41 Penalties for Offshore Violations

WASHINGTON – The U.S. Department of the Interior’s Minerals Management Service (MMS) in 2006 assessed 41 civil penalties totaling \$1,480,000 to offshore industry companies for violations that occurred on the Outer Continental Shelf (OCS). A summary of the penalties -- including the identity of the party, the regulation violated, and the amount paid -- is published in today’s Federal Register.

The civil penalties resulted as part of MMS’s inspection program and are only one tool of many that MMS uses to manage oil and gas operations on the Outer Continental Shelf. Those actions include authority to shut down an offending production site if MMS finds that it is being operated in an unsafe manner or in a way that damages the environment. Any major violation is referred to the Justice Department.

Today’s list involves those penalties paid in 2006. Although a violation may have occurred prior to 2006, all 41 penalties were paid between January 1, 2006 and December 31, 2006. For this period, penalties ranged from a low of \$5,000 for an inoperable sump pump to a high of \$165,000 for bypassed safety valves, which would be used to shut in oil and gas in case of an emergency.

The civil penalty process is designed to encourage companies to comply with the statutes and regulations by pursuing, assessing, and collecting penalties. Publishing the penalties summary provides information to the public on violations of special concern in OCS operations and provides an additional incentive for safe and environmentally sound operations.

The Oil Pollution Act of 1990 expanded MMS’s authority to impose penalties for violating its regulations. The Act authorizes the Secretary of the Interior to assess a civil penalty without providing notice and time for corrective action where a failure to comply with applicable regulations results in a threat of serious, irreparable, or immediate harm or damage to human life or the environment.

Between January, 2000, and January 2007, operators have paid 278 civil penalties for a total of \$11,914,371 in fines. A quarterly update of the civil penalties list is posted on the MMS website.

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