BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana

DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE SECRETARY

June 3, 2010

CERTIFIED MAIL (7004 1160 0001 9957 2541)
RETURN RECEIPT REQUESTED

Transocean Offshore Deepwater Drilling, L.L.C.
c/o Capitol Corporate Services, Inc.
Agent for Service of Process
800 Brazos,Suite 400
Austin, TX 78701

RE: CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. MM-CN-10-00825
AGENCY INTEREST NO. 170547

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **Transocean Offshore Deepwater Drilling, L.L.C.. (RESPONDENT)** for the violation(s) described therein.

Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violation(s) cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Lourdes Iturralde at 225-219-3715.

Sincerely,

Lourdes Iturralde
Administrator
Enforcement Division

LI//
Attachment

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF	*	
	*	
Transocean Offshore Deepwater Drilling, L.L.C.		
		ENFORCEMENT TRACKING NO. MM-CN-10-00825
MULTI-PARISH	*	
	*	
	*	**AGENCY INTEREST NO.**
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT,	*	**170547**
La. R.S. 30:2001, ET SEQ.	*	

CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **Transocean Offshore Deepwater Drilling, L.L.C. (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2011(D)(6) and (14), La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

FINDINGS OF FACT

I.

The Respondent owned and/or operated the Deepwater Horizon oil rig that was drilling a well in Mississippi Canyon Block 252 located approximately 50 miles off the coast of Louisiana, waters of the United States of America.

II.

On or about April 20, 2010, the well experienced a blow out resulting in continuous discharges of oil and natural gas from the wellhead into waters of the United States. The continuous discharges of oil and other pollutants have impacted the waters and coastline of the State of Louisiana.

III.

A. The Respondent caused and/or allowed the unauthorized discharge of oil and other pollutants to the waters and coastline of the State of Louisiana in violation of La. R.S.30:2075, La. R.S. 30:2076(A)(1)(a) and LAC 33:IX.1701.B.

B. The Respondent caused and/or allowed the unauthorized disposal of solid waste to the waters and coastline of the State of Louisiana in violation of La. R.S. 30:2155 and LAC 33:VII. 315.C.

C. The Respondent has failed to remediate the contaminated media caused by the unauthorized discharge, in violation of La. R.S.30:2077.

COMPLIANCE ORDER

Based on the foregoing, the Respondent is **hereby ordered**:

I.

To immediately take any and all measures necessary to eliminate the unauthorized discharge of oil and other pollutants into waters and property located in the State of Louisiana.

II.

To immediately take any and all steps necessary to remediate all oil contaminated media to the extent practicable.

III.

To immediately submit to the Department of Environmental Quality, Enforcement Division, a plan that describes actions to be taken to eliminate the discharge and to remediate the impacted waters and property in the State of Louisiana.

IV.

To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Act, Water Quality, and Solid Waste Regulations.

V.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violation(s) and actions taken or to be taken to achieve compliance with the Order Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to:

Office of Environmental Compliance
Post Office Box 4312
Baton Rouge, Louisiana 70821-4312
Attention: Lourdes Iturralde
Enforcement Tracking No. MM-CN-10-00825
Agency Interest No. 170547

THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:

I.

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality
Office of the Secretary
Post Office Box 4302
Baton Rouge, Louisiana 70821-4302
Attn: Hearings Clerk, Legal Division
Re: Enforcement Tracking No. MM-CN-10-00825
Agency Interest No. 170547

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Department's Rules of Procedure. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right

to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than twenty-seven thousand five hundred dollars ($27,500) for each day of violation for the violation(s) described herein may be assessed. For violations which occurred on August 15, 2004, or after, civil penalties of not more that thirty-two thousand five hundred dollars ($32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars ($50,000) for each day of continued violation or noncompliance.

VII.

For each violation described herein, the Department reserves the right to seek civil penalties in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties.

NOTICE OF POTENTIAL PENALTY

I.

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

II.

Prior to the issuance of additional appropriate enforcement action(s), you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would

like to have such a meeting, please contact Lourdes Iturralde at (225) 219-3715 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

III.

The Respondent in violation of the Act is liable for a civil penalty to be assessed by the Secretary, the Assistant Secretary of the Office of Environmental Compliance, or the court of not more than the costs to the state of any response action made necessary by such violation which is not voluntarily paid by the violator and a penalty of not more than $32,500 for each day of violation, La. R. S. 30:2025 (E) (1) (a). This penalty shall not preclude additional remedies available to the State arising under other state or federal law.

IV.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violation(s) to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify that statement.

V.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 3rd day of June, 2010.

Peggy M. Hatch

Peggy M. Hatch.
Secretary

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821-4312
Attention: Lourdes Iturralde