STATEMENT OF BASIS
Energy Partners, Ltd.
SL 17194 Well No. 002
LPDES Permit No. LA0122564
AI No. 124120

For the Issuance of Territorial Subcategory of the Oil and Gas Extraction Point Source Category LPDES Water Discharge Permits.

THE PERMITTEES ARE: **Energy Partners, Ltd. - SL 17194 Well No. 002** involved with the exploration, development, and production of oil and gas within territorial subcategory locations of the State of Louisiana.

ISSUING OFFICE: Louisiana Department of Environmental Quality (LDEQ)
Office of Environmental Services
Post Office Box 4313
Baton Rouge, Louisiana 70821-4313

PREPARED BY: Gene Jarreau

DATE PREPARED: January 3, 2007

1. PERMIT STATUS

A. Reason For Permit Action:
First Time Issuance of a Louisiana Pollutant Discharge Elimination System (LPDES) permit for a 5-year term.

B. NPDES permit effective date: N/A
NPDES permit expiration date: N/A
EPA has not retained enforcement authority.

C. LPDES permit: N/A
LPDES permit effective date: N/A
LPDES permit expiration date: N/A

D. Date Application Received: August 5, 2004

2. FACILITY INFORMATION

A. FACILITY TYPE/ACTIVITY - Oil and Gas Exploration, Development, and Production Operations

Energy Partners, Ltd. - SL 17194 Well No. 002 is an oil and gas exploration, development, and production facility.

B. FEE RATE

1. Fee Rating Facility Type: minor
2. Complexity Type: III, BPJ from 20 points to 10 points to be closer to the fee for coverage under the general permit, LAG260000
3. Wastewater Type: III
4. SIC Code: 1311

C. LOCATIONS - SL 17194 Well No. 002, Burrwood Offshore Field, approximately 22.8 miles south of Venice , Plaquemines Parish

Latitude: 28° 56' 54" Longitude: 89° 21' 50"

3. OUTFALL INFORMATION

See Appendix A.

4. RECEIVING WATER

Stream – Gulf of Mexico

Basin and Subsegment – Mississippi River, 070601

Designated Uses -
a. primary contact recreation
b. secondary contact recreation
c. fish and wildlife propagation
e. oyster propagation

5. PROPOSED EFFLUENT LIMITS

See Appendix A.

6. COMPLIANCE HISTORY/COMMENTS

A file review disclosed that no actions have been issued to Energy Partners, Ltd. - SL 17194 Well No. 002.

7. 303(d)/TMDL WATERBODIES

Subsegment 070601, Mississippi River Basin Coastal Bays and Gulf Waters to the State three-mile limit, is listed on LDEQ's Final 2004 303(d) List as impaired for mercury and pathogen indicators. To date no TMDLs have been completed for this waterbody. A reopener clause will be established in the permit to allow for the requirement of more stringent effluent limitations and requirements as imposed by a TMDL. Until completion of TMDLs for the Mississippi River Basin, those suspected causes for impairment which are not directly attributed to the oil and gas extraction point source category have been eliminated in the formulation of effluent limitations and other requirements of this permit. Additionally, suspected causes of impairment which could be attributed to pollutants which were not determined to be discharged at a level which would cause, have the reasonable potential to cause or contribute to an excursion above any present state water quality standard were also eliminated. The integrated report reasoning for listing mercury as an impairment is due to atmospheric deposition of toxics, and an unknown source. The integrated report reasoning for listing pathogen indicators as an impairment is due to an unknown source. A TMDL is required for any listed impairment. The TMDL due date for LDEQ is March 31, 2010. The EPA backstop due date is March 31, 2011.

8. ENDANGERED SPECIES

The receiving waterbody, Subsegment 070601 of the Mississippi River Basin is not listed in Section II.2 of the Implementation Strategy as requiring consultation with the U.S. Fish and Wildlife Service (FWS). This strategy was submitted with a letter dated September 29, 2006 from Watson (FWS) to Brown (LDEQ). Therefore, in accordance with the Memorandum of Understanding between the LDEQ and the FWS, no further informal (Section 7, Endangered Species Act) consultation is required. It was determined that the issuance of the LPDES permit is not likely to have an adverse effect on any endangered or candidate species or the critical habitat. The effluent limitations established in the permit ensure protection of aquatic life and maintenance of the receiving water as aquatic habitat.

9. HISTORIC SITES

The LDEQ shall notify the LSHPO of the receipt of individual permit applications for proposed facilities when associated oil or gas related activities are to be planned on inland wetlands areas.

10. TENTATIVE DETERMINATION

On the basis of preliminary staff review, the Department of Environmental Quality has made a tentative determination to issue a permit for discharges described in the proposed effluent attachment.

11. PUBLIC NOTICES

Upon publication of the public notice, a public comment period shall begin on the date of publication and last for at least 30 days thereafter. During this period, any interested persons may submit written comments on the proposed issuance of LPDES individual permits and may request a public hearing to clarify issues involved. This Office's address is on the first page of the statement of basis. A request for a public hearing shall be in writing and shall state the nature of the issues proposed to be raised in the hearing.

Public notice published in:

The local newspaper of general circulation and

The Office of Environmental Services Public Notice Mailing List.

Rationale for Energy Partners, Ltd., SL 17194 Well No. 002

Outfall locations will vary from site to site. See Appendix A for pollutant type, limitations and monitoring frequencies.

Limits Justification and References

Limits are based upon 40 CFR 435 Subpart A - Territorial Subcategory, Final NPDES General Permit for the Territorial Waters of Louisiana (LAG260000), Louisiana Water Discharge Permit System individual permits, and Best Professional Judgment.

Storm Water Pollution Prevention Plan (SWP3) Requirement

In accordance with LAC 33:IX.2511.C.1.c, the operator must prepare and implement a Storm Water Pollution Prevention Plan (SWPPP) if there has been a release of reportable quantity of oil or hazardous substance in stormwater at the facility since November 16, 1987. Reportable Quantity spill is defined at 40 CFR 110.3 as discharges of oil that "Cause a film or sheen upon or discoloration of the surface of the water."

The SWP3 shall be prepared, implemented, and maintained within 60 calendar days of the effective date of this permit if a discharge of a reportable quantity of oil or a hazardous substance has occurred on or before this date, or within 60 calendar days after the first knowledge of a discharge of a reportable quantity of oil or a hazardous substance. The plan should identify potential sources of storm water pollution and ensure the implementation of practices to prevent and reduce pollutants in storm water discharges associated with industrial activity at the facility (see STORMWATER DISCHARGES in Part II of the Draft Permit).