

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CEDYCO CORPORATION

AI # 81006

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

*	Settlement Tracking No.
*	SA-WE-07-0005
*	
*	Enforcement Tracking No.
*	WE-CN-04-0692
*	
*	
*	Docket No. 2004-9834-EQ
*	

SETTLEMENT

The following Settlement is hereby agreed to between Cedyco Corporation ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a corporation who operates a gas production facility at the Diamond Oil and Gas Field in Plaquemines Parish, Louisiana. ("the Facility").

II

On July 13, 2004, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. WE-CN-04-0692, which was based upon the following findings of fact:

The Respondent owns and/or operates an oil and gas production facility known as the Johnson Tank Battery located in the Diamond Oil and Gas Field in Plaquemines Parish, Louisiana. The Respondent does not have a Louisiana Pollutant Discharge Elimination System (LPDES) permit or other authority to discharge wastes and/or other substances to the waters of the state.

An inspection conducted by the Department on August 8, 2002, disclosed that the Respondent had failed to implement an adequate Spill Prevention and Control (SPC) plan by failing to provide pollution containment devices that under normal operating conditions prevent unauthorized discharges. Specifically, there was evidence of produced water on the deck and the stormwater sump had no means to prevent a discharge of produced water from entering waters of the state. The failure to implement an adequate SPC plan is in violation of La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, LAC 33:IX.708.C.1.b, and LAC 33:IX.905.A.

An inspection conducted by the Department on February 13, 2004, revealed an unauthorized discharge of produced water into waters of the state. At the time of the inspection, there was a discharge from the stormwater sump located at the southeast side of the facility into an unnamed canal, thence into Grand Bayou, all waters of the state. The discharge rate was estimated to be approximately 17,280 GPD. The discharge was producing a rainbow colored sheen on the surface of the waterbody. Laboratory samples of the discharge from the sump revealed a total organic carbon (TOC) concentration of 634 mg/L, a total chloride concentration of 45,300 mg/L, and an oil and gas concentration of 73.5 mg/L. The unauthorized discharge of produced water is in violation of La. R.S. 30:2075, La. R.S. 30:2076 (A)(1)(a), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.C, LAC 33:IX.708.C.1.a, LAC 33:IX.708.C.2.b.iii, LAC 33:IX.1701.B, and LAC 33:IX.2311.A.1.

Further inspection conducted by the Department on February 13, 2004, disclosed that the Respondent had failed to implement an adequate Spill Prevention and Control (SPC) plan by failing to provide pollution containment devices that under normal operating conditions prevent unauthorized discharges. Specifically, a stormwater drain was broken under the separator platform and there was free oil on the deck around the eastern end of the barge by the produced water pump.

The failure to implement an adequate SPC plan is in violation of La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, LAC 33:IX.708.C.1.b, and LAC 33:IX.905.A.

III

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Respondent made a timely request for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of THREE THOUSAND THREE HUNDRED FIFTEEN AND NO/100 DOLLARS (\$3,315.00) of which Eight Hundred Fifteen and 00/100 Dollars (\$815.00) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order and Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Plaquemine Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department

of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

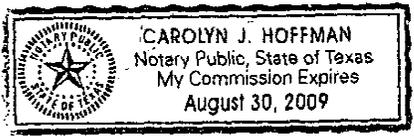
CEDYCO CORPORATION

BY: [Signature]
(Signature)

L. Dreyer
(Print)

TITLE: President

THIS DONE AND SIGNED in duplicate original before me this 30th day of April, 20 07, at Harris County, Texas



Carolyn J. Hoffman
NOTARY PUBLIC (ID #12541743-D)

CAROLYN J. HOFFMAN
(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Mike D. McDaniel, Ph.D., Secretary

BY: [Signature]
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 9th day of October, 20 07, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID 20456)
Ted R. Boyle, II
(Print)

Approved: [Signature]
Harold Leggett, Ph.D., Assistant Secretary