

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

LINDER OIL COMPANY, A PARTNERSHIP

AI # 83902

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

* Settlement Tracking No.
* SA-WE-10-0056
*
* Enforcement Tracking No.
* WE-CN-08-0145
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* Docket No. 2009-9930-EQ
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SETTLEMENT

The following Settlement is hereby agreed to between Linder Oil Company, A Partnership (“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 partnership that owns and/or operates an oil and gas production facility located north of Boothville, Plaquemines Parish, Louisiana (“the Facility”).

II

On September 24, 2008, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. WE-CN-08-0145, which was based upon the following findings of fact:

The Respondent owns and/or operates an oil and gas production facility located 10 miles north of Boothville, Plaquemines Parish, Louisiana. On or about March 1, 2006, the Department received a Notice of Intent from the Respondent to discharge from oil and gas exploration, development, and production facilities located within coastal waters. The Respondent was granted

coverage under Louisiana Pollutant Discharge Elimination System (LPDES) General Permit LAG330000 on April 5, 2006, and was specifically assigned permit number LAG33A416. The permit expires on November 30, 2010. The Respondent is authorized to discharge dewatering effluents from reserve pits which have not received drilling fluids and/or drill cuttings since December 15, 1996, deck drainage, formation test fluids, treated sanitary wastewater, domestic wastewater, hydrostatic test water, and other miscellaneous discharge through an effluent pipe, thence into Breton Sound, thence into the Gulf of Mexico, both waters of state.

An inspection conducted by the Department on or about July 26, 2007, and a re-inspection conducted by the Department on or about July 30, 2007, revealed that the Respondent had unauthorized discharges of produced water from its Main Pass Block 32 facility thence into Breton Sound, thence into the Gulf of Mexico, both waters of state. Specifically, the July 26 inspection noted a discharge of produced water emanating from a pipe connected to a tank. In addition the July 30 re-inspection noted a discharge of produced water from an open water discharge valve on the sump. Analyses of a sample collected from the discharge on July 30, 2007, revealed a Chloride value of 85,057 mg/L. The unauthorized discharges of produced water constitute a violation of LPDES permit LAG33A416 (Part 1 and Part III, Section A.2) La. R.S. 30:2075, La. R.S. 30:2076 (A)(1), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.C, LAC 33:IX.501.D, and LAC 33:IX.708.C,1.a, LAC 33:IX.708.C.2.e.iv(c), and LAC 33:IX.1901.A.

Further inspection conducted by the Department on or about July 30, 2007, revealed that the Respondent failed to prepare and/or implement an adequate Spill Prevention and Control (SPC) plan. Specifically, the water discharge valve to the sump was in the open position thus allowing a

continuous discharge of produced water into waters of the state. The failure to prepare and/or implement an adequate SPC plan constitutes a 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.B.

III

In response to the Consolidated Compliance Order & 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 SEVEN THOUSAND ONE HUNDRED SIXTY-SEVEN & NO/100 DOLLARS (\$7,167.00), of which Three Hundred Eighty-Three and 44/100 Dollars (\$383.44) represents the Department'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 the Department 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 & 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 Plaquemines 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 an original proof-of-publication affidavit and an original public notice 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.

LINDER OIL COMPANY, A PARTNERSHIP

BY: G. Miles Biggs, Jr.
(Signature)

G. Miles Biggs, Jr.
(Print)

TITLE: Co-Manager

THUS DONE AND SIGNED in duplicate original before me this 19th day of October, 20 10, at Covington, Louisiana.

A. William Mysing, Jr.
NOTARY PUBLIC (ID # 9874)

A. William Mysing, Jr.
(Print)

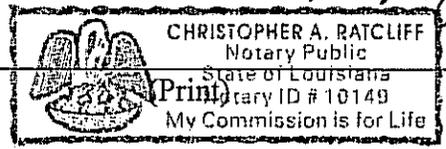
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: Cheryl Sonnier Nolan

Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 18th day of February, 20 11, at Baton Rouge, Louisiana.

Christopher A. Ratcliff
NOTARY PUBLIC (ID # 10149)



Preliminary Approval: Beau James Brock
Beau James Brock, Assistant Secretary