

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

MESA GULF COAST, LLC

AI # 115535, 32320, 123219, 121483, 32638,
127911, 32300, 32296, 32673, 32293, 32686,
32298, 147740, 32335 and 613

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

* Settlement Tracking No.
* SA-AE-15-0021
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* Enforcement Tracking No.
* AE-PP-12-00875
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SETTLEMENT

The following Settlement is hereby agreed to between Mesa Gulf Coast, LLC (“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 limited liability company that owns and/or operates a crude petroleum and natural gas extraction facilities located in Lafourche and Plaquemines Parishes (“the Facilities”).

II

On August 22, 2013, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-12-00875, which was based upon the following findings of fact:

“On or about June 12, 2013, a file review of the following facilities, owned and/or operated by Mesa Gulf Coast, LLC (RESPONDENT), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations.

AGENCY INTEREST NUMBER	FACILITY	LOCATION	PERMIT NUMBER	ISSUE DATE
115535	PPCO No.2 Tank Battery: Valentine Field	1.5 miles northerly of Valentine, Lafourche Parish, LA	1560-00212-01	8/6/2012
32320	Valentine Sugars #5 & #6 CTB	5 miles north of Larose, Lafourche Parish, LA	1560-00093-03	8/16/2012
123219	Bay Bastiste Field Production Facility	10 miles WSW of Port Sulphur, Plaquemines Parish, LA	2240-00354-01	4/27/2013
121483	Bay Jimmy Production Facility	10.9 miles westerly of Port Sulphur, Plaquemines Parish, LA	2240-00350-00	5/24/2004
32638	Lake Hermitage Production Facility #1	4 miles south of Deer Range, Plaquemines Parish, LA	2240-00175-05	7/3/2012
127911	LaRose Central Facility	6.3 miles north of Larose, Lafourche Parish, LA	1560-00225-01	7/9/2012
32300	Valentine Field Southdown Tank Battery #9-Valentine Field	1.5 miles NW of Valentine, Lafourche Parish, LA	1560-00060-05	8/24/2012
32296	Valentine #14 Tank Battery	0.75 miles NNW of Valentine, Lafourche Parish, LA	1560-00054-05	7/23/2012
32673	Lake Hermitage Production Facility No.2	12.5 miles northwest of Port Sulphur, Plaquemines Parish, LA	2240-00226-03	4/17/2002
32293	Valentine Field CTB #2 Production Facility-Valentine Field	Off Hwy. 308, 4.5 miles south of Gheens, Lafourche Parish, LA	1560-00050-02	8/9/2012
32686	Lake Hermitage Production Facility No.4	2 miles southerly of Hermitage, Plaquemines Parish, LA	2240-00249-02	3/12/2003
32298	Valentine Field Southcoast Battery	4.5 miles east of Gheens, Lafourche Parish, LA	1560-00057-07	5/13/2013
147740	Harang #1 Facility-Valentine Field	Off Amoco Road, 8.7 miles southeast of Lockport, Lafourche Parish, LA	1560-00257-01	2/27/2013
32335	Valentine/Rizan Tank Battery #1	3.9 miles southeast of Lockport, Lafourche Parish, LA	1560-00113-01	6/22/2006
613	Rizan CS #1 North Stripper Rizan CTB SWD #2-Valentine Field	2.5 miles NW of Valentine, Lafourche Parish, LA	1560-00061-04	2/27/2013

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file review:

A. The Respondent became the owner/operator of the aforementioned facilities and submitted Notification of Change Forms (NOC-1) to the Department as listed below:

AGENCY INTEREST NUMBER	CHANGE OF OWNERSHIP DATE	NOC-1 SUBMITTAL DATE
115535	7/22/2011	6/12/2012
32320	7/22/2011	6/12/2012
123219	7/22/2011	6/12/2012
121483	7/22/2011	6/12/2012
32638	7/22/2011	6/12/2012
127911	7/22/2011	6/12/2012
32300	7/22/2011	6/12/2012
32296	7/22/2011	6/12/2012
32673	7/22/2011	6/12/2012
32293	7/22/2011	6/12/2012
32686	7/22/2011	6/12/2012
32298	7/22/2011	6/12/2012
147740	7/22/2011	12/6/2012
32335	7/22/2011	12/6/2012
613	7/22/2011	12/6/2012

Each failure to submit the NOC-1 and associated documentation to the Department within forty-five (45) days after a change in ownership of a permitted facility is a violation of LAC 33:I.1907.B; LAC 33:III.517.G; and La. R.S. 30:2057(A)(2).

A. The Respondent operated the facilities as indicated in the table below:

AGENCY INTEREST NUMBER	CHANGE OF OWNERSHIP DATE	PERMIT TRANSFER DATE	DURATION OF UNAUTHORIZED OPERATION
115535	7/22/2011	6/28/2012	342 days
32320	7/22/2011	6/28/2012	342 days
123219	7/22/2011	6/28/2012	342 days
121483	7/22/2011	6/28/2012	342 days
32638	7/22/2011	6/28/2012	342 days
127911	7/22/2011	6/28/2012	342 days
32300	7/22/2011	6/28/2012	342 days
32296	7/22/2011	6/28/2012	342 days
32673	7/22/2011	6/28/2012	342 days
32293	7/22/2011	6/28/2012	342 days
32686	7/22/2011	6/28/2012	342 days
32298	7/22/2011	6/28/2012	342 days
147740	7/22/2011	2/22/2013	581 days
32335	7/22/2011	2/22/2013	581 days
613	7/22/2011	2/22/2013	581 days

The unauthorized operation of each facility from the date the facility was acquired until a permit was transferred, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).”

III

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

IV

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 ELEVEN THOUSAND AND NO/100 DOLLARS (\$11,000.00), of which Eight Hundred Twenty-Seven and 94/100 Dollars (\$827.94) 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).

V

Respondent further agrees that the Department may consider the permit records, the 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.

VI

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.

VII

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 La. R. S. 30:2025(E) of the Act.

VIII

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authorities in Lafourche and Plaquemines Parishes, 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.

MESA GULF COAST, LLC

BY: _____
(Signature)

(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20_____, at _____.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

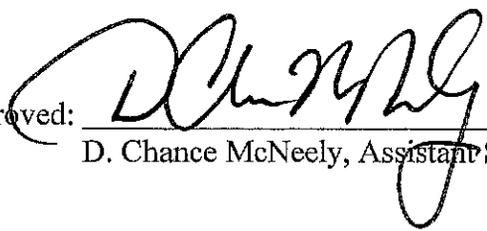
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch Secretary

BY: _____
D. Chance McNeely, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20_____, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

Approved:  _____
D. Chance McNeely, Assistant Secretary