STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-WE-14-0056**
SHORELINE SOUTHEAST LLC	*	
	*	**Enforcement Tracking No.**
AI # 167753	*	**WE-PP-12-01161**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Shoreline Southeast 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 facility located 1.8 miles southwest of Port Sulphur, Plaquemines Parish, Louisiana ("the Facility").

II

On April 1, 2013, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. WE-PP-12-01161, which was based upon the following findings of fact:

"On or about April 17, 2012, and February 18, 2013, inspections of the **DIAMOND FIELD FACILITY**, owned and/or operated by **SHORELINE SOUTHEAST LLC (RESPONDENT)**, were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Water Quality Regulations. The Diamond Field Facility is located 1.8 miles southwest of Port Sulphur, Plaquemines Parish, Louisiana. The Department received a Notice of

Intent (NOI) to discharge waters associated with oil and gas exploration, development, and production facilities located within coastal waters on March 3, 2011. The Respondent was granted coverage under Louisiana Pollutant Discharge Elimination System (LPDES) General Permit LAG330000 and was specifically assigned permit number LAG33B012, which will expire on January 31, 2016. Under the terms and conditions of LPDES General Permit LAG33B012, the Respondent is authorized to discharge waters associated with oil and gas exploration, development, and production facilities located within coastal waters by pipe, thence into an unnamed oilfield canal, thence into Grand Bayou, thence into Bay Au Fer, all waters of the state.

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 inspection and a subsequent file review conducted on or about March 6, 2013:

A. An inspection conducted by the Department on or about April 17, 2012, revealed that the Respondent caused and/or allowed an unauthorized discharge to waters of the state. Specifically, the Respondent reported that fifty (50) barrels of completion fluid were released during the transfer of completion fluid from a barge mounted tank to the rig. The completion fluid was discovered leaking onto the deck of the barge and into the surface water due to a broken, leaking valve. The unauthorized discharge of completion fluid to waters of the state is a violation LPDES General Permit LAG33B012 (Part III, Section A.2), La. R.S. 30:2076(A)(1)(a), and LAC 33:IX.501.D.

B. On or about January 19, 2013, the Respondent caused and/or allowed an unauthorized discharge to waters of the state. Specifically, the Respondent self reported that less than eighty-four (84) gallons of oil were released to into access canal due to sensor failure. The sensor in the saltwater storage failed to shut off flow once the high programmed high level was attained, allowing crude oil present at the top of the tank to discharge. A written unauthorized discharge notification report from the Respondent was submitted to the Department on January 25, 2013. The unauthorized discharge of crude oil to waters of the state is a violation of LPDES General Permit LAG33B012 (Part III, Section A.2), La. R. S. 30:2075 and LAC 33:IX.708.C.1.a."

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 EIGHT THOUSAND FOUR HUNDRED FOURTEEN AND NO/100 DOLLARS (8,414.00), of which Four Hundred Thirteen and 99/100 Dollars ($413.99) 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 inspection report(s), permit record(s), NOPP 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

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.

IX

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).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in

accordance with the terms of this Settlement.

XI

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.

SHORELINE SOUTHEAST 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: _____
Cheryl Sonnier Nolan, 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: _____
Cheryl Sonnier Nolan, Assistant Secretary