

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**SOUTHWESTERN ENERGY
PRODUCTION COMPANY
AI # 99963**

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

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* **Enforcement Tracking No.**
* **AE-PP-03-0403**
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SETTLEMENT

The following Settlement is hereby agreed to between Southwestern Energy Production Company (“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 production barge well facility at Miami Corp. Production Barge Well #1 Facility located approximately ten miles north-northeast of Grand Chenier in Cameron Parish, Louisiana (“the Facility”).

II.

On March 28, 2004, the Department issued a Notice of Potential Penalty, Enforcement No. AE-PP-03-0403, to Respondent, which was based upon the following findings of fact:

On October 9, 2003, a file review of the Miami Corp. Production Barge Well #1 Facility, owned and/or operated by Southwestern Energy Production Company, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and

the Air Quality Regulations.

The following violation was noted, during the course of the file review:

The Respondent started production at the facility on February 20, 2002. A permit application for the facility was received by the Department on June 11, 2002. Standard Oil and Gas Permit No. 0560-00185-00 was issued to the facility on December 30, 2002. On or about April 3, 2003, the Respondent submitted a request to rescind the permit since production at the facility had ceased. The permit was terminated on July 29, 2003. The Respondent commenced operation of the facility, which resulted in an initiation of emissions prior to the issuance of the permit. This is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

III.

In response to the Notice of Potential Penalty, Respondent requested 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 HUNDRED FIFTY AND NO/100 DOLLARS (\$750.00) of which Two Hundred Five and 65/100 Dollars (\$205.65) 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 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 Cameron 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 Darryl Serio, Office of Management and Finance, 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/her respective party, and to legally bind such party to its terms and conditions.

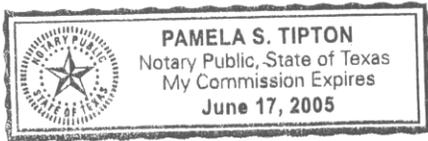
SOUTHWESTERN ENERGY PRODUCTION
COMPANY

BY: *M.E. McAllister*
(Signature)

M.E. McAllister
(Printed or Typed)

TITLE: MGR - Health, Safety & Environment

THUS DONE AND SIGNED in duplicate original before me this 11th day of
February, 20 05, at Houston, Texas.



Pamela S. Tipton
NOTARY PUBLIC (ID # _____)

PAMELA S. TIPTON
(Printed or Typed)

STATE OF LOUISIANA
Mike D. McDaniel, Ph.D., Secretary
Department of Environmental Quality

BY: *Harold Leggett*
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 25th day of
April, 20 05, at Baton Rouge, Louisiana.

Christopher A. Ratcliff
NOTARY PUBLIC (186756)

Christopher A. Ratcliff
(Printed or Typed)

Approved: *Harold Leggett*
Harold Leggett, Ph.D., Assistant Secretary



CHARLES C. FOTI, JR.
ATTORNEY GENERAL

State of Louisiana

DEPARTMENT OF JUSTICE

P.O. BOX 94005

BATON ROUGE

70804-9005

April 12, 2005

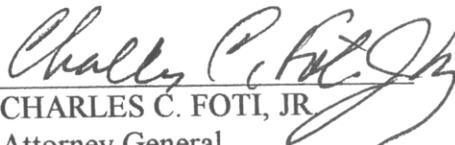
Mr. Herman Robinson, Executive
La. Department of Environmental Quality
Legal Affairs Division
P.O. Box 4302
Baton Rouge, LA 70821-4302

Re: AG Review of DEQ Settlement;
Southwestern Energy Production Company
AE-PP-03-0403

Dear Mr. Robinson:

Pursuant to the authority granted to me by Art. IV, Sec. 8 of the state constitution and R.S. 30:2050.7(E)(2)(a), I approve the above referenced settlement.

Sincerely,

By: 
CHARLES C. FOTI, JR.
Attorney General

CCF/mlc