

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

PXP LOUISIANA L.L.C.

AI # 123209

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

\* Settlement Tracking No.  
\* SA-WE-14-0005  
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\* Enforcement Tracking No.  
\* WE-PP-10-01546  
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SETTLEMENT

The following Settlement is hereby agreed to between PXP Louisiana L.L.C. (“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 owned and/or operated a facility located in Barataria Bay in the Queen Bess Field, approximately 6.7 miles northeast of Grand Isle, Jefferson Parish, Louisiana (“the Facility”).

II

On January 28, 2011, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. WE-PP-10-01546, which was based upon the following findings of fact:

“On or about April 11, 2010, an investigation of the **QUEEN BESS PRODUCTION FACILITY**, owned and/or operated by **PXP LOUISIANA, L.L.C. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act

(the Act) and the Water Quality Regulations based upon a report to the Louisiana Department of Environmental Quality's (the Department) SPOC reporting system by the Respondent on or about April 11, 2010. The facility is located in Barataria Bay in the Queen Bess Field, approximately 6.7 miles northeast of Grand Isle, Jefferson Parish, Louisiana.

The following violations were noted during the course of the investigation conducted on or about April 11, 2010 and the Department file review conducted on or about September 30, 2010:

- A. On or about April 11, 2010, the Respondent reported to LDEQ SPOC that a discharge of produced water occurred at the Queen Bess Production Facility; and, discharged into Barataria Bay, waters of the State. The discharge of produced water to waters of the State is in violation of permit LAG33A121 (Permit requirements at Subsection A.2, Part I, Page 4 and Section B, Page 20 of 20), LAC 33:IX.501.C, and La. R.S. 30:2076(A)(1)(a).
- B. On or about September 30, 2010, the Department conducted a file review and found that the Respondent submitted a required written report via facsimile on or about April 16, 2010, and by mail on or about April 22, 2010. In the report, the Respondent indicated that the unauthorized discharge of the produced water occurred on one or more days during the time period between August 17, 2007 and April 11, 2010. However, there is no evidence in the Department files that indicates that the Respondent notified the Department at any time during the approximated time period between August 17, 2007 and April 11, 2010 that an unauthorized discharge or discharges of produced water had occurred. The Respondent only notified the Department after the Respondent performed an internal environmental, health, and safety compliance audit of the Queen Bess Facility on or about April 11, 2010; which was the date the discharge was ceased. The Respondent also indicates in the written report submitted via facsimile on or about April 16, 2010, and by mail on or about April 22, 2010 that no reportable quantities were exceeded; and, that there were no violations of a daily maximum discharge limitation requiring 24-hour reporting. However, coverage under permit LAG33A121 does not apply to (or cover) the discharge of produced water. Being that the discharge of produced water is not covered under permit LAG33A121, any discharge of produced water is reportable immediately; but, in no case later than one hour after learning of the discharge. Failure to notify of an unauthorized discharge of produced water is in violation of permit LAG33A121 (Permit requirements at Page 9 of 17 of Part III, Subsection D.6.a) and of La. R.S. 30:2076(A)(3)."

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 TWENTY-FIVE THOUSAND SEVEN HUNDRED FIFTY-SIX AND 82/100 DOLLARS (\$25,756.82), of which Six Hundred Thirty and 34/100 Dollars (\$630.34) 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 record(s), the 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 Jefferson 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.

PXP LOUISIANA L.L.C.

BY: [Signature]  
(Signature)

Mark D. Kidder  
(Printed)

TITLE: Vice President



THUS DONE AND SIGNED in duplicate original before me this 27<sup>th</sup> day of May, 20 14, at Lafayette, Louisiana

[Signature]  
NOTARY PUBLIC (ID # \_\_\_\_\_)

**Julie D. Howell**  
Notary Public, #13935  
Parish of Lafayette, State of Louisiana  
My Commission expires with life.

(stamped or printed)

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY**  
Peggy M. Hatch, Secretary

BY: [Signature]  
Cheryl Sonnier Nolan, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 26<sup>th</sup> day of May, 20 14, at Baton Rouge, Louisiana

[Signature]  
NOTARY PUBLIC (ID # 19181)

Perry Theriot  
(stamped or printed)

Approved: [Signature]  
Cheryl Sonnier Nolan, Assistant Secretary