



Department of Justice

Eastern District of Louisiana

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XPLOR ENERGY PLEADS GUILTY TO FELONY CLEAN WATER ACT VIOLATION AGREES TO PAY \$3.1 MILLION DOLLAR FINE

NEW ORLEANS – U.S. Attorney Kenneth A. Polite announced that **XPLOR Energy SPV-1, Inc.** (“**XPLOR**”), an Oklahoma corporation residing in Southlake, Texas, pled guilty today to a one-count bill of information which charged the company with knowingly violating the Clean Water Act, Title 33, United States Code, Section 1319(c)(2)(A). These charges concern **XPLOR**’s oil and gas production activities in the Breton Sound Area of the Gulf of Mexico. As part of the guilty plea, the company agreed to pay a total monetary penalty of \$3.1 million and serve a three-year term of probation. If accepted by the Court, the \$3.1 million monetary penalty will be divided as follows: \$2.5 million to the United States Treasury, and \$600,000 to Louisiana Department of Environmental Quality Trust Fund.

According to the court documents, from on or about November 24, 1997 until November 18, 2011, **XPLOR** operated the MP 35 offshore facility (“MP 35 Platform”). **XPLOR** operated the MP 35 Platform for the purpose of extracting oil and natural gas.

As part of the oil and gas production, separation and processing, **XPLOR** was tasked with disposing of the pollutant known as “produced water” or “brine” which is produced with the extracted oil and natural gas. The MP 35 Platform was designed to dispose of this pollutant by forcing the produced water, under pump generated pressure, into disposal/injection wells located in Gulf of Mexico waters near the MP 35 Platform.

In or near November, 2011, **XPLOR** transferred ownership and operation to another corporation. The platform’s new owner quickly discovered the platform was continuously discharging produced water containing oil and other harmful substances into the waters of the United States. The new owner immediately contacted regulatory authorities to report the discharge.

The ensuing investigation revealed that **XPLOR** had knowingly discharged produced water containing oil into waters of the United States without any permit from faulty injection lines/pipes leading from the platform to the disposal wells used to store the produced water containing oil, and from produced water disposal wells which had insufficient capacity to hold the produced water. Despite knowing of this consistent discharge from the injection lines and the insufficient capacity of their disposal wells, **XPLOR** failed to adequately repair these faulty injection lines and disposal wells. **XPLOR's** intentional failure to make these repairs resulted in the repeated discharge of produced water containing oil into the waters of the United States from in or near October, 2009, and continuing through to November 18, 2011. **XPLOR's** actions resulted in a total monetary savings or gain to them in the amount of approximately \$1,550,000.

"Our federal and state law enforcement partners are committed to protecting our state's environment," stated U.S. Attorney Kenneth Polite. "Our citizens simply demand that businesses not illegally pollute the waterways that sit at the center of our culture and economy."

"We have a responsibility to ensure that Louisiana's waterways are protected from harmful and illegal industrial discharges," stated Ivan Viking, Special Agent in Charge of EPA's Criminal Enforcement Program in Louisiana. "This case will make a real difference in protecting public health and conserving the environment. The community service payment is especially impressive, bolstering the hard work that state, local and federal partners have invested to restore the Gulf of Mexico."

"Knowingly conducting unpermitted discharges of produced water from oil and gas production platforms is a crime," said Peggy Hatch, Secretary of the Louisiana Department of Environmental Quality. "DEQ is proud of the collaborative work of our federal and state investigators to halt these illegal practices and bring the perpetrators to justice, and will continue to enforce state and federal laws that protect our environment."

U.S. District Judge Sarah S. Vance set formal sentencing for March 4, 2015.

U.S. Attorney Polite praised the work of the Criminal Investigation Division of the United States Environmental Protection Agency ("EPA-CID") and the Criminal Investigation Division of the Louisiana Department of Environmental Quality ("DEQ-CID"). The case is being prosecuted by Assistant United States Attorney Matt Coman.

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