

**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

**IN THE MATTER OF:**

**SWIFT ENERGY OPERATING, LLC**

**AI # 32306**

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

\* **Settlement Tracking No.**  
\* **SA-WE-13-0065**  
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\* **Enforcement Tracking No.**  
\* **WE-CN-11-00203**  
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**SETTLEMENT**

The following Settlement is hereby agreed to between Swift Energy Operating, 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 an oil and gas production facility located approximately 13.4 miles east of Golden Meadow in Bay De Chene Field, Jefferson and Lafourche Parishes, Louisiana (“the Facility”).

**II**

On January 9, 2013, the Department issued to Respondent a Compliance Order & Notice of Potential Penalty (CONOPP), Enforcement No. WE-CN-11-00203, which was based upon the following findings of fact:

“The Respondent owns and/or operates an oil and gas production facility known as the Bay De Chene Field Tank Battery Central Facility, located approximately 13.4 miles east of Golden Meadow in Bay De Chene Field, in Lafourche Parish, Louisiana. The Respondent was granted

coverage under Louisiana Pollutant Discharge Elimination System (LPDES) General Permit LAG330000 on or about May 12, 2006, and was specifically assigned LAG33A463, with an expiration date of November 30, 2010, and was administratively continued. On or about May 16, 2011, LPDES Permit LAG33A463 was reissued to the Respondent with an expiration date of January 31, 2016. On or about October 3, 2011, LPDES Permit LAG33A463 was modified to correct typographical errors, add footnotes to clarify reporting requirements for the daily maximum results on all outfalls, correct the TRC statistical basis on Outfalls 04A and 04B to reflect the minimum and maximum values, and correct the Outfall 006 STORET Code for Lead. Under the terms and conditions of LPDES Permit LAG33A463, the Respondent is authorized to discharge wastewater associated with oil and gas exploration and production facilities from the facility into an unnamed canal, thence into Raccoon Lake, waters of the state.

On or about January 21, 2010, the Respondent self-reported an unauthorized discharge of produced water into Hackberry Bay, waters of the state. Specifically, the Respondent discharged eleven (11) barrels of produced water from the C-9 Well into Hackberry Bay on January 17, 2010. The positive choke body on the C-9 Wellhead had been cut due to sand production. The unauthorized discharge of produced water into waters of the state is a violation of La. R.S. 30:2075 and LAC 33:IX.708.C.2.b.ii. Corrective measures taken by the Respondent included repairing the positive choke body on the C-9 Wellhead.

On or about June 26, 2011, the Respondent self-reported an unauthorized discharge of produced water and crude oil into Hackberry Bay and the surrounding water and marshland, all waters of the state. Specifically, a 1500 gallon capacity produced water storage tank overflowed, due to the failure of two (2) separate safety devices. The overflow caused a discharge of approximately eight (8) barrels of crude oil and approximately 176 barrels of produced water from the above ground

produced water tank. A sheen caused by the release was estimated to be one-fourth (1/4) mile wide by four (4) miles long and dark in color. The unauthorized discharge of crude oil and produced water into waters of the state is a violation of La. R.S. 30:2075, LAC 33:IX.708.C.2.b.ii, and LAC 33:IX.1701.B. The Respondent's failure to implement an adequate Spill Prevention and Control (SPC) plan to prevent releases from entering waters of the state is a violation of LPDES Permit LAG33A463 (Facility Specific Requirements, Narrative Requirements, Page 20 of 20; and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.708.C.1.b. Corrective measures taken by the Respondent included the following: containment booms were deployed, a redundant pneumatic shutdown was added on the produced water tank, two additional audible alarms were added, an additional safety alarm was added on the pumps, and periodic nighttime rounds were initiated to confirm that the facility is properly operating.

On or about April 9, 2012, the Respondent self-reported an unauthorized discharge of produced water and crude oil into Hackberry Bay, waters of the state. Specifically, the Respondent discharged approximately fifteen (15) gallons of crude oil and an estimated thirty-five (35) gallons of produced water into Hackberry Bay from the UA#118 Well. The release caused an initial silver sheen which was one-half (1/2) mile long and 400 feet wide. The unauthorized discharge occurred due to corrosion and equipment failure on the gas lift line. The produced water discharged was not recoverable. The unauthorized discharge of crude oil and produced water into waters of the state is a violation of La. R.S. 30:2075, LAC 33:IX.708.C.2.b.ii, and LAC 33:IX.1701.B. Corrective measures taken by the Respondent included the following: absorbent and containment boom were deployed around the released crude oil and all recoverable oil was removed.

A file review conducted by the Department on or about September 6, 2012, revealed that the Respondent failed to sample in accordance with LPDES Permit LAG33A463 for Outfall 04B.

Specifically, for Outfall 04B, the Respondent failed to sample Total Residual Chlorine (TRC) once a week for the monthly monitoring periods of January of 2009 and January of 2010. Each failure to sample as required is a violation of LPDES Permit LAG33A463 (Facility Specific Requirements, Monitoring Requirements, Pages 10-12 of 20; and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.E.

A file review conducted by the Department on or about September 6, 2012, revealed that the Respondent failed to record sample results on Discharge Monitoring Reports (DMRs). Specifically, the Respondent failed to record four (4) pH sample results at Outfall 006 for the monthly DMR monitoring period of May 2008. Each failure to record sample results on a DMR is a violation of LPDES Permit LAG33A463 (Facility Specific Requirements, Narrative Requirements, Pages 16 of 20 and Part III, Sections A.2 and D.4), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.4.a.

A file review conducted by the Department on or about September 6, 2012, revealed the following effluent limitation exceedances as reported by the Respondent on DMRs:

DATE	OUTFALL	PARAMETER	PERMIT LIMIT	SAMPLE VALUE
November 2008	04BQ	BOD <sub>5</sub> (Weekly Average)	45 mg/L	53 mg/L
April 2010	04BQ	BOD <sub>5</sub> (Weekly Average)	45 mg/L	>70 mg/L
March 2011	002A	Free Oil, Misc. Discharges (# of Days)	0	1
July - December 2011	04B-S	TSS (Daily Maximum)	45 mg/L	68 mg/L

Each exceedance of the effluent limitations prior to May 16, 2011, is a violation of LPDES Permit LAG33A463 (Facility Specific Requirements, Effluent Limitations and Monitoring Requirements, Pages 4, 7-9 of 20; and Part III, Section A.2), and each exceedance of the effluent limitations beginning May 16, 2011, is a violation of LPDES Permit LAG33A463 (Facility Specific Requirements, Effluent Limitations and Monitoring Requirements, Pages 8-9 of 14; and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.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 SEVENTEEN THOUSAND THREE HUNDRED FIFTY AND NO/100 DOLLARS (\$17,350.00), of which Eight Hundred Seventy and 21/100 Dollars (\$870.21) 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 CONOPP 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 and Lafourche 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.

## IX

Payment is to be made within thirty (30) 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.

SWIFT ENERGY OPERATING, LLC

BY: [Signature]  
(Signature)

ROBERT J. BANKS  
(Printed)

TITLE: EVP & COO

THIS DONE AND SIGNED in duplicate original before me this 9th day of APRIL, 20 14, at Houston, Harris County, Texas.

Diane M. Stanley  
NOTARY PUBLIC (ID # 505077-6)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Peggy M. Hatch, Secretary

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

THIS DONE AND SIGNED in duplicate original before me this 3rd day of July, 20 14, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 19181)

Perry Theriot  
(stamped or printed)

Approved: [Signature]  
Cheryl Sonnier Nolan, Assistant Secretary