

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

ALTA MESA SERVICES, LP

AI # 18645, 33020, 33190, 83124, 83534,
102409, 116711, 121756, 125998, 128923,
130419, 154991, 169824, 178512, 18361

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

* Settlement Tracking No.
* SA-AE-15-0037
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* Enforcement Tracking No.
* AE-PP-11-01392
* AE-PP-12-00884
* AE-PP-12-00260
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SETTLEMENT

The following Settlement is hereby agreed to between Alta Mesa Services, LP (“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 partnership that owns and/or operates facilities located in Iberia Parish, Terrebonne Parish, Assumption Parish, St. Bernard Parish, St. Mary Parish, and Iberville Parish, Louisiana (“the Facilities”).

II

On October 19, 2012, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-11-01392, which asserted the following:

“On or about April 18, 2012, file reviews of multiple facilities, owned and/or operated by **ALTA MESA SERVICES, LP (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations.

The facilities and their corresponding locations and their permit details are listed below:

Facility	AI No.	Location	Permit (Issue Date)
Weeks Island West Facility	18645	8 miles southwest of Lydia in Iberia Parish, Louisiana.	Minor Source Permit No. 1260-00031-06 (5/15/2009 and administratively amended on 12/21/2009) Permit Modification: 1260-00031-07 (8/2/2012) Effectively transferred on 4/25/2011
Turtle Bayou Production Facility	33020	12 miles southeast of Morgan City in Terrebonne Parish, Louisiana	Minor Source Permit No. 2880-00084-02 (1/26/2009) Permit Modification: 2880-00084-03 (11/15/2011) Effectively transferred on 2/25/2011
Gibson Field Production Facility	33190	off Louisiana Highway 182 near Gibson in Terrebonne Parish, Louisiana	Minor Source Permit No. 2880-00208-02 (3/4/2009) Permit Modification: 2880-00208-03 (4/5/2012) Effectively transferred on 2/25/2011
Ramos Field Production Facility	83124	3 miles southwest of Boeuf in Assumption Parish, Louisiana	Minor Source Permit No. 0200-00036-02 (3/10/2009) Effectively transferred on 2/25/2011
North Turtle Bayou Production Facility	83534	10 miles southeast of Morgan City in Terrebonne Parish, Louisiana	Minor Source Permit No. 2880-00250-02 (12/02/2008) Effectively transferred on 2/25/2011
Bayou Biloxi Production Facility #1	102409	11.5 miles northeast of Hopedale in Saint Bernard Parish, Louisiana	Minor Source Permit No. 2500-00063-01 (10/27/2008) Effectively transferred on 2/25/2011
Biloxi Marsh Production Facility #2	116711	10 miles southeast of Hopedale in Saint Bernard Parish, Louisiana	Minor Source Permit No. 2500-00065-01 (10/21/2008) Effectively transferred on 2/25/2011
Bayou Biloxi Production Facility #3	121756	5.7 miles east northeast of Saint Malo in Saint Bernard Parish, Louisiana	Minor Source Permit No. 2500-00067-01 (10/3/2008) Permit Modification: 2500-00067-02 (5/16/2012) Effectively transferred on 2/25/2011
Chandeleur Sound Block 73 Facility	125998	12 miles southeast of Alluvial City in Saint Bernard Parish, Louisiana	Minor Source Permit No. 2500-00069-01 (6/30/2008 and administratively amended on 12/1/2008) Effectively transferred on 2/25/2011
Ramos Central Facility #2	128923	4.5 miles southwest of Amelia in Saint Mary Parish, Louisiana	Minor Source Permit No. 2660-00276-01 (12/11/2008) Effectively transferred on 2/25/2011
Turtle Bayou C-1 Facility	130419	9 miles south of Gibson in Terrebonne Parish, Louisiana	Standard Oil and Gas Permit No. 2880-00352-00 (11/18/2008) Minor Source General Permit No. 2880-00352-01 (4/8/2011) Effectively transferred on 2/25/2011
State Lease 18315 Production Facility-String of Pearls Block 42 Chandeleur Sound Addition	154991	28 miles northeast of Hopedale in Saint Bernard Parish, Louisiana	Standard Oil and Gas Permit No. 2500-00300-00 (7/18/2008 and rescission on 6/15/2011) Effectively transferred on 2/25/2011
Ramos Production Sales Facility	169824	Louisiana Highway 182 west, 4.2 miles to the limestone driveway to site, 17.4 miles south southwest of Labadieville in Assumption Parish, Louisiana	Minor Source Permit No. 0200-00056-00 (4/1/2010) Permit Modification: 0200-00056-01 (6/14/2010 and administratively amended on 9/15/2011) Effectively transferred on 2/25/2011

Facility	AI No.	Location	Permit (Issue Date)
St. Gabriel Field	178512	1.6 miles east northeast of Saint Gabriel, in Iberville Parish, Louisiana	Minor Source Permit No. 1280-00150-00 (2/27/2012) Effectively transferred on 2/25/2011

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 file reviews:

- A. According to the NOC-1 Form dated January 21, 2011, the Respondent became the owner of Weeks Island West Facility, Agency Interest No. 18645, on October 1, 2010, and operator on October 10, 2010. The Respondent's failure to submit a complete NOC-1 form to the Department within 45 days after the ownership change is a violation of LAC 33:I.1905.A, LAC 33:III.517.G, and La. R.S. 30:2057(A)(2).
- B. According to the NOC-1 Form dated January 21, 2011, the Respondent became the owner of Weeks Island West Facility, Agency Interest No. 18645, on October 1, 2010, and operator on October 10, 2010. The permit transfer date was April 25, 2011. The unauthorized operation of the facility during the time period of October 10, 2010, through April 24, 2011, is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- C. According to the Name/Ownership/Operator Change Form (NOC-1 Form) dated December 3, 2010, the Respondent became the owner and/or operator of the following facilities on October 1, 2010, when the previous owner, The Meridian Resources & Exploration, LLC, merged with the Respondent. The permit transfer date was February 25, 2011, for the following facilities.

AI Number	Facility Name	Permit Number
33020	Turtle Bayou Production Facility	2880-00084-02
33190	Gibson Field Production Facility	2880-00208-02
83124	Ramos Field Production Facility	0200-00036-02
83534	North Turtle Bayou Production Facility	2880-00250-02
102409	Bayou Biloxi Production Facility #1	2500-00063-01
116711	Biloxi Marsh Production Facility #2	2500-00065-01
121756	Bayou Biloxi Production Facility #3	2500-00067-01
125998	Chandeleur Sound Block 73 Facility	2500-00069-01
128923	Ramos Central Facility #2	2660-00276-01
130419	Turtle Bayou C-1 Facility	2880-00352-00
154991	State Lease 18315 Production Facility-String of Pearls Block 42 Chandeleur Sound Addition	2500-00300-00
169824	Ramos Production Sales Facility	0200-00056-01

Each incident of the Respondent's failure to submit a complete NOC-1 form to the Department within 45 days after the ownership change is a violation of LAC

33:I.1905.A, LAC 33:III.517.G, and La. R.S. 30:2057(A)(2).

- D. According to the NOC-1 Form dated December 3, 2010, the Respondent became the owner and/or operator of the following facilities on October 1, 2010. The permit transfer date was February 25, 2011, for the following facilities.

AI Number	Facility Name	Permit Number
33020	Turtle Bayou Production Facility	2880-00084-02
33190	Gibson Field Production Facility	2880-00208-02
83124	Ramos Field Production Facility	0200-00036-02
83534	North Turtle Bayou Production Facility	2880-00250-02
102409	Bayou Biloxi Production Facility #1	2500-00063-01
116711	Biloxi Marsh Production Facility #2	2500-00065-01
121756	Bayou Biloxi Production Facility #3	2500-00067-01
125998	Chandeleur Sound Block 73 Facility	2500-00069-01
128923	Ramos Central Facility #2	2660-00276-01
130419	Turtle Bayou C-1 Facility	2880-00352-00
154991	State Lease 18315 Production Facility-String of Pearls Block 42 Chandeleur Sound Addition	2500-00300-00
169824	Ramos Production Sales Facility	0200-00056-01

The unauthorized operation of each facility during the time period of October 11, 2010, through February 25, 2011, is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- E. According to the correspondence from the Respondent dated July 13, 2012, the following emission points began operating prior to the submittal of permit applications for the following facilities:

Facility	AI No.	Permit Application Date	Emission Point	Date Installed
Weeks Island West Facility	18645	6/13/2011	830 hp Caterpillar G399TA Engine Compressor	5/11/2011
Gibson Field Production Facility	33190	1/30/2012	Caterpillar Model G3306TA Engine for Gas Compressor (EQT0023)	11/15/2011
Turtle Bayou C-1 Facility	130419	1/14/2011	415 hp Caterpillar G379 TA Natural Gas Driven Compressor Engine (EQT0006)	11/18/2010

Each incident of the Respondent's failure to submit an application prior to construction, reconstruction, or modification of the facility is a violation LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

- F. According to the correspondences from the Respondent dated July 13, 2012, the following emission points began operating prior to approval from the permitting authority for the following facilities:

Facility	AI No.	Emission Point	Date Installed/Begin Operation	Permit No. incorporating the Emission Point (Issue Date)
Weeks Island West Facility	18645	830 hp Caterpillar G399TA Engine Compressor	5/11/2011	1260-00031-07 (8/2/2012)
Gibson Field Production Facility	33190	Caterpillar Model G3306TA Engine for Gas Compressor (EQT0023)	11/15/2011	2880-00208-03 (4/5/2012)
Turtle Bayou C-1 Facility	130419	415 hp Caterpillar G379 TA Natural Gas Driven Compressor Engine (EQT0006)	11/18/2010	2880-00352-01 (4/8/2011)

Each incident of the operation of a source which may ultimately result in an initiation or increase in emission of air contaminants prior to approval from the permitting authority is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- G. The Respondent is required to submit an Annual Emission Inventory (EI) for the Ramos Production Sales Facility, Agency Interest No. 169824, for the period of ownership effective October 11, 2010. The report was submitted on January 6, 2012. The Respondent's failure to submit the 2010 Annual Emission Inventory by the required due date is a violation of Air Permit No. 0200-00056-01, LAC 33:III.919.D, LAC 33:501.C.4, and La. R.S. 30:2057(A)(2).
- H. According to the air permit application dated September 13, 2011, the St. Gabriel Field Facility, Agency Interest No. 178512, was acquired in July of 2011 and an air permit was never obtained for the facility. The facility's air permit was issued on February 27, 2012. The Respondent failed to submit a permit application and receive approval from the permitting authority prior to operating the facility. Operating the facility from July of 2011 through February 27, 2012, without an air permit is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2)."

On January 29, 2013, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-12-00884, which asserted the following:

"On or about January 11, 2012, file reviews of multiple facilities, owned and/or operated by **THE MERIDIAN RESOURCE & EXPLORATION (RESPONDENT)**, were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facilities and their corresponding locations operated under the authority of the following Air Permits until October 10, 2010, when Alta Mesa Services, LP merged

with The Meridian Resources & Exploration LLC, with the merged entity operating under the name Alta Mesa Services, LP:

Facility	AI No.	Location	Permit (Issue Date)
Turtle Bayou Production Facility	33020	12 miles southeast of Morgan City in Terrebonne Parish, Louisiana	2880-00084-02 (1/26/2009)
Chandeleur Sound Block 73 Facility	125998	12 miles southeast of Alluvial City in Saint Bernard Parish, Louisiana	2500-00062-01 (6/30/2008; administratively amended on 12/1/2008)

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 file reviews:

- A. According to the correspondence from the Respondent dated July 13, 2012, the following emission points began operating prior to the submittal of permit applications for the following facilities:

Facility	AI No.	Permit Application Date	Emission Point	Date Installed
Turtle Bayou Production Facility	33020	10/28/2008	CAT G379TA Engine Driven Compressor	10/20/2008
Chandeleur Sound Block 73 Facility	125998	1/21/2008	225 HP Compressor	12/13/2007

Each incident of the Respondent's failure to submit an application prior to construction, reconstruction, or modification of the facility is a violation LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

- B. According to the correspondence from the Respondent dated July 13, 2012, the following emission points began operating prior to approval from the permitting authority for the following facilities:

Facility	AI No.	Permit No. (Issue Date)	Emission Point	Date Installed/Begin Operation
Turtle Bayou Production Facility	33020	2880-00084-02 (1/26/2009)	CAT G379TA Engine Driven Compressor	10/20/2008
Chandeleur Sound Block 73 Facility	125998	2500-00062-01 (6/30/2008)	225 HP Compressor	12/13/2007

Each incident of the construction, modification, or operation of a source which may ultimately result in an initiation or increase in emission of air contaminants prior to

approval from the permitting authority is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).”

On February 4, 2013, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-12-00260, which asserted the following:

“On or about March 2, 2012, a file review of the Weeks Island Field Production Facility (facility), owned and/or operated by **ALTA MESA SERVICES, LP (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located at 9900 Shell Road in Lydia, Iberia Parish, Louisiana. Ownership of the facility was transferred to the Respondent on or about October 1, 2010, when the previous owner, The Meridian Resources & Exploration, LLC, merged with the Respondent. The facility currently operates under Title V Air Permit No. 1260-00020-V6 issued on September 22, 2008, and transferred to the Respondent on February 25, 2011.

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 file review:

- A. The Respondent failed to submit a timely Name/Ownership/Operator Change Form (NOC-1 form) prior to or no later than 45 days after a change in ownership of the facility. Specifically, the Respondent was transferred ownership of the facility on or about October 1, 2010; however, a NOC-1 form was not submitted to the Office of Environmental Services until on or about December 3, 2010. The failure to submit a timely NOC-1 form is a violation of LAC 33:I.1907(B), LAC 33:III.517.G, and La. R.S. 30:2057(A)(2).
- B. The Respondent operated the facility without approval from the permitting authority. Because the Respondent failed to submit a timely NOC-1 form to the Department, the facility did not retain coverage under Title V Air Permit No. 1260-00020-V6 from the date of ownership transfer, October 1, 2010, until the date of permit transfer, February 25, 2011. The operation of the facility from October 1, 2010, to February 25, 2011, without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2).

- C. The Respondent failed to submit a timely 2010 Annual Compliance Certification. Specifically, the Department received the document postmarked April 1, 2011, with a due date of March 31, 2011. The failure to submit a timely annual compliance certification is a violation of Title V Air Permit No. 1260-00020-V6 40 CFR Part 70 General Condition M, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- D. The Respondent failed to submit a timely 2010 Second Semiannual Monitoring Report. Specifically, the Department received the document postmarked April 1, 2011, with a due date of March 31, 2011. The failure to submit a timely semiannual monitoring report is a violation of Title V Air Permit No. 1260-00020-V6 40 CFR Part 70 General Condition K, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).”

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 ELEVEN THOUSAND ONE HUNDRED FIFTY AND NO/100 DOLLARS (\$11,150.00), of which One Thousand Nine Hundred Eighteen and 93/100 Dollars (\$1,918.93) 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 NOPPs 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

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Iberia Parish, Terrebonne Parish, Assumption Parish, St. Bernard Parish, St. Mary Parish, and Iberville Parish, Louisiana. The advertisement, in form and wording 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.

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 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).

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 or her respective party, and to legally bind such party to its terms and conditions.

ALTA MESA SERVICES, LP

BY: Diane M. Kassab
(Signature)

Diane M. Kassab
(Printed)

TITLE: Regulatory Manager

THUS DONE AND SIGNED in duplicate original before me this 09 day of October, 20 15, at Houston, Texas.



Tiffany Alexander
NOTARY PUBLIC (ID # _____)

Tiffany Alexander
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]
Lauree Turner Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 17th day of March, 20 16, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
D. Chance McNeely, Assistant Secretary