

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

APOLLO ENERGY OPERATING
COMPANY, LP

AI # 176284

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

* Settlement Tracking No.
* SA-WE-16-0035
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* Enforcement Tracking No.
* WE-PP-13-00003A
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SETTLEMENT

The following Settlement is hereby agreed to between Apollo Energy Operating Company, 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 a facility located in Cameron Parish, Louisiana (“the Facility”).

II

On March 24, 2016, the Department issued to Respondent an Amended Notice of Potential Penalty, Enforcement No. WE-PP-13-00003A, which was based upon the following findings of fact:

“The Respondent owns and/or operates an oil and gas exploration and production facility located at or near 4.75 miles north-northeast of Johnsons Bayou off of Cameron Meadows Road, Johnsons Bayou, Cameron Parish, Louisiana. The facility discharges dewatering effluents from reserve pits which have not received drilling fluids and/or drilling cuttings since December 15, 1996,

deck drainage, formation test fluids, sanitary wastewater, domestic wastewater, hydrostatic test water and miscellaneous discharges which are common to the Coastal Subcategory of the Oil and Gas Extraction Point Source Category into an unnamed oilfield canal of the Sabine River Basin, thence into North Bayou, all waters of the state.”

On or about March 16, 2012, an inspection was conducted, along with a subsequent file review conducted by the Department on or about December 22, 2015. The inspection and file review revealed the following violation(s):

“The Respondent caused and/or allowed the unauthorized discharge of crude oil and/or produced water. Specifically,

- approximately 1 barrel occurred on or about March 12, 2011
- approximately 2 barrels occurred on or about March 20, 2011
- approximately 1.5 barrels occurred on or about July 8, 2011
- approximately 4 barrels occurred on or about March 10, 2012
- approximately 25 barrels occurred on or about May 6, 2012
- approximately 20-25 barrels occurred on or about July 19, 2013
- approximately 1-1.5 barrels on September 21, 2015

into water and vegetated marsh lands. (La. R.S. 30:2075, LAC 33:IX.708.C.1.a, and LAC 33:IX.1701.B).

The Respondent caused and/or allowed the discharge of wastewater without a permit and/or other authority from the Department. Specifically, according to the Respondent’s letter dated December 9, 2015, the Respondent purchased the facility in 2010. The field was obtained with a tank and ring levee with wastewater being sent to a disposal well. A new facility was installed within the first year and the first month of well testing was July 2011. No discharging occurred until

2011. According to the Respondent, coverage was applied for in 2012 after becoming aware of the requirement through the findings of the March 16, 2012 inspection. The Department recognized that permit coverage was granted by letter dated April 17, 2012. (La. R.S. 30:2075).

The Respondent failed to submit a written notification within 7 days for the unauthorized discharges that occurred on or about March 10, 2012 and May 6, 2012. (LAC 33:I.3925.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 SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00), of which Nine Hundred Forty-Eight and 14/100 Dollars (\$948.14) 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 inspection report(s), permit record(s), the Amended 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.

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 Cameron 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.

APOLLO ENERGY OPERATING COMPANY, LP

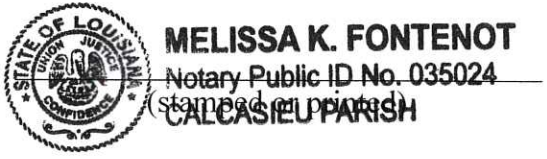
BY: [Signature]
(Signature)

William J. Dorè
(Printed)

TITLE: Manager

THUS DONE AND SIGNED in duplicate original before me this 11th day of April, 20 17, at Lake Charles, LA.

[Signature]
NOTARY PUBLIC (ID # 035024)



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

BY: [Signature]
Lourdes Iturralde, Assistant Secretary
Office of Environmental Compliance

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

[Signature]
NOTARY PUBLIC (ID # 19181)

[Signature]
(stamped or printed)

Approved: [Signature]
Lourdes Iturralde, Assistant Secretary