

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

THE MERIDIAN RESOURCE &
EXPLORATION, LLC

AI # 33190, 18361

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

* Settlement Tracking No.

* SA-WE-09-0060

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* Enforcement Tracking No.

* WE-PP-06-0218

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SETTLEMENT

The following Settlement is hereby agreed to between The Meridian Resource & Exploration, LLC (Respondent) and the Louisiana Department of Environmental Quality (Department), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (Act).

I

Respondent is a limited liability company that, at the times relevant here, owned and/or operated

1. Gibson Production Facility located in the Gibson Oil and Gas Field, Terrebonne Parish, Louisiana; and,
2. Weeks Island Production Facility located in the Weeks Island Oil and Gas Field, Iberia Parish, Louisiana.

II

The allegations which form the basis of the enforcement action are:

On or about September 10, 2002, an inspection of the Gibson Production Facility (AI # 33190) located in the Gibson Oil and Gas Field, Terrebonne Parish, Louisiana by the Department

revealed an unauthorized discharge of produced water to the ground. On or about March, 23, 2006, and October 20, 2006, Respondent reported unauthorized discharges of three barrels of crude oil and four barrels of crude oil, respectively, into the surrounding marsh at the Weeks Island Production Facility (AI # 18361) located in the Weeks Island Oil and Gas Field, Iberia Parish, Louisiana. Both facilities were owned and/or operated by The Meridian Resource & Exploration, LLC (Respondent), and were previously granted coverage under Louisiana Pollutant Discharge Elimination System (LPDES) permit LAG330000 on January 12, 1999, and specifically was assigned permit number LAG330210. Subsequently, on January 11, 2008, the Gibson Oil and Gas Field facility and the Weeks Island Production facility were granted coverage under Louisiana Pollutant Discharge Elimination System (LPDES) permit LAG33A000 and were specifically assigned permit numbers LAG33A773 and LAG33A771, respectively.

III

On July 9, 2008, the Respondent was issued a Notice of Potential Penalty (“Notice”), Enforcement Tracking No. WE-PP-06-0218, citing violations of the Act, the Water Quality Regulations, and applicable LPDES permits. The Notice cited the following violations:

1. On or about September 10, 2002, the Respondent caused and/or allowed the unauthorized discharge of produced water to the ground at the Gibson Oil and Gas Field facility. Specifically, an active, ongoing subsurface leak from a flowline was observed during the time of the inspection. Laboratory analysis of the produced water in a pooled area revealed in [sic] a chloride concentration of 62,000 mg/L. An area of stressed vegetation, shrubs and trees was noted near the source of the leak and in the small drainage ditches extending southward from the facility. Chloride levels in the drainage ditches of the affected area were taken at the time of the inspection using a YSI Model 63 field analyzer and were found to be 2.5 ppt. Subsequent inspections on or about September 11 and 19, 2002, revealed the area had been remediated and the leaking flowline was being replaced. The unauthorized

discharge of produced water is in violation of LPDES permit LAG330210, La. R.S. 30:2075, La. R.S. 30:2076 (A)(1)(a), La. R.S. 30:2076 (A)(3), LAC33:IX.501.A, LAC 33:IX.501.D, LAC 33:IX.708.C.1.a, LAC 33:IX.1701.B, LAC 33:IX.1901.A and LAC 33:IX.2701.A.

2. On or about March 23, 2006, the Respondent caused and/or allowed the unauthorized discharge of approximately [three (3)] barrels of oil into the surrounding marsh at the Weeks Island Production facility. Specifically, a leak in the flowline between the facility and the [Myles Salt] #32 well caused the discharge of the oil into the surrounding marsh. An area approximately 8,000 sq. yards was impacted by this spill. The Respondent verbally reported the discharge and submitted the written report in a timely manner. Subsequent written reports submitted by the Respondent indicated that the remediation of the discharge was completed on or about March 23, 2006. The unauthorized discharge of oil is in violation of LPDES permit LAG330210, La. R.S. 30:2075, La. R.S. 30:2076 (A)(1)(a), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, LAC 33:IX.708.C.1.a, LAC 33:IX.1701.B, LAC 33:IX.1901.A and LAC 33:IX.2701.A.
3. On or about October 20, 2006, the Respondent caused and/or allowed the unauthorized discharge of approximately four (4) barrels of crude oil into the surrounding marsh and Weeks Bayou at the Weeks Island Production facility. Specifically, a pinhole leak was discovered in the flowline known as the "Stone 6 pipeline" that transfers oil between a Stone Energy sales line and a 3,000 barrel storage tank located on the Respondent's property. An area approximately 3,300 sq. yards was impacted by this spill. The Respondent verbally reported the discharge and submitted the written report in a timely manner. The unauthorized discharge of crude oil is in violation of LPDES permit LAG330210, La. R.S. 30:2075, La. R.S. 30:2076 (A)(1)(a), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, LAC 33:IX.708.C.1.a, LAC 33:IX.1701.B, LAC 33:IX.1901.A and LAC 33:IX.2701.A.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties. Respondent asserts that the five year time period provided for in La. R.S. 30:2025(H) during which the state is authorized to bring an action for penalties expired with respect to the September 2002 spill well before the state issued the Notice. Respondent further asserts that for each of the alleged violations, it took prompt action to mitigate the spill, made proper notifications, and responded immediately to shut off and repair the line.

V

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 SIXTEEN THOUSAND EIGHT HUNDRED FIFTY-SIX AND NO/100 DOLLARS (\$16,856.00), of which One Thousand Eight Hundred Fifty-Six and No/100 Dollars (\$1,856.00) 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 DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the 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.

VII

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.

VIII

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 LSA-R. S. 30:2025(E) of the Act.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Terrebonne Parish, Louisiana, and Iberia 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 from each affected parish 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).

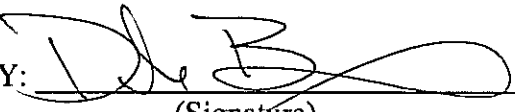
XI

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.


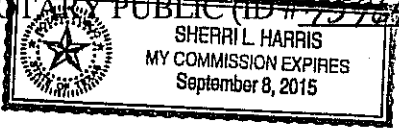
**THE MERIDIAN RESOURCE &
EXPLORATION, LLC**

BY: 
(Signature)

Dale Breaux
(Printed)

TITLE: Vice President - Operations


THUS DONE AND SIGNED in duplicate original before me this 27th day of
March, 20 12, at Houston, Texas.


NOTARY PUBLIC (ID # 1596422)


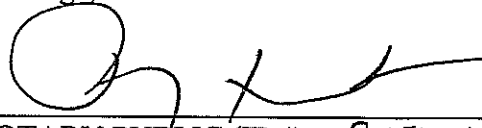
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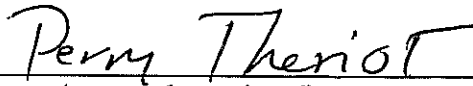
**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**


Peggy M. Hatch Secretary

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

THUS DONE AND SIGNED in duplicate original before me this 16th day of
August, 20 12, at Baton Rouge, Louisiana.


NOTARY PUBLIC (ID # 19181)


(stamped or printed)

Approved: 
Cheryl Sonnier Nolan, Assistant Secretary