

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

ENCANA OIL & GAS (USA) INC.

AI # 189368

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

* Settlement Tracking No.
* SA-WE-15-0030
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* Enforcement Tracking No.
* WE-CN-14-00476
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SETTLEMENT

The following Settlement is hereby agreed to between Encana Oil & Gas (USA) Inc. (“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 corporation that owns and/or operates an Alt well site located in Coushatta, Red River Parish, Louisiana (“the Facility”).

II

On September 29, 2014, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty (CONOPP), Enforcement No. WE-CN-14-00476, which was based upon the following findings of fact:

“The Respondent owns and/or operates the Blackstone 12-7 HC 1 & 2 – Alt well site which is located off Hwy. 783 in Coushatta, Red River Parish, Louisiana. The Respondent does not have a Louisiana Pollutant Discharge Elimination System (LPDES) permit or any other authority to discharge wastewater into waters of the state.

Inspections conducted by the Department on or about October 10, 2013, and March 26, 2014, revealed that the Respondent had an unauthorized discharge of produced water. Specifically, on October 6, 2013, a vacuum truck driver left the frac tank valve open. As a result, approximately 134 barrels of produced water was released into secondary containment and 20 barrels of produced water breached the secondary containment and flowed onto the ground. The release did not go off-site. On March 24, 2014, a vacuum truck driver left the frac tank valve open resulting in approximately 100 barrels of produced water being released into secondary containment, of which 40 barrels breached secondary containment and flowed to ground. The release did not go off-site. Each unauthorized discharge of produced water is a violation of La. R.S. 30:2076(A)(3) and LAC 33:IX.708.C.2.a.ii.

An inspection conducted by the Department on or about March 26, 2014, revealed that the Respondent failed to implement an adequate Spill Prevention and Control (SPC) plan. Specifically, the secondary containment poly liner had holes in it resulting in produced water flowing to the ground. Also, the SPC plan did not describe annual flow line integrity testing procedures. The Respondent's failure to implement an adequate SPC plan is a violation of La. R.S. 30:2076 (A)(3) and LAC 33:IX.907.F.”

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 THREE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$3,500.00), of which Four Hundred Sixty-Six and 98/100 Dollars (\$466.98) 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), 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

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 Red River 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.

ENCANA OIL & GAS (USA) INC., BY ITS
AUTHORIZED AGENT, ENCANA SERVICES
COMPANY LTD.,

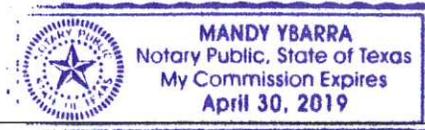
BY: [Signature]
(Signature)

Colin Cowie
(Printed)

TITLE: Sr Manager - Southern Ops

THUS DONE AND SIGNED in duplicate original before me this 28th day of
September, 20 15, at 1:30 p.m.

[Signature]
NOTARY PUBLIC (ID# _____)



(stamped or printed)

**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**

Peggy M. Hatch Secretary

BY: [Signature]
D. Chance McNeely, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 14th day of
December, 20 15, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 20590)
La. Bar Roll
Life Commission

[Signature]
(stamped or printed)

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