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## **DELAWARE COMPANY FINED FOR UNLAWFUL DISCHARGES OF OIL IN JEFFERSON PARISH, LOUISIANA**

### ***Cedyco Corporation Ordered to Cease all Operations in Louisiana and Divest Itself of its Hydrocarbon Business Interests in the State***

WASHINGTON – A Delaware company was fined \$557,000 for negligently discharging oil into the bayous of Jefferson Parish, La., the Department of Justice announced.

Cedyco Corporation, headquartered in Houston, was sentenced today in federal court in the Eastern District of Louisiana.

On May 23, 2012, Cedyco pleaded guilty to three counts of violating the Federal Water Pollution Control Act (Clean Water Act). The Clean Water Act makes it a misdemeanor to negligently discharge harmful quantities of oil into navigable waters of the United States.

All of the fine money will be directed to the Oil Spill Liability Trust Fund to aid the U.S. Coast Guard in responding to future oil spills. Additionally, Cedyco also agreed to cease operations and divest itself of all hydrocarbon business interests in the state of Louisiana.

“We owe a debt of gratitude to the men and women of the U.S. Coast Guard along with EPA-CID and Louisiana DEQ for their continued vigilance in protecting our precious environment and water resources from companies and individuals who discharge oily waste into our waters,” said Jim Letten, U.S. Attorney for the Eastern District of Louisiana. “We will remain committed to the apprehension and punishment of these violators in defense of our environment. The protection of our precious environment is a critical mission which we take very seriously. Simply stated, we will not tolerate the negligent contamination of our waterways.”

“It’s important that we hold polluters accountable for their actions, and today’s sentence does this,” said Captain Peter Gautier, Commander of Coast Guard Sector New Orleans. “I applaud the efforts of our partner agencies and internal investigators for their tireless efforts in prosecuting this case. The Coast Guard, EPA, LDEQ and Department of Justice will continue to hold polluters responsible for their actions.”

“Our nation’s environmental laws are designed to protect oceans and inland waterways from illegal and harmful pollutant discharges,” said Ivan Vikin, Special Agent in Charge of

EPA's criminal enforcement program in Louisiana. "Today's sentence sends a clear message that companies that refuse to operate lawfully and pollute our waters, threatening people's health and the environment, will be vigorously prosecuted."

Cedyco owned and operated several hydrocarbon facilities, including fixed barges, platforms and wells, in the brackish bayous of South Louisiana. As a general matter, Cedyco's facilities were poorly maintained and operated without plans and permits required by regulations issued by the Louisiana Department of Environmental Quality (LDEQ) as administrator of the federal Clean Water Act. Cedyco's negligent operation and poor maintenance of three of its facilities in Jefferson Parish led to harmful discharges of oil into the navigable waters of the United States. The three facilities are the tank battery known as the "Bayou St. Denis facility," the production and storage facility known as the "Bayou Dupont facility," and the production well adjacent to the Bayou Dupont facility known as "Well #10." Each facility will be addressed in turn.

"DEQ and its partners are dedicated to policing and enforcing environmental laws. Today's sentence further illustrates that commitment," said LDEQ Secretary Peggy Hatch.

Cedyco's Bayou St. Denis facility was a tank battery located south of the Barataria Waterway. A May 29, 2008, joint inspection by the U.S. Coast Guard (USCG) and LDEQ revealed that the facility was storing oil without the required Facility Response Plan, Spill Prevention and Control Plan, and LDEQ permit as required under Clean Water Act regulations. The condition of the facility was extremely poor with corroded pipes and spilled oil on the deck. On June 15, 2008, enough oil was leaking from the facility that a sheen was visible on the surface of the water. A fisherman reported this sheen to the USCG, and a subsequent site visit by LDEQ on June 20, 2008, confirmed that oil was leaking into the adjacent waterway from the facility's outfalls.

Cedyco's Bayou Dupont facility is an oil storage and production platform located to the northeast of Bayou St. Denis, close to the Plaquemines Parish line. From Feb. 18, 2008, to May 19, 2008, Cedyco operated this facility without a Facility Response Plan, Spill Prevention and Control Plan and LDEQ permit. A joint USCG and LDEQ inspection on Feb. 19, 2008, revealed that the facility was in extremely poor condition with pools of oily water and emulsified oil on the deck, as well as ample evidence of extensive corrosion and leaks. The required spill response equipment was either missing or defective. For example, an absorbent boom meant to soak up oil spills had a plant growing out of it. During rain events that took place from Feb. 19, 2008, through May 18, 2008, the deck oil made its way unimpeded into the bayou through unfiltered outfalls and cracks in the deck and containment structures. The sources of this oil were not only chronic leaks and occasional spills, but at times resulted from acute events such as the leak from the slop oil tank that occurred on May 18, 2008. The May 18 slop oil tank spill was observed by an LDEQ inspector who took photographs at the scene. During the charged period, the quantity of oil that was present on the deck of Bayou Dupont facility was sufficient to cause a sheen when rain caused the oil to wash into the adjacent waterway.

Cedyco's Well #10 is located in an area of bayou adjacent to the Bayou Dupont facility. Cedyco did not properly maintain Well #10, and as a result of that negligence, the well began to leak on or about May 17, 2008. The leak continued for at least two days. Before it was contained with boom, the leak resulted in an oily sheen that was detected as far as two miles downstream from the well. The leaking oil also resulted in an emulsion being deposited on the adjacent shoreline.

The case was investigated by agents of CGIS and Environmental Protection Agency-Criminal Investigation Division (EPA-CID) and by USCG and LDEQ inspectors. The case is being prosecuted by Christopher L. Hale of the Justice Department's Environmental Crimes Section and Dorothy "Dee" Taylor of the U.S. Attorney's Office for the Eastern District of Louisiana.

Filed photo exhibits are available at the U.S Coast Guard website:  
[http://cgvi.uscg.mil/media/main.php?g2\\_itemId=1627304](http://cgvi.uscg.mil/media/main.php?g2_itemId=1627304).

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