

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

STONE ENERGY CORPORATION

AI # 17198, 18645, 32102, 32189, 32190, 32197,
32292, 32351

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

* Settlement Tracking No.
* SA-AE-18-0015
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* Enforcement Tracking No.
* AE-CN-11-00318
* AE-CN-11-00318A
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SETTLEMENT

The following Settlement is hereby agreed to between Stone Energy Corporation (“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 facilities located in Plaquemines, Iberia, Jefferson, and Lafourche Parishes (“the Facilities”).

II

On December 22, 2011, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-11-00318 (Exhibit 1).

On May 14, 2015, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-11-00318A (Exhibit 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 THIRTY-THREE THOUSAND AND NO/100 DOLLARS (\$33,000.00), of which Two Thousand Six Hundred Seventy-Four and 61/100 Dollars (\$2,674.61) 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 Consolidated Compliance Order & Notice of Potential Penalty, Amended Consolidated Compliance Order & 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 Plaquemines, Iberia, Jefferson, and Lafourche Parishes, 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.

STONE ENERGY CORPORATION

BY: L.S. Joubert
(Signature)

Lisa S. Joubert
(Printed)

TITLE: Senior Vice President General Counsel & Secretary

THUS DONE AND SIGNED in duplicate original before me this 7 day of May, 20 18, at Lafayette, La.

Jean Coluzzi
Notary Public, ID # 80506
Parish of Lafayette, LA

Jean Coluzzi
NOTARY PUBLIC (ID # 80506)

(stamped or printed)

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 7th day of Sept, 20 18, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
Lourdes Iturralde, Assistant Secretary

BOBBY JINDAL
GOVERNOR



PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

December 22, 2011

CERTIFIED MAIL (7004 1160 0000 3797 0522)
RETURN RECEIPT REQUESTED

STONE ENERGY CORPORATION

c/o Andrew L. Gates, III
Agent for Service of Process
625 E. Kaliste Saloom Rd.
Lafayette, LA 70508

**RE: CONSOLIDATED COMPLIANCE ORDER
& NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-CN-11-00318
AGENCY INTEREST NOS. 17198, 18645, 32102, 32189, 32190, 32197, 32292 & 32351**

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **STONE ENERGY CORPORATION (RESPONDENT)** for the violations described therein.

Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violations cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Richard LeBlanc at (225) 219-3165.

Sincerely,

A handwritten signature in black ink, appearing to read "Celena J. Cage".

Celena J. Cage
Administrator
Enforcement Division

CJC/RDL/rdl

Alt ID Nos. 2240-00039, 1260-00031, 1260-00045,
1340-00147, 1340-00159, 1340-00180,
1560-00045 & 1560-00141

Attachment



STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF

STONE ENERGY CORPORATION
MULTI-PARISH
ALT ID NOS. 2240-00039, 1260-00031,
1260-00045, 1340-00147, 1340-00159,
1340-00180, 1560-00045 & 1560-00141

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ENFORCEMENT TRACKING NO.

AE-CN-11-00318

AGENCY INTEREST NOS.

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

17198, 18645, 32102, 32189,
32190, 32197, 32292 & 32351

CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **STONE ENERGY CORPORATION (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

FINDINGS OF FACT

I.

The Respondent owns and/or operates the following facilities:

AI No.	Facility Name	Location	Current Operating Permit No. (issued date)	Previous Permit Nos. (issued date)
17198	Main Pass 72A Production Platform	Approximately 23 miles southeast of Venice, Plaquemines Parish, LA	2240-00039-V4 (10/5/2010)	2240-00039-V3 (10/29/2009) 2240-00039-V2 (10/8/2008) 2240-00039-V1 (8/31/2006)

AI No.	Facility Name	Location	Current Operating Permit No. (issued date)	Previous Permit Nos. (issued date)
18645	Weeks Island RH Goodrich Battery	Approximately 8 miles southwest of Lydia, Iberia Parish, LA	1260-00031-06 (12/21/2009)	1260-00031-05 (10/10/2008) 1260-00031-04 (6/11/2002)
32102	Weeks Island Section 19 Facility	Approximately 6 miles south of Lydia, Iberia Parish, LA	1260-00045-06 (11/5/2010)	1260-00045-05 (4/1/2008) 1260-00045-04 (5/3/2004)
32189	Lafitte Field Compressor Station TB#5	Approximately 8 miles southwest of Lafitte, Jefferson Parish, LA	1340-00147-V6 (6/7/2010)	1340-00147-V5 (9/11/2009) 1340-00147-V4 (11/19/2008) 1340-00147-V3 (6/7/2005)
32190	Lafitte Commingling Facility #6 Tank Battery #11	Approximately 6 miles southwest of Lafitte, Jefferson Parish, LA	1340-00159-03 (7/23/2009)	1340-00159-02 (8/26/1999)
32197	Lafitte Central Facility No. 10 Tank Battery No. 8	Approximately 8 miles southeast of Lafitte, Jefferson Parish, LA	1340-00180-02 (5/7/2008)	1340-00180-V0 (6/21/2004)
32292	Clovelly Field Central Facility	Approximately 4 miles northeast of Galliano, Lafourche Parish, LA	1560-00045-V6 (3/4/2011)	1560-00045-V5 (10/19/2010) 1560-00045-V4 (6/16/2009) 1560-00045-V3 (10/8/2008) 1560-00045-V2 (12/12/2003)
32351	Clovelly #2 Tank Battery	Approximately 2 miles east of Cut Off, Lafourche Parish, LA	1560-00141-V6 (7/6/2011)	1560-00141-V5 (4/6/2010) 1560-00141-V4 (10/2/2009) 1560-00141-V3 (10/16/2008) 1560-00141-V2 (5/3/2005)

II.

On or about December 14, 2011, the Department conducted file reviews for the abovementioned facilities.

While the Department's investigation is not yet complete, the following violations were noted during the course of the file reviews:

- A. On or about March 16, 2010, the Respondent submitted a 2009 second Semiannual Monitoring Report for the Main Pass 72A Production Platform. The report indicated that the Respondent exceeded the 105 gallons per hour glycol circulation rate for Glycol Regenerator GRV-001 (EQT0015) in 2009. Specifically, the glycol circulation rate was calculated as 157 gallons per hour from July 1, 2009, through December 31, 2009. The failure to operate a source within the permit limits is a violation of Title V Air Permit No. 2240-00039-V3, Title V Air Permit No. 2240-00039-V2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- B. On or about June 16, 2009, the Respondent electronically submitted a 2008 Emissions Certification Statement for the Main Pass 72A Production Platform. The Respondent reported sulfur dioxide (SO₂) emissions of 1.44 tons per year for 2008 with a permit limit of 0.77 tons per year. The exceedance of the permit limit is a violation of Title V Air Permit No. 2240-00039-V2, Title V Air Permit No. 2240-00039-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- C. On or about March 30, 2009, the Respondent submitted a 2008 second Semiannual Monitoring Report for the Main Pass 72A Production Platform. The report indicated that the Respondent exceeded the 500 operating hours per year permit limit for Generator ENG-04 (EQT0004) in 2008. Specifically, the Respondent exceeded the operating hours for EQT004 by 290 hours for a total of 790 hours in 2008. The failure to operate a source within the permit limits is a violation of Title V Air Permit No. 2240-00039-V2, Title V Air Permit No. 2240-00039-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- D. On or about February 9, 2009, the Respondent submitted an initial stack test report for Compressor ENG-01 (EQT0001) at the Main Pass 72A Production Platform. The report indicated that the December 30, 2008 test for nitrogen oxides (NO_x) and carbon monoxide (CO) was conducted at 64.8% maximum capacity; however, the permit requires that the test be conducted at greater than 80% of maximum permitted capacity. The failure to properly conduct stack tests is a violation of Title V Air Permit No. 2240-00039-V2 Specific Requirement 4, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- E. On or about February 9, 2009, the Respondent submitted an initial stack test report for Compressor ENG-01 (EQT0001) at the Main Pass 72A Production Platform. The report indicated that the December 30, 2008 test for nitrogen oxides (NO_x) and carbon monoxide (CO) was conducted at 64.8% maximum capacity; however, the Respondent did not provide documentation to support compliance at 100% of the permitted maximum capacity for the unit tested at less than 95% of the permitted maximum capacity. The failure to provide documentation is a violation of Title V

- Air Permit No. 2240-00039-V2 Specific Requirement 10, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- F. On or about April 28, 2008, the Respondent submitted an application for the Main Pass 72A Production Platform to modify Title V Permit No. 2240-00039-V1 to incorporate the following emission sources which were constructed prior to 2008: Glycol Regenerator 57-08-GR-BS, Flotation Cell Vent 58-08-FC-V, Hydrocarbon Sump 59-08-HCS, Low Pressure Vent Stack 60-08-VS and Methanol Storage Tank 61-08-MST. The equipments were included in Title V Permit No. 2240-00039-V2 modification issued to the Respondent on or about October 8, 2008. These permit deviations were also reported by the Respondent in their General Condition R and XI Notification and 2008 first Semiannual Monitoring Report submitted on or about April 1, 2008, and October 28, 2008, respectively. Each failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of Title V Permit No. 2240-00039-V1, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- G. For the Main Pass 72A Production Platform, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Glycol Regenerator 57-08-GR-BS, Flotation Cell Vent 58-08-FC-V, Hydrocarbon Sump 59-08-HCS, Low Pressure Vent Stack 60-08-VS and Methanol Storage Tank 61-08-MST without a permit until the equipments were included in Title V Air Permit No. 2240-00039-V2 issued on or about October 8, 2008. The operation of equipment without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- H. On or about November 27, 2007, the Respondent submitted a General Condition R & XI Notification for the Main Pass 72A Production Platform. The notification indicated that a non-permitted increase in oil processing rates resulted in excess flash gas from the electrostatic heater and surge vessel (EQT040) to the control flare (EQT009). Specifically, emissions associated with the electrostatic heater were 2.08 tons per year rather than 1.51 tons per year. The excess emission above the permit limit is a violation of Title V Air Permit 2240-00039-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- I. On or about August 22, 2007, the Respondent electronically submitted a 2006 Emissions Certification Statement for the Main Pass 72A Production Platform. The Respondent reported sulfur dioxide (SO₂) emissions of 1.06 tons per year for 2006 with a permit limit of 0.76 tons per year. The exceedance of the permit limit for SO₂ is a violation of Title V Air Permit No. 2240-00039-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- J. On or about September 17, 2010, the Respondent submitted a General Condition XI Notification for the Weeks Island RH Goodrich Battery. The notification indicated that natural gas was vented to the atmosphere rather than being captured by the compressor system for fifteen (15) hours from February 22, 2010, to February 23, 2010, for seven (7) hours on March 11, 2010, for three (3) hours on March 18, 2010, and for sixteen (16) hours from June 17, 2010, to June 18, 2010. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they

shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Minor Source Air Permit No. 1260-00031-06 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- K. On or about March 24, 2010, the Respondent submitted a General Condition XI Notification for the Weeks Island RH Goodrich Battery. The notification indicated that natural gas was vented to the atmosphere rather than being captured by the compressor system for seven (7) hours on July 12, 2009, for two (2) hours on July 13, 2009, for four (4) hours on July 23, 2009, for four (4) hours on August 26, 2009, for two (2) hours on October 18, 2009, for four (4) hours on October 24, 2009, for ten (10) hours on November 26, 2009, and for sixteen (16) hours on December 13, 2009. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Minor Source Air Permit No. 1260-00031-06 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- L. On or about September 25, 2009, the Respondent submitted a General Condition R & XI Notification for the Weeks Island RH Goodrich Battery. The notification indicated that natural gas was leaked to the atmosphere for approximately twenty-four (24) hours on February 24, 2009, due to a corroded valve on a gaslift injection line. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Minor Source Air Permit No. 1260-00031-05 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- M. On or about October 16, 2007, the Respondent submitted a General Condition XI Notification for the Weeks Island RH Goodrich Battery stating that they replaced the saltwater disposal pumping unit and a gas compressor engine without prior authorization. On or about November 13, 2007, the Respondent submitted an application to incorporate the following changes: Storage Tank 54-07-ST-CV installed in 2003 or 2004, Sump Tank 55-07-ST-V installed prior to 2007, SWD Pump 56-07-ICE-ES installed in 2006, Gas Compressor System 57-07-ICE-ES installed in July 2007, and Gas-operated Pumps 58-07-GOP and 59-07-GOP installed in 2007. Each failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of Minor Source Air Permit No. 1260-00031-04, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- N. For the Weeks Island RH Goodrich Battery, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Storage Tank 54-07-ST-CV since 2003 or 2004, Sump Tank 55-07-ST-V since 2007, SWD Pump 56-07-ICE-

ES since July 2006, Gas Compressor System 57-07-ICE-ES since July 2007, and Gas-operated Pumps 58-07-GOP and 59-07-GOP since 2007 without a permit until the equipments were included in Minor Source Air Permit No. 1260-00031-05 issued on or about October 10, 2008. The operation of equipment without an air permit is a violation of Minor Source Air Permit No. 1260-00031-04, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- O. On or about September 25, 2009, the Respondent submitted a General Condition R & XI Notification for the Weeks Island Section 19 Facility. The notification indicated that natural gas was vented to the atmosphere rather than being captured by the compressor system for a maximum of twenty-four (24) hours on or about April 5, 2009. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Minor Source Air Permit No. 1260-00045-05 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- P. On or about March 23, 2009, the Respondent submitted a General Condition XI Notification for the Weeks Island Section 19 Facility. The notification indicated that gas leaks occurred from oil and water storage tanks during the fourth quarter of 2008. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Minor Source Air Permit No. 1260-00045-05 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- Q. On or about October 16, 2007, the Respondent submitted a General Condition XI Notification for the Weeks Island Section 19 Facility. The notification indicated that the two (2) gas compressor units at the facility were replaced with a single unit; however, the Respondent failed to submit a notice to the Department within seven (7) days of the modification as required by the Standard Oil & Gas Air (SOGA) permit. Each failure to submit a notice within seven (7) days of equipment modification is a violation of SOGA Permit No. 1260-00045-04, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- R. On or about October 16, 2007, the Respondent submitted a General Condition XI Notification for the Weeks Island Section 19 Facility. The notification indicated that tank vapors were released to the atmosphere rather than being captured by the vapor recovery unit. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of SOGA Permit No. 1260-00045-04 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- S. On or about October 16, 2007, the Respondent submitted a General Condition XI Notification for the Weeks Island Section 19 Facility. The notification indicated that the vapor recovery unit for tank vapors was removed due to decreased production rates; however, the Respondent failed to submit a notice to the Department within seven (7) days of the modification as required by the SOGA permit. The failure to submit a notice within seven (7) days of equipment modification is a violation of SOGA Permit No. 1260-00045-04, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- T. On or about September 30, 2008, the Respondent submitted a 2008 first Semiannual Monitoring Report for the Lafitte Field Compressor Station TB#5. The report indicated that during the first semiannual monitoring period of 2008 the Respondent exceeded water throughput permit limits for the following: Water Storage Tanks 60a-01-WST-CV, 60b-01-WST-CV, 60c-01-WST-CV and 60d-01-WST-CV. Specifically, 2008 collective throughput volumes were 9645 barrels of water per day with permit limits of 1250 barrels of water per day each. Each failure to operate a source within the permit limits is a violation of Title V Air Permit No. 1340-00147-V3, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- U. On or about January 10, 2008, the Respondent submitted a General Condition R & XI Notification for the Lafitte Field Compressor Station TB#5. The notification indicated that the Respondent replaced a slop oil tank and added four (4) pumps without prior authorization. On or about August 5, 2008, the Respondent submitted an application to modify the permit to include the following changes: Slop Oil Tank 59d-08-SOT-CV installed prior to 2007, Skimmer Tank 60e-08-OST-CV installed prior to 2007, Blowcase Vessel 80-08-BV installed after 1991, eleven (11) Gas-operated Pumps labeled 81-08-GOP through 91-08-GOP installed prior to 2008, Gas-operated Pumps 95-08-GOP and 96-08-GOP installed prior to 2008, Heater Treater Waste Gas Vent 92-08-HT-WG installed prior to 2008, Glycol Pump Flash Separator Relief Vent 93-08-GPFS-RV installed prior to 2008, and Methanol Storage Tank 94-08-MST installed prior to 2008. Each failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of Title V Air Permit No. 1340-00147-V3, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- V. For the Lafitte Field Compressor Station TB#5, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Slop Oil Tank 59d-08-SOT-CV since prior to 2007, Skimmer Tank 60e-08-OST-CV since prior to 2007, Blowcase Vessel 80-08-BV since after 1991, eleven (11) Gas-operated Pumps labeled 81-08-GOP through 91-08-GOP since prior to 2008, Gas-operated Pumps 95-08-GOP and 96-08-GOP since prior to 2008, Heater Treater Waste Gas Vent 92-08-HT-WG since prior to 2008, Glycol Pump Flash Separator Relief Vent 93-08-GPFS-RV since prior to 2008, and Methanol Storage Tank 94-08-MST since prior to 2008 without a permit until the equipments were included in Title V Air Permit No. 1340-00147-V4 issued on or about November 19, 2008. The operation of equipment without an air permit is a violation of Title V Air Permit No. 1340-00147-V3, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- W. On or about January 10, 2008, the Respondent submitted a General Condition R & XI Notification for the Lafitte Field Compressor Station TB#5. The notification

indicated that the glycol pump flash separator had been bypassed for an unknown period of time. Upon discovery it was placed back in service and its off-gas was routed to the glycol regenerator burner as of January 8, 2008. The unauthorized bypass of the glycol pump flash separator is a violation of Title V Air Permit No. 1340-00147-V3, LAC 33:III.501.C.4, LAC 33:III.905.A, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- X. On or about January 10, 2008, the Respondent submitted a General Condition R & XI Notification for the Lafitte Field Compressor Station TB#5. The notification indicated that fuel gas was released to the atmosphere due to a leaky fuel gas line. Specifically, fuel gas was leaked on a small section of the facility's fuel gas supply line for an unknown period of time until repaired on or about January 8, 2008. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1340-00147-V3 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- Y. On or about January 11, 2008, the Respondent submitted a General Condition XI Notification for the Lafitte Commingling Facility #6 Tank Battery #11. The notification indicated increased emission rates from the water tanks since the issuance of Minor Source Air Permit No. 1340-00159-02 on or about August 26, 1999. Emission limits were revised for the facility based on updated throughput rates, emission factors and current facility conditions in SOGA Permit No. 1340-00159-03 issued on July 23, 2009. Each instance of increased emission rate above permitted limits is a violation of Minor Source Air Permit No. 1340-00159-02, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- Z. On or about January 11, 2008, the Respondent submitted a General Condition R & XI Notification for the Lafitte Commingling Facility #6 Tank Battery #11. The notification indicated that gas was released to the atmosphere due to a leaking section of gas line and a leaky level controller. Specifically, during an internal inspection conducted on or about November 13, 2007, a clamp previously installed on a gas line was found leaking and a level controller was found leaking for an unknown duration. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Minor Source Permit No. 1340-00159-02, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- AA. On or about September 29, 2008, the Respondent submitted a 2008 first Semiannual Monitoring Report for the Lafitte Central Facility No. 10 Tank Battery No. 8. The report indicated that during the first semiannual monitoring period of 2008 the Respondent exceeded permit limits for produced water throughput rates for emission point 002 (storage tank). Each failure to operate a source within the permit limits is a violation of Title V Air Permit No. 1340-00180-V0, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- BB. On or about September 14, 2010, the Respondent submitted a 2010 first Semiannual Monitoring Report for the Clovelly Field Central Facility. The report indicated that the Respondent operated Gas Compressor System 76-09-ICE-ES without prior authorization. On or about August 28, 2009, the Respondent submitted an application to modify the permit to add Glycol Still Column Condenser 75-09-GR-SCC installed after October 24, 1994, and Gas Compressor System 76-09-ICE-ES installed prior to July 1, 2007. Each failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of Title V Air Permit No. 1560-00045-V4, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- CC. For the Clovelly Field Central Facility, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Glycol Still Column Condenser 75-09-GR-SCC and Gas Compressor System 76-09-ICE-ES without a permit until the equipment was included in Title V Air Permit No. 1560-00045-V5 issued on or about October 19, 2010. The operation of equipment without an air permit is a violation of Title V Air Permit No. 1560-00045-V4, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- DD. On or about March 16, 2010, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The notification indicated that natural gas was released to the atmosphere during the third quarter monitoring period of 2009 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1560-00045-V4 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- EE. On or about September 18, 2009, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The report indicated that the Respondent operated Glycol Regenerator Burner Stack 73-09-GR-BS and Saltwater Disposal Pump System 74-09-ICE-ES without prior authorization. On or about February 10, 2009, the Respondent submitted an application to modify the permit to include Glycol Regenerator Burner Stack 73-09-GR-BS installed on or after October 24, 1994, and Saltwater Disposal Pump System 74-09-ICE-ES installed prior to July 1, 2008, to the permit. Each failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of Title V Air Permit No. 1560-00045-V3, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- FF. For the Clovelly Field Central Facility, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Glycol Regenerator Burner Stack 73-09-GR-BS and Saltwater Disposal Pump System 74-09-ICE-ES without a permit until the equipments were included in Title V Air Permit No. 1560-00045-V5 issued on or about October 19, 2010. The operation of equipment without an air

- permit is a violation of Title V Air Permit No. 1560-00045-V3, Title V Air Permit No. 1560-00045-V4, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- GG. On or about September 15, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The notification indicated that natural gas was released to the atmosphere during the second quarterly monitoring period of 2008 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1560-00045-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- HH. On or about June 25, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The notification indicated that natural gas was released to the atmosphere during the first quarterly monitoring period of 2008 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1560-00045-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- II. On or about April 1, 2008, the Respondent submitted a 2007 Annual Compliance Certification for the Clovelly Field Central Facility. The certification indicated that the Respondent failed to submit a quarterly deviation report for deviations that occurred during the third quarter monitoring period of 2007. The failure to submit a quarterly deviation report for all deviations occurring during that time period is a violation of Title V Air Permit No. 1560-00045-V2 General Condition R, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- JJ. On or about April 1, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The notification indicated that natural gas was released to the atmosphere during the fourth quarterly monitoring period of 2007 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1560-00045-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- KK. On or about March 22, 2007, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The notification indicated that natural gas was released to the atmosphere during the fourth quarterly monitoring period of 2006 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality

- standards in affected areas are not exceeded.” This is also a violation of Title V Air Permit No. 1560-00045-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- LL. On or about December 20, 2006, the Respondent submitted a General Condition R & XI Notification for the Clovelly Field Central Facility. The notification indicated that natural gas was released to the atmosphere during the third quarterly monitoring period of 2006 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, “When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded.” This is also a violation of Title V Air Permit No. 1560-00045-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- MM. On or about February 18, 2010, the Respondent electronically submitted a 2009 Emissions Certification Statement for the Clovelly #2 Tank Battery. The Respondent reported particulate matter (PM10) emissions of 1.99 tons per year for 2009 with a permit limit of 1.13 tons per year. The exceedance of the permit limit is a violation of Title V Air Permit No. 1560-00141-V4, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- NN. On or about March 16, 2010, the Respondent submitted a 2009 Annual Compliance Certification for the Clovelly #2 Tank Battery. The report indicated that the Respondent operated Storage Tank 95-09-ST-V without prior authorization. On or about March 31, 2009, the Respondent submitted an application to modify the permit to include Internal Combustion Engine Exhaust Stack 92-09-ICE-ES installed prior to July 1, 2007, and Storage Tank 95-09-ST-V installed prior to 2010, to the permit. Each failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of Title V Air Permit No. 1560-00141-V3, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- OO. For the Clovelly #2 Tank Battery, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Internal Combustion Engine Exhaust Stack 92-09-ICE-ES and Storage Tank 95-09-ST-V without a permit until the equipments were included in Title V Air Permit No. 1560-00141-V4 issued on or about October 2, 2009. The operation of equipment without an air permit is a violation of Title V Air Permit No. 1560-00141-V3, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- PP. On or about September 17, 2009, the Respondent submitted a General Condition R Notification for the Clovelly #2 Tank Battery. The notification indicated that the Respondent failed to conduct timely stack testing. Specifically, the Respondent conducted a stack testing for an engine at the facility on or about June 30, 2009, eleven (11) days after the six month, plus or minus thirty (30) day, testing deadline of June 19, 2009. Each failure to conduct timely stack tests is a violation of Title V Air Permit No. 1560-00141-V3, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- QQ. On or about September 16, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly #2 Tank Battery. The notification indicated that

natural gas was released to the atmosphere during the second quarterly monitoring period of 2008 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1560-00141-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- RR. On or about June 3, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly #2 Tank Battery. The notification indicated that during an attempt to perform stack tests for Compressor Engine 2-97-ICE-ES on or about May 29, 2008, it was determined that the engine was not operating properly and required repairs. Specifically, the valves were leaking and the engine was not firing properly. A portable analyzer was used to conduct a stack test; however, carbon monoxide (CO) concentration was unable to be measured as it registered off of the scale for the portable analyzer. The CO reading started to climb until it saturated the internal sensors of the analyzer. The failure to operate a source within the permit limit is a violation of Title V Air Permit No. 1560-00141-V2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- SS. On or about June 3, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly #2 Tank Battery. The notification indicated that the Respondent failed to conduct timely stack testing. Specifically, due to required engine repairs for Compressor Engine 2-97-ICE-ES the Respondent failed to perform stack tests by the six (6) month, plus or minus thirty (30) day, testing deadline. The engine was removed from service on or about June 14, 2008. The failure to conduct timely stack tests is a violation of Title V Air Permit No. 1560-00141-V2, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- TT. On or about May 7, 2008, the Respondent electronically submitted a 2007 Emissions Certification Statement for the Clovelly #2 Tank Battery. The Respondent reported PM10 emissions of 1.92 tons per year for 2007 with a permit limit of 0.05 tons per year. Additionally, the Respondent reported SO2 emissions of 0.03 tons per year with a permit limit of 0.02 tons per year. Each exceedance of the permit limit for each pollutant is a violation of Title V Air Permit No. 1560-00141-V2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- UU. On or about April 1, 2008, the Respondent submitted a 2007 Annual Compliance Certification for the Clovelly #2 Tank Battery. The certification indicated that the Respondent failed to submit a timely quarterly deviation report for deviations that occurred during the first quarterly monitoring period of 2007. Each failure to submit a timely quarterly deviation report for all deviations occurring during that time period is a violation of Title V Air Permit No. 1560-00141-V2 General Condition R, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- VV. On or about March 11, 2008, the Respondent submitted a General Condition R & XI Notification for the Clovelly #2 Tank Battery. The notification indicated that natural gas was released to the atmosphere during the first quarter monitoring period of 2007 due to compressor malfunctions. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently

maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." This is also a violation of Title V Air Permit No. 1560-00141-V2 Louisiana General Condition I, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

COMPLIANCE ORDER

Based on the foregoing, the Respondent is hereby ordered:

I.

To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Air Quality Regulations, including, but not limited to, operating sources within the permit limits, properly conducting timely stack testing, receiving approval prior to installing and operating emissions sources, submitting timely reports, and maintaining emissions sources in proper working order.

II.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a schedule for the Main Pass 72A Production Platform by which a stack test for Compressor ENG-01 (EQT0001) will be conducted according to Specific Requirement 4 of Title V Air Permit No. 2240-00039-V2 and/or documentation of compliance according to Specific Requirement 10 of Title V Air Permit No. 2240-00039-V2.

III.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violations and actions taken or to be taken to achieve compliance with the Order. Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to:

Office of Environmental Compliance
Post Office Box 4312
Baton Rouge, Louisiana 70821-4312

Attn: Richard LeBlanc

Re: Enforcement Tracking No. AE-CN-11-00318

Agency Interest No. 17198, 18645, 32102, 32189, 32190, 32197, 32292, 32351

THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:

I.

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality
Office of the Secretary
Post Office Box 4302
Baton Rouge, Louisiana 70821-4302
Attn: Hearings Clerk, Legal Division
Re: Enforcement Tracking No. AE-CN-11-00318
Agency Interest No. 17198, 18645, 32102, 32189, 32190, 32197, 32292, 32351

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Department's Rules of Procedure. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than twenty-seven thousand five hundred dollars (\$27,500) for each day of violation for the violation(s) described herein may be assessed. For violations which occurred on August 15, 2004, or after, civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.

VII.

For each violation described herein, the Department reserves the right to seek civil penalties in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties.

NOTICE OF POTENTIAL PENALTY

I.

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

II.

Prior to the issuance of additional appropriate enforcement action(s), you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Richard LeBlanc at (225) 219-3090 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.


III.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violation(s) to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify that statement.

IV.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 22 day of December, 2011.



Cheryl Sonnier Nolan
Assistant Secretary
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821-4312
Attention: Richard LeBlanc

BOBBY JINDAL
GOVERNOR



PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

May 14, 2015

CERTIFIED MAIL (7003 2260 0000 5823 1869)
RETURN RECEIPT REQUESTED

STONE ENERGY CORPORATION
c/o Andrew L. Gates, III
Agent for Service of Process
625 E. Kaliste Saloom Rd.
Lafayette, LA 70508

**RE: AMENDED CONSOLIDATED COMPLIANCE ORDER &
NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-CN-11-00318A
AGENCY INTEREST NO. 17198, 18645, 32102, 32189, 32190, 32197, 32292 & 32351**

Dear Sir(s):

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **STONE ENERGY CORPORATION (RESPONDENT)** for the violations described therein.

Any questions concerning this action should be directed to Richard LeBlanc at (225) 219-3165.

Sincerely,

A handwritten signature in black ink that reads "Celena J. Cage".

Celena J. Cage
Administrator
Enforcement Division

CJC/RDL/rdl
Alt ID No. 2240-00039, 1260-00031, 1260-00045,
1340-00147, 1340-00159, 1340-00180,
1560-00045 & 1560-00141
Attachment



STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF

STONE ENERGY CORPORATION
MULTI-PARISH
ALT ID NO. 2240-00039, 1260-00031,
1260-00045, 1340-00147, 1340-00159,
1340-00180, 1560-00045 & 1560-00141

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

*	
*	
*	ENFORCEMENT TRACKING NO.
*	
*	AE-CN-11-00318A
*	
*	
*	AGENCY INTEREST NO.
*	
*	17198, 18645, 32102, 32189,
*	32190, 32197, 32292 & 32351
*	

AMENDED CONSOLIDATED COMPLIANCE ORDER &
NOTICE OF POTENTIAL PENALTY

The Louisiana Department of Environmental Quality (the Department) hereby amends the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY, ENFORCEMENT TRACKING NO. AE-CN-11-00318** issued to **STONE ENERGY CORPORATION (RESPONDENT)** on December 22, 2011, in the above-captioned matter as follows:

I.

The Department hereby deletes paragraphs II.I, II.J, II.K, II.O, II.DD, II.GG, II.HH, II.JJ, II.KK, II.LL, II.MM, II.QQ, II.TT, II.UU and II.VV from the Order.

II.

The Department hereby amends paragraph II.NN to read as follows:

“NN. On or about March 16, 2010, the Respondent submitted a 2009 Annual Compliance Certification for the Clovelly #2 Tank Battery. The report indicated that the Respondent operated Storage Tank 95-09-ST-V without prior authorization. On or about March 31, 2009, the Respondent submitted an application to modify the permit to include Storage Tank 95-09-ST-V which was installed prior to submitting the permit application. The failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may

have resulted in an initiation or increase in emission of air contaminants, is a violation of Title V Air Permit No. 1560-00141-V3, LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).”

III.

The Department hereby amends paragraph II.OO to read as follows:

“OO. For the Clovelly #2 Tank Battery, the Respondent operated equipment prior to permit approval. Specifically, the Respondent operated Storage Tank 95-09-ST-V without a permit until the equipment was included in Title V Air Permit No. 1560-00141-V4 issued on or about October 2, 2009. The operation of equipment without an air permit is a violation of Title V Air Permit No. 1560-00141-V3, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).”

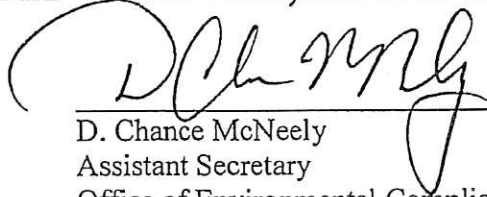
IV.

The Department incorporates all of the remainder of the original **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY, ENFORCEMENT TRACKING NO. AE-CN-11-00318** and **AGENCY INTEREST NOS. 17198, 18645, 32102, 32189, 32190, 32197, 32292 & 32351** as if reiterated herein.

V.

This **AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 14 day of May, 2015.



D. Chance McNeely
Assistant Secretary
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
Post Office Box 4312
Baton Rouge, LA 70821-4312
Attention: Richard LeBlanc