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LA. DEPT. OF ENV. QUALITY
LEGAL AFFAIRS DIVISION

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-11-0046**
DEVON ENERGY PRODUCTION COMPANY, L.P.	*	
	*	**Enforcement Tracking No.**
	*	**AE-PP-09-0408**
AI # 26002, 32576, 32696, 39923	*	
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Devon Energy Production Company, L.P. ("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 limited partnership that owns and/or operates several energy production facilities located in Pilottown, Plaquemines Parish, Louisana, and in Venice, Plaquemines Parish, Louisiana ("the Facility").

II

On November 5, 2010, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-09-0408, which was based upon the following findings of fact:

On or about October 13, 2009, file reviews of the following facilities, owned and/or operated by Devon Energy Production Company, L.P. (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality

regulations:

Facility Name	AI No.	Permit No.	Location
Main Pass Block 69 Platform B	26002	2240-00143-V1	12 miles East of Pilottown, LA
Main Pass Block 69 Platform C	32576	2240-00080-V2	Pilottown, LA
Main Pass 68-G Facility	32696	2240-00264-V3	20 miles East of Venice, LA
Main Pass 68-H Facility	39923	2240-00288-V3	25 miles East Southeast of Venice, LA

The following violations were noted during the course of the file reviews:

A. In the Respondent's 2008 Annual Compliance Certification for the Main Pass Block 69 Platform B facility submitted to the Department on or about March 28, 2009, the Respondent indicated that some equipment was operated prior to permit approval. Specifically, the Respondent operated level controllers (Emission Point 25), a vapor recovery vessel pump (Emission Point 26), an oil storage pump (Emission Point 27), a potable water tank pump (Emission Point 29), and a turbine compressor (Emission Point 30) prior to permit approval. Each failure to submit a permit application and receive approval from the permitting authority for each equipment prior to construction, modification, or operation of a facility which ultimately may result in an initiation or increase in air contaminants is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The aforementioned equipments were included in the renewal application of Title V Air Permit No.2240-00143-V0 submitted to the Department on or about December 30, 2008.

B. For the Main Pass Block 69 Platform B facility the Respondent operated Emission Points 25, 26, 27 and 29 from December 1, 2008, until inclusion in Title V Permit No. 2240-00143-V1on June 9, 2009, without a permit. The Respondent operated Emission Point 30 without a permit from December 10, 2008, until inclusion in the permit. Each operation of an 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).

C. In the Respondent's 2008 Annual Compliance Certification for the Main Pass Block 69 Platform C facility submitted to the Department on or about March 28, 2009, the Respondent indicated that a generator engine (Emission Point 01) was operated 160 hours beyond the permitted operating hours. The excess operation of an emission source beyond the permitted limit is a violation of Title V Permit No. 2240-00080-V1 General Condition C, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

D. In the Respondent's 2008 Annual Compliance Certification for the Main Pass 68 G Facility submitted to the Department on or about March 28, 2009, the Respondent indicated that some equipment was operated prior to permit approval. Specifically, the Respondent operated a chemical injection pump (Emission Point CI-03), a chemical injection pump (Emission Point CI-04), an engine oil pump (Emission Point DP-05), and a methanol pump (Emission Point DP-06) prior to permit approval. The failure to

submit a permit application and receive approval from the permitting authority for each equipment prior to construction, modification, or operation of a facility which ultimately may result in an initiation or increase in air contaminants is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The aforementioned equipments were included in the renewal application of Title V Air Permit No. 2240-00264-V2 submitted to the Department on or about March 6, 2009.

E. For the Main Pass 68 G Facility the Respondent operated Emission Points CI-03, CI-04, DP-05 and DP-06 from December 1, 2008, until inclusion in Title V Permit No. 2240-00264-V3on February 4, 2010, without a permit. Each operation of an 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).

F. In the Respondent's 2008 Annual Compliance Certification for the Main Pass 68 H Facility submitted to the Department on or about March 28, 2009, the Respondent indicated that some equipment was operated prior to permit approval. Specifically, the Respondent operated a chemical injection pump (Emission Point 31) and a potable water pump (Emission Point 32) prior to permit approval. Each failure to submit a permit application and receive approval from the permitting authority for each equipment prior to construction, modification, or operation of a facility which ultimately may result in an initiation or increase in air contaminants is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The aforementioned equipments were included in the renewal application of Title V Air Permit No. 2240-00288-V2 submitted to the Department on or about March 6, 2009.

G. For the Main Pass 68 H Facility the Respondent operated Emission Points 31 and 32 from December 1, 2008, until inclusion in Title V Permit No. 2240-00288-V3on January 28, 2010, without a permit. Each operation of an 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).

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 EIGHTEEN THOUSAND THREE HUNDRED TEN AND 77/100 DOLLARS ($18,310.77), of which Three Hundred Sixty and 77/100 Dollars ($360.77) 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 Notice of Penalty Assessment 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

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Plaquemines 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 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.

IX

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).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

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.

DEVON ENERGY PRODUCTION COMPANY, L.P.

BY: _____
(Signature)

BRIAN R. STEWART
(Printed)

TITLE: VP, OFFSHORE WELL ENGINEERING

THUS DONE AND SIGNED in duplicate original before me this 13TH day of MARCH, 20 12, at HOUSTON, TX.

_____
NOTARY PUBLIC (ID # _____)

PATRICIA J BRUCE
Notary Public, State of Texas
My Commission Expires
December 18, 2014

(stamped or printed)

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 30th day of July, 20 12, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary