**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

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|---|---|---|
| **IN THE MATTER OF:** | * | **Settlement Tracking No.** |
| | * | **SA-AE-12-0033** |
| **WHISKEY BAY GATHERING** | * | |
| **COMPANY, LLC** | * | |
| | * | **Enforcement Tracking No.** |
| **AI # 155298,157051,157135,163557** | * | **AE-PP-10-01460** |
| | * | |
| **PROCEEDINGS UNDER THE LOUISIANA** | * | |
| **ENVIRONMENTAL QUALITY ACT** | * | |
| **LA. R.S. 30:2001, ET SEQ.** | * | |

**SETTLEMENT**

The following Settlement is hereby agreed to between Whiskey Bay Gathering Company, LLC ("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 liability company that owns and/or operates numerous compressor stations located in Red River Parish, Louisiana ("the Facility").

II

On April 8, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-10-01460, which was based upon the following findings of fact:

On or about January 12, 2011, a file review of Wiggins Compressor Station (Agency Interest No. 155298), owned and/or operated by Whiskey Bay Gathering Company, LLC (Respondent), was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located approximately 16.5 miles north

northwest of Loggy Bayou in Red River Parish, Louisiana. The facility currently operates under an Administrative Amendment to Air Permit No. 2420-00031-03, issued on June 15, 2010.

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

A. According to Respondent's correspondence dated November 1, 2010, compressor engine C-1 was installed at the facility in February 2008. Air Permit No. 2420-00031-00 was issued on May 21, 2008, which authorized operation of the compressor engine. The unauthorized operation of the facility between February 2008 and May 21, 2008, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

B. According to Respondent's correspondence dated October 6, 2010, compressor engine C-2 is subject to 40 CFR 60 Subpart JJJJ. On October 22, 2008, emission testing was performed on the engine. This test did not include volatile organic compound (VOC) emissions as required by 40 CFR 60 Subpart JJJJ. According to correspondence from the Respondent dated October 6, 2010, an emissions test was conducted in December 2009 which included VOCs for this engine. This is a violation of 40 CFR 60.4244, which language has been adopted as a Louisiana regulation in LAC 33:III.3003, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

C. In the permit modification application dated June 1, 2009, multiple emission points were requested to be added to the facility's air permit. According to Respondent's correspondence dated November 1, 2010, Emission Sources Vent 1 and SC-2 (glycol still column) were installed in June 2009. Air Permit No. 2420-00031-02, was issued on July 27, 2009. The unauthorized operation of each emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

D. Air Permit No. 2420-00031-03 states that the modification of Air Permit No. 2420-00031-02 includes changes to emissions from existing compressor engines, generator engines, glycol dehydration still columns and amine regeneration vents. According to the Respondent's correspondence dated November 1, 2010, the dehydrator VOC emissions increased due to flash calculations, the previous permit applications did not have gas analysis, and engine PM emissions increased due to including both filterable and condensable PM factors. According to the Respondent's correspondence dated November 1, 2010, the following increased emissions resulted.

| Pollutant | Increase in Emissions (tons per year) |
|---|---|
| Acetaldehyde | 0.68 |
| Acrolein | 0.42 |
| Methanol | 0.20 |
| Ethylbenzene | 5.98 |
| Formaldehyde | 0.13 |
| Toluene | 0.03 |
| $PM_{10}$ | 2.32 |
| $SO_2$ | 0.02 |
| $NO_x$ | 7.31 |
| CO | 6.14 |
| VOC | 8.88 |

The above listed emissions were not authorized in the facility's previous air permit. Each incident of unauthorized emissions of each pollutant prior to the issuance of Air Permit No. 2420-00031-03 is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about January 12, 2011, a file review of Woodardville East Section 4 Compressor Station (Agency Interest No. 157051), owned and/or operated by Whiskey Bay Gathering Company, LLC (Respondent), was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located on U.S. Highway 371 in Coushatta, Red River Parish, Louisiana. The facility currently operates under Air Permit No. 2420-00040-01, issued on April 13, 2010.

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

A. According to the Respondent's correspondence dated November 1, 2010, the facility became operational in April 2008. Air Permit No. 2420-00040-00 was issued on May 6, 2009. The failure to submit a permit application prior to construction, reconstruction, or modification of a facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

B. According to the Respondent's correspondence dated November 1, 2010, the facility became operational in April 2008. Air Permit No. 2420-00040-00 was issued on May 6, 2009. The unauthorized operation of the facility between April 2008 and May 6, 2009, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about January 12, 2011, a file review of Red River Teal Compressor Station (Agency Interest No. 157135), owned and/or operated by Whiskey Bay Gathering Company, LLC (Respondent), was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located in Coushatta, Red River Parish, Louisiana. The facility currently operates under Air Permit No. 2420-00041-01, issued September 30, 2009.

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

A. According to the Respondent's correspondence dated November 1, 2010, the site was constructed and operational in January 2009. Air Permit No. 2420-00041-00 was issued on June 24, 2009. The failure to submit a permit application prior to construction, reconstruction, or modification of a facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

B. According to the Respondent's correspondence dated November 1, 2010, the site was constructed and operational in January 2009. Air Permit No. 2420-00041-00 was issued on June 24, 2009. The unauthorized operation of the facility between January 2009 and June 24, 2009, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about January 12, 2011, a file review of Phillips Compressor Station (Agency Interest No. 163557), owned and/or operated by Whiskey Bay Gathering Company, LLC (Respondent), was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located off of Louisiana Highway 783 in Hall Summit, Red River Parish, Louisiana. The facility currently operates under Standard Oil and Gas Air (SOGA) Permit No. 2420-00073-00, issued on June 3, 2009.

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

A. According to the Respondent's correspondence dated November 1, 2010, the site was constructed and operational in April 2009. SOGA Permit No. 2420-00073-00 was issued on June 3, 2009. The failure to submit a permit application prior to construction, reconstruction, or modification of a facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

B. According to the Respondent's correspondence dated November 1, 2010, the site was constructed and operational in April 2009. SOGA Permit No. 2420-00073-00 was issued on June 3, 2009. The unauthorized operation of the facility between April 2009 and June 3, 2009, is a violation of LAC 33:III.501.C.2 and 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 SIXTEEN THOUSAND AND NO/100 DOLLARS ($16,000.00), of which One Thousand One Hundred Thirteen and 14/100 Dollars ($1,113.14) 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 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

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, 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 the newspaper 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.

**WHISKEY BAY GATHERING COMPANY, LLC**

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(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 _____ day of _____, 20_____, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary