

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

PALMER PETROLEUM, INC.

AI # 160230, 190025, 190026, 190027, 190059

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

\* Settlement Tracking No.  
\* SA-AE-18-0052  
\*  
\* Enforcement Tracking No.  
\* AE-CN-13-00060  
\*  
\* Docket No. 2014-6160-EQ  
\*

SETTLEMENT

The following Settlement is hereby agreed to between Palmer Petroleum, 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 facilities located in St. Landry Parish, Red River Parish, Webster Parish, and Lincoln Parish, Louisiana (“the Facilities”).

II

On March 11, 2013, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-13-00060 (Exhibit 1).

The following violations, although not cited in the foregoing enforcement action(s), are included within the scope of this settlement:

**Hanna #1 AI: 190025**

According to correspondence received on or about March 13, 2014, discussions held between the Department and the Respondent's representatives, the Respondent agreed to perform

an air permitting analysis for all of the oil and gas production facilities they operate. As a result, Hanna #1 Facility requires an air permit. The facility submitted a permit application on or about November 22, 2013, which stated that the facility was initially constructed in February of 1982. The Respondent's failure to submit a permit application prior to construction of the facility is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1), and 30:2057 (A)(2).

The facility was constructed and has been operating since February of 1982, according to a permit application submitted on or about November 22, 2013. The Respondent's failure to receive approval from the permitting authority prior to 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.2, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

**McKowen Bird #1 AI: 190026**

According to correspondence received on or about March 13, 2014, discussions held between the Department and the Respondent's representatives, the Respondent agreed to perform an air permitting analysis for all of the oil and gas production facilities they operate. As a result, McKowen Bird #1 Facility requires an air permit. The facility submitted a permit application on or about November 22, 2013, which stated that the facility was initially constructed in August of 1973. The Respondent's failure to submit a permit application prior to construction of the facility is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1), and 30:2057 (A)(2).

The facility has been operating since August of 2004, according to a permit application submitted on or about November 22, 2013. The facility was constructed in August of 1973. The Respondent's failure to receive approval from the permitting authority prior to 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.2, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

**Ware #1 AI: 190027**

According to correspondence received on or about March 13, 2014, discussions held between the Department and the Respondent's representatives, the Respondent agreed to perform an air permitting analysis for all of the oil and gas production facilities they operate. As a result, Ware #1 Facility requires an air permit. The facility submitted a permit application on or about November 22, 2013, which stated that the facility was initially constructed in May of 1976. The Respondent's failure to submit a permit application prior to construction of the facility is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1), and 30:2057 (A)(2).

The facility was constructed and has been operating since May of 1976, according to the permit application submitted on or about November 22, 2013. The Respondent's failure to receive approval from the permitting authority prior to 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.2, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

**Rabb #1 AI: 190059**

According to correspondence received on or about March 13, 2014, discussions held between the Department and the Respondent's representatives, the Respondent agreed to perform an air permitting analysis for all of the oil and gas production facilities they operate. As a result, Rabb #1 Facility requires an air permit. The facility submitted a permit application on or about November 22, 2013, which stated that the facility was initially constructed in June of 2006. The Respondent's failure to submit a permit application prior to construction of the facility is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1), and 30:2057 (A)(2).

The facility was constructed and has been operating since June of 2006, according to the permit application submitted on or about November 22, 2013. The Respondent's failure to receive

approval from the permitting authority prior to 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.2, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

Respondent subsequently filed air permit applications with the DEQ for the facilities required to operate under an air permit. After the required review of the applications, the DEQ issued air permits to the facilities that were required by law and/or regulation to operate under an air permit.

### III

In response to the Consolidated Compliance Order & Notice of Potential Penalty, Respondent made a timely request for a hearing.

### IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

### V

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 ONE HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS (\$155,000.00), of which Nine Hundred Forty-Nine and 70/100 Dollars (\$949.70) 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).

### VI

Respondent further agrees that the Department may consider the inspection report(s),

permit record(s), the 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.

## VII

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.

## VIII

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.

## IX

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.

## X

The Respondent has caused a public notice advertisement to be placed in the official

journal of the parish governing authority in St. Landry Parish, Red River Parish, Webster Parish, and Lincoln 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.

## XI

Payment is to be made in four (4) payments of \$38,750.00 over a one (1) year period. The first payment is due within ten (10) days from notice of the Secretary's signature. The second payment is due four (4) months from the date of the first payment, the third payment is due eight (8) months from the date of the first payment, the fourth payment is due twelve (12) months from the date of the first payment. All payments shall be paid within one year of the due date of the first payment. 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).

## XII

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

### XIII

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.

PALMER PETROLEUM, INC.

BY: Ronnie Madole  
(Signature)

Ronnie Madole  
(Printed)

TITLE: Operations Manager

THUS DONE AND SIGNED in duplicate original before me this 2nd day of July, 20 19, at Caddo Parish, LA.

Christina K Candler  
NOTARY PUBLIC (ID # \_\_\_\_\_)

CHRISTINA K. CANDLER, NOTARY PUBLIC  
CADDO PARISH, LOUISIANA  
MY COMMISSION IS FOR LIFE  
NOTARY ID # 86207

(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 1st day of Oct, 20 19, 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**

March 11, 2013

**CERTIFIED MAIL (7004 2510 0005 5768 7328)**  
**RETURN RECEIPT REQUESTED**

**PALMER PETROLEUM, INC.**  
c/o Kenneth J. Whitehurst  
Agent for Service of Process  
401 Edwards Street, Suite 1455  
Shreveport, LA 71101

**RE: CONSOLIDATED COMPLIANCE ORDER**  
**& NOTICE OF POTENTIAL PENALTY**  
**ENFORCEMENT TRACKING NO. AE-CN-13-00060**  
**AGENCY INTEREST NO. 160230**

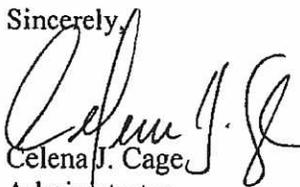
Dear Sir:

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 **PALMER PETROLEUM, INC. (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 Trisha Barbay at (225) 219-3169.

Sincerely,

  
Celena J. Cage  
Administrator  
Enforcement Division

CJC/TAB/tab  
Alt ID No. 2600-00086  
Attachment



c: Palmer Petroleum, Inc  
c/o Mr. Ronnie Madole, Operations Manager  
401 Edwards Street, Suite 1400  
Shreveport, LA 71101

**STATE OF LOUISIANA  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE**

**IN THE MATTER OF**

**PALMER PETROLEUM, INC.  
SAINT LANDRY PARISH  
ALT ID NO. 2600-00086**

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

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**ENFORCEMENT TRACKING NO.**

**AE-CN-13-00060**

**AGENCY INTEREST NO.**

**160230**

**CONSOLIDATED**

**COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY**

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **PALMER PETROLEUM, INC. (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 Girard #1 and Smith #2 Facility – Opelousas Field (the facility), a natural gas production facility, located two (2) miles northwest of Port Barre in Saint Landry Parish, Louisiana. The facility currently operates under Minor Source Air Permit No. 2600-00086-00 issued September 21, 2010.

**II.**

On or about August 22, 2008, an inspection of the Respondent’s facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. While the Department’s investigation is not yet complete, the following violations were noted during the course of the inspection and subsequent file review on or about January 23, 2013:

- A. The facility has been operating since 1958 according to the inspection report. During the course of the inspection, the inspector noted the following emission sources: line heater, glycol burner, glycol still column, heater treater, compressor, two (2) - 500 barrel (bbl) oil tanks, and a 500 bbl saltwater tank. The facility submitted a permit application on or about May 26, 2010, which stated the facility was initially constructed in November of 1988. The Respondent received Minor Source Air Permit No. 2600-00086-00. The Respondent's failure to submit a permit application prior to construction of the facility is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).
  
- B. The facility has been operating since 1958 according to the inspection report. During the course of the inspection, the inspector noted the following emission sources: line heater, glycol burner, glycol still column, heater treater, compressor, two (2) - 500 barrel (bbl) oil tanks, and a 500 bbl saltwater tank. The facility submitted a permit application on or about May 26, 2010, which stated the facility was initially constructed in November of 1988. The Respondent's failure to receive approval from the permitting authority prior to 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.2, 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.

II.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report specifying the facility's emissions from initial operation of the facility through the 2009 calendar year. Additionally, clarify the date operations began at the facility and a statement of when the Respondent had retained owner/operatorship of the facility.

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: Trisha Barbay**  
**Re: Enforcement Tracking No. AE-CN-13-00060**  
**Agency Interest No. 160230**

**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-13-00060**  
**Agency Interest No. 160230**

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 Trisha Barbay at (225) 219-3169 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 11 day of March, 2013.



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: Trisha Barbay