STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

SOUTHERN NATURAL GAS
COMPANY, L.L.C.

AI # 14544, 17664

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

SETTLEMENT

The following Settlement is hereby agreed to between Southern Natural Gas Company, L.L.C. ("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 facilities located in Logansport, DeSoto Parish, Louisiana and St. Bernard, St. Bernard Parish, Louisiana ("the Facility").

II

On June 30, 2017, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-16-00094 (Exhibit 1).

On November 8, 2017, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-17-00295 (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 SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($7,500.00), of which One Thousand Three Hundred Twenty-Six and 70/100 Dollars ($1,326.70) 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).

V

Respondent further agrees that the Department may consider the inspection report(s)/permit record(s), the Notices 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 St. Bernard Parish, Louisiana and DeSoto 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.

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.
SOUTHERN NATURAL GAS
COMPANY, L.L.C.

BY: Mary Claire Lyons
(Signature)
(Printed)

TITLE: Aest. Gen. Counsel

THUS DONE AND SIGNED in duplicate original before me this 2nd day of January, 2020, at 8:20 am.

Carmen M. Koss
Notary Public (ID #______)

(stamped or printed)

LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: Lourdes Hurralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 8th day of April, 2020, at Baton Rouge, Louisiana.

Perry Theriot
Notary Public (ID # 19181)

(stamped or printed)

Approved:
Lourdes Hurralde, Assistant Secretary
CERTIFIED MAIL (7004 2510 0006 3852 8328)  
RETURN RECEIPT REQUESTED

SOUTHERN NATURAL GAS COMPANY, L.L.C.  
c/o CT Corporation System  
Agent for Service of Process  
3867 Plaza Tower Drive  
Baton Rouge, LA 70816

RE: NOTICE OF POTENTIAL PENALTY  
ENFORCEMENT TRACKING NO. AE-PP-16-00094  
AGENCY INTEREST NO. 17664

Dear Sir:

On or about September 29, 2015, an inspection of TOCA COMPRESSOR STATION (FACILITY), a natural gas compressor station facility, owned and/or operated by SOUTHERN NATURAL GAS COMPANY, L.L.C. (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 at 2400 Bayou Road, in St. Bernard, St. Bernard Parish, Louisiana and is currently operating under Title V Air Permit No. 2500-00019-V5 issued December 20, 2012 with an expiration date of March 29, 2017. The Respondent submitted the facility’s air permit renewal application on September 26, 2016. Title V Air Permit No. 2500-00019-V5 has been administratively continued.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the inspection:

A. During the inspection, a review of randomly selected six (6) months of records for compressor engine units 2 (EQT0005) and 3 (EQT0006) from 2013-2015 revealed catalyst inlet temperature readings ranging from approximately 400 to 1500 degrees Fahrenheit. A total of 65 days of deviations were noted to have occurred within a 5-month period, averaging approximately 10-15 days per month. Catalyst inlet temperatures are required to be between the values of 750-1250 degrees Fahrenheit. There were several instances where readings were not recorded and no malfunctions or shutdowns were noted. In correspondence dated July 13, 2016, the Respondent submitted revised 2013 and 2014 Semiannual Monitoring Reports and Annual Compliance Certifications which detailed instances when EQT0005 and EQT0006
operated outside of the required temperature range. Each failure to comply with the
catalyst inlet temperature range, is a violation of Title V Permit
No. 2500-00019-V5 Specific Requirements 7 and 14, 40 CFR 63.6600(a), which
language has been adopted as a Louisiana regulation in LAC 33:III.5122,
LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). Each failure to maintain records is a
violation of Title V Permit No. 2500-00019-V5 Specific Requirements 9 and 16, 40
CFR 63.6605(b) and 40 CFR 63.6655(d), which languages have been adopted as a
Louisiana regulation in LAC 33:III.5122, LAC 33:III.501.C.4, and
La. R.S. 30:2057(A)(2). In a correspondence dated April 27, 2016, the Respondent
stated that the facility’s engine reports were revised to include the correct catalyst
temperature requirements. The Respondent stated that the units will shut down if the
catalyst temperature is below 750 or above 1250 degrees Fahrenheit and the
temperatures will be recorded.

B. During the inspection, it was noted that catalyst differential pressure for 2013-2015
for compressor engine units 2 (EQT 0005) and 3 (EQT 0006) were being recorded
on a 24 hour average and labeled as “monthly snapshots” on the daily reports. The
inspector noted that data shows many days where readings were not recorded, and
records were not produced for the majority of 2014 and randomly selected days of
2015. The Respondent did not record catalyst pressure differentials demonstrating
compliance with 40 CFR 63.6600(a) and Specific Requirement Numbers 6 and 13.
Each failure to record catalyst pressure differentials is a violation of Title V Permit
No. 2500-00019-V5, LAC 33:III.501.C.4, 40 CFR 63.6655, which language has
been adopted as a Louisiana regulation in LAC 33:III.5122, and
La. R.S. 30:2057(A)(2). Correspondence dated April 27, 2016 states the Respondent
will ensure all catalyst pressure differentials are recorded.

C. During the review of the 2013 and 2014 Title V Semiannual Monitoring Reports and
Annual Compliance Certifications, no deviations were noted in the reports.
However, deviations for catalyst temperature and pressure differentials as mentioned
in Paragraphs A and B of this enforcement action were not reported in the
semiannual nor annual compliance documents. Each failure to comply with any
term or condition of the permit is a violation of LAC 33:III.501.C.4, and
La. R.S. 30:2057(A)(2). Correspondence dated July 13, 2016 included amended reports
containing catalyst temperature and pressure differential deviations.

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.

Prior to the issuance of any additional appropriate enforcement action, 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 Dr. Jacqueline A. Prudente at (225) 219-3378 or
via email at jackie.prudente@la.gov within ten (10) days of receipt of this NOTICE OF POTENTIAL
PENALTY.
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 in order 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 violations 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 this statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

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

The Department assesses civil penalties based on LAC 33:1.Subpart1.Chapter7. To expedite closure of this NOTICE OF POTENTIAL PENALTY, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached “NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE” form. The Respondent must include a justification of the offer. DO NOT submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

The NOTICE OF POTENTIAL PENALTY will not be closed if the Respondent owes outstanding fees to the Department. Please contact the Financial Services Division at 225-219-3865 or via email at DEQ-WWWFinancialServices@la.gov to determine if you owe outstanding fees.

To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,

[Signature]

Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

LI/JAP/jap
Alt ID No. 2500-00019
c: Southern Natural Gas Company, LLC-
   Toca Compressor Station
   c/o Keith Leblanc, Manager
   2400 Bayou Road
   St. Bernard, LA 70085
**NOTICE OF POTENTIAL PENALTY**

**REQUEST TO SETTLE (OPTIONAL)**

<table>
<thead>
<tr>
<th>Enforcement Tracking No.</th>
<th>AE-PP-16-00094</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Interest (AU) No.</td>
<td>17664</td>
</tr>
<tr>
<td>Alternate ID No.</td>
<td>2500-00019</td>
</tr>
</tbody>
</table>

**Respondent:**
- Southern Natural Gas Company, LLC
- c/o CT Corporation System
- 3867 Plaza Tower Drive, Baton Rouge, LA 70816
- Toca Compressor Station
- 2400 Bayou Road
- St. Bernard, LA 70085
- St. Bernard

**SETTLEMENT OFFER (OPTIONAL)**

*(check the applicable option)*

- The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.

- In order to resolve any claim for civil penalties for the violations in **NOTICE OF POTENTIAL PENALTY** (AE-PP-16-00094), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

- In order to resolve any claim for civil penalties for the violations in **NOTICE OF POTENTIAL PENALTY** (AE-PP-16-00094), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay $________ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance.
  - Monetary component = $________
  - Beneficial Environmental Project (BEP) component (optional) = $________
  - **DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM**- the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

The Respondent has reviewed the violations noted in **NOTICE OF POTENTIAL PENALTY** (AE-PP-16-00094) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

**CERTIFICATION STATEMENT**

I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.

<table>
<thead>
<tr>
<th>Respondent's Signature</th>
<th>Respondent's Printed Name</th>
<th>Respondent's Title</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Respondent's Physical Address</th>
<th>Respondent's Phone #</th>
<th>Date</th>
</tr>
</thead>
</table>

**MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:**

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821
Attn: Dr. Jacqueline A. Prudente
NOTICE OF POTENTIAL PENALTY

This NOTICE OF POTENTIAL PENALTY is issued by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2031, et seq., and 30:2050.3(B).

FINDINGS OF FACT

An authorized representative of the Department inspected the abovementioned facility or conducted a file review of the facility to determine the degree of compliance with regulations promulgated in the Louisiana Administrative Code, Title 33. The State regulatory citations for the violation(s) identified during the inspection and/or file review are indicated below.

I. The Respondent owns and/or operates a compressor station located at 239 Natural Gas Rd, Logansport, DeSoto Parish, Louisiana. The facility currently operates under Air Permit No. 0760-00058-V3 issued on April 11, 2017.

<table>
<thead>
<tr>
<th>Date of Inspection</th>
<th>Description of Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 19, 2017</td>
<td>The inspector noted that the Respondent was not able to produce maintenance records for the inspection of spark plugs on Emergency Generator [EQT 0006] for the years 2015 and 2016. In correspondence dated April 19, 2017, the Respondent stated that the maintenance tasks for RICE MACT subject units were integrated into their MAXIMO maintenance tracking system and mistakenly loaded for a compression ignition engine rather than a spark ignited engine resulting in no MAXIMO work orders being generated for spark plug inspections. The MAXIMO tasks were corrected immediately following the January 19, 2017 inspection and the spark plug inspection was documented on January 20, 2017. The failure to monitor or inspect as required is a violation of Specific Requirement No. 9 of Title V Permit No. 0760-00058-V2, 40 CFR 63.6605(a), which language has been adopted as a Louisiana regulation in LAC 33:III:5112, LAC 33:III:501.C.4, and La. R.S. 30:2057(AI)(2).</td>
</tr>
</tbody>
</table>

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, they shall 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 Christopher Clement at (225) 219-3748 within ten (10) days of receipt of this NOTICE OF POTENTIAL PENALTY.

III. The Department is required by La. R.S. 30:2025E(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order 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 violations 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) utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

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

V. To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

CONTACTS AND SUBMITTAL OF INFORMATION

<table>
<thead>
<tr>
<th>Enforcement Division:</th>
<th>Physical Address (if hand delivered):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana Department of Environmental Quality</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>Office of Environmental Compliance</td>
<td>602 N Fifth Street</td>
</tr>
<tr>
<td>Air Enforcement Division</td>
<td>Baton Rouge, LA 70802</td>
</tr>
<tr>
<td>P.O. Box 4312</td>
<td></td>
</tr>
<tr>
<td>Baton Rouge, LA 70832</td>
<td></td>
</tr>
<tr>
<td>Attn: Christopher Clement</td>
<td></td>
</tr>
</tbody>
</table>
HOW TO REQUEST CLOSURE OF THIS NOTICE OF POTENTIAL PENALTY

To expedite closure of the NOTICE OF POTENTIAL PENALTY, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein.

- The Respondent may offer a settlement amount but the Department is under no obligation to enter into settlement negotiations. It is decided upon on a discretionary basis.
- The settlement offer amount may be entered on the attached "NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE" form. The Respondent must include a justification of the offer.
- **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

If you have questions or need more information, you may contact Christopher Clement at (225) 219-3748 or Christopher.Clement@la.gov.

Lourdes Iturralde  
Assistant Secretary
Office of Environmental Compliance

cc: Southern Natural Gas Company, L.L.C.  
c/o Brad Heron – Operations Specialist  
239 Natural Gas Rd  
Logansport, LA 71052

Attachment(s)  
- Request to Settle

Date: 1/8/17
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE
ENFORCEMENT DIVISION
POST OFFICE BOX 4312
BATON ROUGE, LOUISIANA 70821-4312

NOTICE OF POTENTIAL PENALTY
REQUEST TO SETTLE (OPTIONAL)

Enforcement Tracking No. AE-PP-17-00295
Agency Interest No. 14544
Alternate ID No. 0760-00058

Contact Name: Christopher Clement
Contact Phone No.: (225) 219-3748

Respondent:
Southern Natural Gas Company, LLC
3867 Plaza Tower Dr.
Baton Rouge, LA 70816

Facility Name: Logansport Compressor Station
Physical Location: 239 Natural Gas Rd
City, State, Zip: Logansport, LA 71049
Parish: DeSoto

SETTLEMENT OFFER (OPTIONAL)
(check the applicable option)

---
The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 331 Subpart 1 Chapter 7.

---
In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-17-00295), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

---
In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-17-00295), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay $ which shall include DEQ enforcement costs and any monetary benefit of non-compliance.

- Monetary component $________________
- Beneficial Environmental Project (BEP) component (optional) $________________
- DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM: the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

---
The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (AE-PP-17-00295) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

CERTIFICATION STATEMENT

I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.

Respondent’s Signature

Respondent’s Printed Name

Respondent’s Title

Respondent’s Physical Address

Respondent’s Phone #

Date

MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821
Attn: Christopher Clement

If you have questions or need more information, you may contact Christopher Clement at (225) 219-3748 or Christopher.Clement@la.gov.