

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

PALM ENERGY OFFSHORE, L.L.C.

AI # 32688

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

* Settlement Tracking No.
* SA-AE-19-0078
*
* Enforcement Tracking No.
* AE-CN-12-00018
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SETTLEMENT

The following Settlement is hereby agreed to between Palm Energy Offshore, 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 an oil and gas production facility located in Plaquemines Parish, Louisiana (“the Facility”) (See relevant DEQ EDMS Doc. Nos. 11982837, 11731647, and 11764925). The Facility is currently shut-in and not in operation.

II

On January 9, 2013, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-12-00018.

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 TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00), of which Nine Hundred Ninety-Three and 21/100 Dollars (\$993.21) 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 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 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 in four (4) equal installments of \$2,500.00 per quarter, over a period of twelve (12) months. The first installment 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.

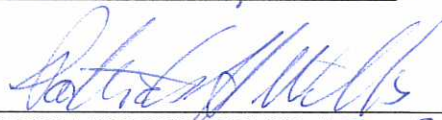
PALM ENERGY OFFSHORE, L.L.C.

BY: 
(Signature)

Stephen P. Galtier
(Printed)

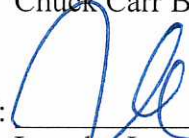
TITLE: Manager - authorized Rep.
Palm Energy Offshore LLC

THUS DONE AND SIGNED in duplicate original before me this 3rd day of June, 20 20, at New Orleans, Louisiana

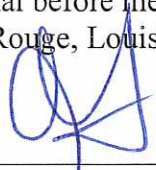

NOTARY PUBLIC (ID # 36088)

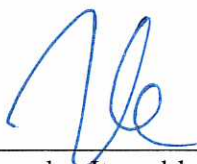
PATRICK H. WILLIS
NOTARY PUBLIC
Parish of Orleans, State of Louisiana
Notary ID #36088
My Commission is issued for Life.
(stamped or printed)

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

BY: 
Lourdes Iturralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this and day of September, 20 20, at Baton Rouge, Louisiana.


NOTARY PUBLIC (ID # 92503)

Approved: 
Lourdes Iturralde, Assistant Secretary

Amber Gremillion Litchfield
(stamped or printed)



BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

January 9, 2013

CERTIFIED MAIL (7004 2510 0005 5753 7081)
RETURN RECEIPT REQUESTED

PALM ENERGY OFFSHORE, L.L.C.
c/o Paul J. Goodwine
Agent for Service of Process
1100 Poydras St., Ste. 1800
New Orleans, LA 70163

**RE: CONSOLIDATED COMPLIANCE ORDER
& NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-CN-12-00018
AGENCY INTEREST NO. 32688**

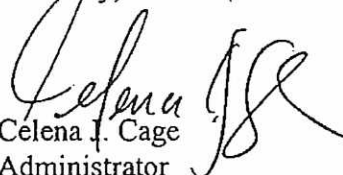
Dear Sir:

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 **PALM ENERGY OFFSHORE, L.L.C. (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 Kenzie Bozeman at (225) 219-3748.

Sincerely,


Celena J. Cage
Administrator
Enforcement Division

CJC/KEB/keb
Alt ID No. 2240-00251
Attachment



c: Palm Energy Offshore, L.L.C.
Mr. Jonathan C. Garrett
P.O. Box 3850 N. Causeway Blvd.
Metairie, LA 70002

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

IN THE MATTER OF	*	
	*	
PALM ENERGY OFFSHORE, L.L.C.	*	ENFORCEMENT TRACKING NO.
PLAQUEMINES PARISH	*	
ALT ID NO. 2240-00251	*	AE-CN-12-00018
	*	
	*	AGENCY INTEREST NO.
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT,	*	32688
La. R.S. 30:2001, ET SEQ.	*	

CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **PALM ENERGY OFFSHORE, L.L.C. (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 West Delta Block 54- Tank Battery #3 (facility), an oil and gas production facility located 17 miles southwest of Venice in Plaquemines Parish, Louisiana. The facility operated under Title V Air Permit No. 2240-00251-V2 from November 21, 2006, to May 15, 2008. The facility operated under Title V Air Permit No. 2240-00251-V3 from May 15, 2008, until the permit expired on May 31, 2010. The facility currently operates under Title V Air Permit No. 2240-00251-V4 issued on November 15, 2012.

II.

On or about June 1, 2011, an inspection of the facility was conducted to determine the degree of compliance with the Act and the Air Quality Regulations. A file review of the facility was conducted on January 4, 2013.

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

- A. According to the Respondent's 2008 2nd Semiannual Monitoring Report dated March 26, 2009, the facility's Compressor Engine (EQT0031) exceeded the maximum permitted emissions rate for nitrogen oxides (NO_x) during the period encompassing November 25, 2008, through December 31, 2008. Each event of the Respondent's failure to maintain NO_x emissions equal to or below the maximum permitted emissions rate is a violation of Specific Requirement No. 97 Title V Air Permit No. 2240-00251-V3, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- B. The Respondent failed to submit the following Title V Semiannual Monitoring Reports to the Department:

Report Description	Due Date
2009 1 st Semiannual Monitoring Report	9/30/2009
2009 2 nd Semiannual Monitoring Report	3/31/2010
2010 1 st Semiannual Monitoring Report	9/30/2010

As of January 4, 2013, the Department has no record that the above reports have been submitted. Each event of the Respondent's failure to submit a Title V Semiannual Monitoring Report is a violation of Specific Requirement No. 99 Title V Air Permit No. 2240-00251-V3, LAC 33:III.501.C.4, Part 70 General Condition K of LAC 33:III.535, and La. R.S. 30:2057(A)(2).

- C. The Respondent failed to submit a Title V Annual Compliance Certification (the report) to the Department for the 2009 and 2010 calendar years. As of January 4, 2013, the Department has no record that the reports have been submitted. Each event of the Respondent's failure to submit a Title V Annual Compliance Certification is a violation of Title V Air Permit No. 2240-00251-V3, LAC 33:III.501.C.4, Part 70 General Condition M of LAC 33:III.535, and La. R.S. 30:2057(A)(2).
- D. The Respondent failed to submit an Emissions Inventory Statement (the report) to the Department for the 2009 calendar year. As of January 4, 2013, the Department has no record that the report has been submitted. The Respondent's failure to submit an Emissions Inventory Statement for the 2009 calendar year is a violation of Specific Condition No. 114 of Title V Air Permit No. 2240-00251-V3, LAC 33:III.501.C.4, LAC 33:III.919.D, and La. R.S. 30:2057(A)(2).

- E. The Respondent failed to submit an Emissions Inventory Statement (the report) to the Department for the 2010 and 2011 calendar years. As of January 4, 2013, the Department has no record that the reports have been submitted. Each event of the Respondent's failure to submit an Emissions Inventory Statement is a violation of LAC 33:III.919.D, and La. R.S. 30:2057(A)(2).
- F. The Respondent failed to submit an application for renewal of Title V Air Permit No. 2240-00251-V3 at least six (6) months prior to the date of the permit expiration, May 31, 2010. Specifically, the Respondent submitted a Title V renewal permit application on or about March 21, 2012. Failure to submit the Title V permit renewal application at least six (6) months prior to the date of expiration is a violation of LAC 33:III.507.E.4, Part 70 General Condition A of LAC 33:III.535, Specific Requirement No. 96 of Title V Permit No. 2240-00251-V3, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- G. The Respondent operated the facility without an appropriate air permit. Specifically, the facility's Title V Air Permit No. 2240-00251-V3 expired on March 31, 2010, and Title V Air Permit No. 2240-00251-V4 was issued on November 15, 2012. This is a violation of LAC 33:III.501.C.1, and 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 Semiannual Monitoring Report for the 2009 1st and 2nd semiannual reporting periods and the 2010 1st reporting period as referenced in Paragraph II.B of the Findings of Fact portion of this Compliance Order and Notice of Potential Penalty.

III.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, an Annual Compliance Certification for the 2009 and 2010 calendar years as referenced in Paragraph II.C of the Findings of Fact portion of this Compliance Order and Notice of Potential Penalty.

IV.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, facility-wide emissions calculations including any toxic air pollutants for the period encompassing June 1, 2010, to December 31, 2010, and the 2011 calendar year.

V.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, an Emissions Inventory Statement for the 2009, 2010, and 2011 calendar years as referenced in Paragraph II.D and Paragraph II.E of the Findings of Fact portion of this Compliance Order and Notice of Potential Penalty.

VI.

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: Kenzie Bozeman
Re: Enforcement Tracking No. AE-CN-12-00018
Agency Interest No. 32688

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-12-00018
Agency Interest No. 32688

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 Kenzie Bozeman at (225) 219-3748 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

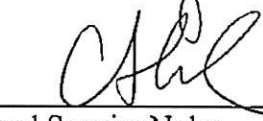
III.

The Department is required by La. R.S. 30:2025(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 09 day of January, 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: Kenzie Bozeman