STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:                     * Settlement Tracking No.
POYDRAS ENERGY PARTNERS, LLC          * SA-WE-19-0098
AI # 134385                            *

PROCEEDINGS UNDER THE LOUISIANA        * Enforcement Tracking No.
ENVIRONMENTAL QUALITY ACT              * WE-CN-16-01216
LA. R.S. 30:2001, ET SEQ.              *

SETTLEMENT

The following Settlement is hereby agreed to between Poydras Energy Partners, LLC
(“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under

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").

II

On February 8, 2017, the Department issued to Respondent a Consolidated Compliance
Order & Notice of Potential Penalty, Enforcement No. WE-CN-16-01216 (Exhibit 1).

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
THREE THOUSAND TWO HUNDRED AND NO/100 DOLLARS ($3,200.00), of which Nine
Hundred Seventy-Five and 65/100 Dollars ($975.65) 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

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 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.
POYDRAS ENERGY PARTNERS, 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  
Chuck Carr Brown, Ph.D., Secretary

BY: __________________________  
   Lourdes Ituralde, 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: ____________________  
   Lourdes Ituralde, Assistant Secretary

SA-WE-19-0098
LDEQ-EDMS Document 10504046, Page 1 of 7

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE
ENFORCEMENT DIVISION
POST OFFICE BOX 4312
BATON ROUGE, LOUISIANA 70821-4312

CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

Enforcement Tracking No. WE-CN-16-012160
Agency Interest (AI) No. 134385
Alternate ID No. LAG332080

Respondent: Paydros Energy Partners, LLC
Facility Name: Main Pass Block 35 Production Facility
c/o CT Corporation System
Physical Location: approximately 9 miles southeast of Buras
Agent for Service of Process
3867 Plaza Tower Drive
City, State, Zip: Buras, LA 70041
Baton Rouge, LA 70816
Parish: Plaquemines

This CONSOLIDATED COMPLIANCE ORDER & 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. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2053.3(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 an oil and gas production facility located approximately 9 miles southeast of Buras, Plaquemines Parish, Louisiana. LPDES permit LAG332A154 was reissued to the Respondent on October 3, 2011, and was terminated by the Department on July 27, 2016. Under the terms and conditions of LPDES permit LAG332A154, the Respondent was authorized to discharge de-watering effluent from reserve pits, deck drainage, formation test fluids, treated sanitary wastewater, domestic wastewater, hydrostatic test water, and miscellaneous discharges into Breton Sound (Subsegment 042202), waters of the state. LPDES permit LAG332080 was issued to the Respondent on October 25, 2016, with an expiration date of January 31, 2021. Under the terms and conditions of LPDES permit LAG338208, the Respondent is authorized to discharge deck drainage into Breton Sound (Subsegment 042202), waters of the state.

II. Inspection(s) & File Review: 06/02/2016 & 01/23/2017
The Respondent caused and/or allowed the discharge of wastewater without authority from the Department. Specifically, the Respondent discharged approximately sixty (60) gallons of natural gas and condensate to waters of the state on February 9, 2014 (EDMS document 9245405) and less than one (1) barrel of crude oil to waters of the state on November 21, 2016 (EDMS document 10452077). At the time of inspection on June 2, 2016, a sheen was observed in the water downstream of and below the platform, and a continuous drip of production water was leaking from the bottom of the production platform into waters of the state (EDMS document 10419616). (La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.4.c., and LAC 33:IX.1701.B)

III. Inspection(s): 06/02/2016
The Respondent failed to implement a Spill Prevention and Control (SPC) Plan. A copy of the facility's SPC Plan was on site; however, the Plan was not implemented at the time of inspection. Containment was not adequate to prevent unauthorized discharges. Rusted areas with holes were present in the deck. The inspector observed evidence of past spills outside the containment area and oily residue on the legs of the production platform. Additionally, the production platform did not have a pump to cycle water back into production, and there was an open hole on top of the sump that could allow an unauthorized discharge to occur during a storm event. (La. R.S. 30:2076[A] and LAC 33:IX.708.C.1.9)

IV. Inspection(s): 06/02/2016
The Respondent failed to furnish records upon request. Specifically, the Respondent failed to provide requested DMRs and analytical reports at the time of inspection (LAG33A154 [Part III, Sections A.2 and C.1.a], La. R.S. 30:2076(A)(3), LAC 33:IX.2701.A and LAC 33:IX.2701.H)

V. Inspection(s) & File Review: 05/02/2016 & 01/23/2017
The Respondent failed to comply with LPDES permits LAG33A154. Specifically, the Respondent failed to submit Discharge Monitoring Reports (DMRs) for LAG33A154 from October 24, 2016 to July 2016. (LAG33A154 [Part I and Part III, Section A.2], La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.4.a)

ORDER

Based on the foregoing, the Respondent is hereby ordered to comply with the requirements that are indicated below:

I. To take, immediately upon receipt of this COMPLIANCE ORDER, any and all steps necessary to meet and maintain compliance with the Water Quality Regulations. This shall include, but not be limited to, correcting all of the violations described in the "Findings of Fact" portion.

II. 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 violation(s) 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 the Department at the address specified in this document.

III. To immediately cease, upon receipt of this COMPLIANCE ORDER, any unauthorized discharges from the Respondent's facility to waters of the state.

IV. To implement and submit, within thirty (30) days after receipt of this COMPLIANCE ORDER, an adequate SPC Plan as outlined in LAC 33:IX.907.

V. To submit to the Enforcement Division, within thirty (30) days after receipt of this COMPLIANCE ORDER, laboratory analytical reports for the previous three (3) years.
To submit to the Enforcement Division, within thirty (30) days after receipt of this COMPLIANCE ORDER, properly completed
DMRs for the monitoring periods mentioned in Paragraph V of the "Findings of Fact" portion of this Order. If you are
submitting copies of DMRs, please be advised that each copy of the DMR shall be signed and certified. If no sampling or
monitoring was conducted during a monitoring period, the Respondent should indicate this in the space provided for
"Comment and Explanation of Any Violations."

To submit a completed NetDMR Subscriber Agreement to the Department for approval to submit DMRs electronically using
NetDMR, within thirty (30) days after receipt of this COMPLIANCE ORDER. The Subscriber Agreement shall be signed and dated
with an original signature and submitted to the Enforcement Division. NetDMR is accessed through: www.epa.gov/netdmr. For
assistance establishing and maintaining a NetDMR account or for NetDMR training, see attached instructions or contact the
Permit Compliance Unit at dpepnetdmr@la.gov

To submit DMRs and associated reports electronically using NetDMR beginning with the first monitoring period after approval
of the NetDMR Subscriber Agreement unless otherwise notified in writing by the Department.

**RIGHT TO APPEAL**

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.

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
Number, which are located in the upper right-hand corner of the first page of this document and should be directed to
the address specified in this document.

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.). 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.

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.

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.

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.

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**

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
violations 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 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 Taylor
Alexander at (225) 219-3811 within ten (10) days of receipt of this NOTICE OF POTENTIAL PENALTY.

The Department is required by La. R.S. 30:2025(E)(1)(a) to consider the gross revenues of the Respondent and the monetary
benefit 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 benefit 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 benefit 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. If the Respondent chooses not to submit the requested most
current annual gross revenue 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.

This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is effective upon receipt.

**CONTACTS AND SUBMITTAL OF INFORMATION**

<table>
<thead>
<tr>
<th>Enforcement Division:</th>
<th>Hearing Requests:</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>Office of the Secretary</td>
</tr>
<tr>
<td>Water Enforcement Division</td>
<td>Post Office Box 4302</td>
</tr>
<tr>
<td>Post Office Box 4312</td>
<td>Baton Rouge, Louisiana 70821-4302</td>
</tr>
<tr>
<td>Baton Rouge, LA 70821</td>
<td>Attn: Hearings Clerk, Legal Division</td>
</tr>
<tr>
<td>Attn: Taylor Alexander</td>
<td>Re: Enforcement Tracking No. WE-CN-16-01216</td>
</tr>
</tbody>
</table>

**Permit Division (if necessary):**

| Department of Environmental Quality |
| Office of Environmental Services |
| Post Office Box 4313 |
| Baton Rouge, LA 70821-4313 |
| Attn: Water Permits Division |

**Physical Address (if hand delivered):**

| Department of Environmental Quality |
| 602 N Fifth Street |
| Baton Rouge, LA 70802 |
## HOW TO REQUEST CLOSURE OF THIS CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

- To appeal the CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY, the Respondent must follow the guidelines set forth in the "Right to Appeal" portion of this CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY.

- To request closure of the COMPLIANCE ORDER portion, the Respondent must demonstrate compliance with the "Order" portion of this COMPLIANCE ORDER by completing the attached "CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE" form and returning it to the address specified.
  - The COMPLIANCE ORDER will not be closed if the Respondent owes outstanding fees or penalties to the Department. Please contact the Financial Services Division at 225-219-3865 or email them at _DEQ-WWWFinancialServices@la.gov_ to determine if you owe outstanding fees.

- To expedite closure of the NOTICE OF POTENTIAL PENALTY portion, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation[s] described herein.
  - The Department assesses civil penalties based on LAC 33:1 Subpart 1 Chapter 7.
  - The Respondent may offer a settlement amount but the Department is under no obligation to enter into settlement negotiations. It is decided upon a discretionary basis.
  - The settlement offer amount may be entered on the attached "CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE" 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 email them at _DEQ-WWWFinancialServices@la.gov_ to determine if you owe outstanding fees.

If you have questions or need more information, you may contact Taylor Alexander at (225) 219-3811 or Taylor.Alexander@la.gov.

---

**Lourdes Iturralde**  
Assistant Secretary  
Office of Environmental Compliance

**cc:** Poydras Energy Partners, LLC  
P.O. Box 767  
Slidell, LA 70459

Poydras Energy Partners, LLC  
c/o Mr. Dan Westerfield  
62200 West Blvd, Suite 3306  
Slidell, LA 70461

**Date:** 2-8-17

**Attachment(s):**  
- Request to Close  
- NetDMR Flyer  
- Settlement Brochure
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE
ENFORCEMENT DIVISION
CONSOLIDATED COMPLIANCE ORDER &
NOTICE OF POTENTIAL PENALTY
REQUEST TO CLOSE

Baton Rouge, Louisiana 70821-4312

Enforcement Tracking No. WECN-16-01216
Agency Interest (All No.) 13435
Alternate ID No. LAG339208

Respondent: Puydro Energy Partners, LLC
C/o C.T Corporation System
Agent for Service of Process
3867 Plaza Tower Drive
Baton Rouge, LA 70816

Facility Name: Main Pass Block 35 Production Facility
Physical Location: approximately 9 miles southeast of Buras
City, State, Zip: Buras, LA 70041
Parish: Plaquemines

STATEMENT OF COMPLIANCE

A written report was submitted in accordance with Paragraph II of the “Order” portion of the COMPLIANCE ORDER.

All necessary documents were submitted to the Department within 30 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph(s) IV, V, VI, and VII of the “Order” portion of the COMPLIANCE ORDER.

Submitted DMRs and associated reports electronically using NEDMR in accordance with Paragraph VIII of the “Order” portion of the COMPLIANCE ORDER.

All items in the “Findings of Fact” portion of the COMPLIANCE ORDER were addressed and the facility is being operated to meet and maintain the requirements of the “Order” portion of the COMPLIANCE ORDER. Final compliance was achieved as of:

STATEMENT OF COMPLIANCE

Date Completed Copy Attached?

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 Subpart 1, Chapter 7.

In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-16-01216), 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 (WE-CN-16-01216), 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 (WE-CN-16-01216) 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
Post Office Box 4312
Baton Rouge, LA 70821
Attn: Taylor Alexander

If you have questions or need more information, you may contact Taylor Alexander at (225) 219-3811 or Taylor.Alexander@la.gov.
The attached enforcement action requires the use of NetDMR

WHAT IS NETDMR?
NetDMR is a Web-based tool that allows facilities to electronically sign and submit LPDES discharge monitoring reports (DMRs) to the LDEQ.

HOW DO I USE NETDMR?
1. Register in NetDMR
2. Submit Subscriber Agreement to LDEQ
3. Receive approval by LDEQ
4. Sign and Submit On-line

Training is offered by both LDEQ and EPA. Please check the LDEQ NetDMR Training website at http://www.deq.louisiana.gov/netdmr for training materials and current information offered by LDEQ. Information about EPA's training can be found at www.epa.gov/netdmr

HOW DO I REGISTER AND SUBMIT A SUBSCRIBER AGREEMENT?
(The first person to register must be an authorized signatory.)
1. Go to NetDMR website at https://netdmr.epa.gov/netdmr
2. Choose “Louisiana DEQ” as the Regulatory Authority from the drop-down list
3. Click the “Create a NetDMR Account” link in the login box
4. Complete the account information as required
   a. Type of user must be “Permittee User”
   b. Security answers must be unique and are case sensitive
5. Click “Submit” and confirm account information
6. Click the link within the verification email that has been sent to your email address
7. Create password by following instructions on the page
8. Login to NetDMR
9. Click “Request Access” link in the top left corner
10. Enter Permit Number and click “Update”
11. Select “Signatory” role and click “Add Request”
12. Click “Submit” and confirm
13. Provide Signatory Information, click “Submit” and confirm
14. Click button to print Subscriber Agreement
15. Mail in signed, original Subscriber Agreement to LDEQ for approval

If you have additional questions, please email deqnetdmr@lo.gov.
WHAT IS A SETTLEMENT AGREEMENT?
Once the Department has determined that a penalty is warranted for a violation, the Assistant Secretary of the Department, with the concurrence of the Attorney General, may enter into a settlement agreement with the Respondent as a means to resolve the Department’s claim for a penalty.

HOW DOES THE SETTLEMENT AGREEMENT PROCESS WORK?
To begin the settlement agreement process, the Department must receive a written settlement offer. Once this offer is submitted, it is sent for approval by the Assistant Secretary of the Office of Environmental Compliance. The formal Settlement Agreement is drafted and sent to the Attorney General’s office where the Attorney General has a 90 day concurrence period. During this time, the Respondent is required to run a public notice in an official journal and/or newspaper of general circulation in each affected parish. After which, a 45 day public comment period is opened to allow the public to submit comments. Once the Department has received concurrence, the settlement agreement is signed by both parties. The Department then forwards a letter to the responsible party to establish a payment plan and/or beneficial environmental project (BEP).

WHAT SHOULD I INCLUDE IN A SETTLEMENT AGREEMENT?
The Department uses the penalty determination method defined in LAC 33:1.705 as a guideline to accepting settlement offers. The penalty matrix is used to determine a penalty range for each violation based on the two violation specific factors, the nature and gravity of the violation and the degree of risk/impact to human health and property.

Degree of Risk to Human Health or Property
Major: (actual measurable harm or substantial risk of harm) A violation of major impact to an environmental resource or a hazard characterized by high volume and/or frequent occurrence and/or high pollutant concentration.
Moderate: (potential for measurable detrimental impact) A violation of moderate impact and hazard may be one characterized by occasional occurrence and/or pollutant concentration that may be expected to have a detrimental effect under certain conditions.
Minor: (no harm or risk of harm) A violation of minor impact are isolated single incidences and that cause no measurable detrimental effect or are administrative in nature.

Nature and Gravity of the Violation
Major: Violations of statutes, regulations, orders, permit limits, or permit requirements that result in negating the intent of the requirement to such an extent that little or no implementation of requirements occurred.
Moderate: Violations that result in substantially negating the intent of the requirements, but some implementation of the requirements occurred.
Minor: Violations that result in some deviation from the intent of the requirement, however, substantial implementation is demonstrated.

The range is adjusted using the following violator specific factors:
1. history of previous violations or repeated noncompliance;
2. gross revenues generated by the respondent;
3. degree of culpability, recalcitrance, defiance, or indifference to regulations or orders;
4. whether the Respondent has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the violation; and
5. whether the violation and the surrounding circumstances were immediately reported to the department, and whether the violation was concealed or there was an attempt to conceal by the Respondent.
Given the previous information, the following formula is used to obtain a penalty amount.

\[
\text{Penalty Event Total} = \text{Penalty Event Minimum} + (\text{Adjustment Percentage} \times (\text{Penalty Event Maximum} - \text{Penalty Event Minimum}))
\]

After this, the Department adds any monetary benefit of noncompliance to the penalty event. In the event that a monetary benefit is gained due to the delay of a cost that is ultimately paid, the Department adds the applicable judicial interest. Finally, the Department adds all response costs including, but not limited to, the cost of conducting inspections, and the staff time devoted to the preparation of reports and issuing enforcement actions.

WHAT IS A BEP?

A BEP is a project that provides for environmental mitigation which the respondent is not otherwise legally required to perform, but which the defendant/respondent agrees to undertake as a component of the settlement agreement. Project categories for BEPs include public health, pollution prevention, pollution reduction, environmental restoration and protection, assessments and audits, environmental compliance promotion, and emergency planning, preparedness and response. Other projects may be considered if the Department determines that these projects have environmental merit and is otherwise fully consistent with the intent of the BEP regulations.

WHAT HAPPENS IF MY OFFER IS REJECTED?

If an offer is rejected by the Assistant Secretary, the Legal Division will contact the responsible party, or anyone designated as an appropriate contact in the settlement offer, to discuss any discrepancies.

WHERE CAN I FIND EXAMPLES AND MORE INFORMATION?

- Settlement Offers: searchable in EDMS using the following filters
  - Media: Air Quality, Function: Enforcement; Description: Settlement
  - Enforcement Division’s website
  - Specific examples can be provided upon request
- Settlement Agreements: LAC 331 Chapter 7
- Penalty Determination Method: LAC 331 Chapter 25
- Beneficial Environmental Projects: FAQs
- Judicial Interest: provided by the Louisiana State Bar Association