

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CLOVELLY OIL CO. LLC

AI # 174259, 185341, 185346

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

* Settlement Tracking No.
* SA-AE-20-0077
*
* Enforcement Tracking No.
* AE-PP-12-00996
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SETTLEMENT

The following Settlement is hereby agreed to between Clovelly Oil Co. LLC (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a limited liability company that owned and/or operated natural gas, crude oil, and saltwater collection and separation facilities located in Evangeline Parish, Louisiana (“the Facilities”).

II

On January 12, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-12-00996 (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 THIRTY-THOUSAND AND NO/100 DOLLARS (\$30,000.00), of which One Thousand Four Hundred Twenty-Two and 33/100 Dollars (\$1,422.33) 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 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 Evangeline 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.

CLOVELLY OIL CO. LLC

BY: *Brandon B Matherne*
(Signature)

Brandon B. Matherne
(Printed)

TITLE: Vice President, Engineering

THUS DONE AND SIGNED in duplicate original before me this 19th day of May, 20 21, at Metairie, Louisiana.

D. J Mackenroth
NOTARY PUBLIC (ID # _____)
DONALD IRWIN MACKENROTH JR.
NOTARY PUBLIC
Bar No. 19015 - ID No. 142013
State of Louisiana
My Commission is for Life
(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 10th day of August, 20 21, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 92503)
AMBER G. LITCHEFIELD
Notary Public
State of Louisiana
Notary ID # 92503
East Baton Rouge Parish

(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

JANUARY 12, 2015



CERTIFIED MAIL (7004 2510 0006 3853 0833)
RETURN RECEIPT REQUESTED

CLOVELLY OIL CO. LLC
c/o M. Taylor Darden
Agent for Service of Process
1100 Poydras St., STE 3100
New Orleans, LA 70163

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-12-00996
AGENCY INTEREST NOS. 174259, 185341, 185346

Dear Sir:

On or about August 2, 2012, an Air Quality inspection of **LEDANOIS PRODUCTION FACILITY #2, AI# 174259**, a natural gas, crude oil, and saltwater collection and separation facility, owned and/or operated by **CLOVELLY OIL CO. LLC (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. On or about December 30, 2014, a file review of the facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located 1.9 miles west of Easton in Evangeline Parish, Louisiana. The facility previously operated under Minor Source Air Permit No. 0920-00137-00, issued on or about January 28, 2011. The facility currently operates under Minor Source Air Permit No. 0920-00137-01, issued on or about December 21, 2012.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violation was noted during the course of the inspection and file review:

The inspection and file review revealed that Compressor Engine ICE-1, EQT 0007, should have been initially emission tested, and tested within 8,760 hours (one year) of run time, or three years from the date of entering service, whichever comes first. The inspection revealed that the engine had not been tested at the time of the inspection on or about August 2, 2012. Electronic correspondence from the Respondent dated March 25, 2014, stated that the engine was put in service during January 2011. In correspondence dated June 9, 2014, the Respondent disclosed that the facility conducted initial emission testing for Compressor Engine ICE-1,

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EQT 0007 on or about May 8, 2014. Each failure to timely conduct initial emission testing, and subsequent testing, is a violation of Specific Requirement 16 of Air Permit No. 0920-00137-00, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about December 30, 2014, a file review of **LEDANOIS PRODUCTION FACILITY #4, AI# 185341**, a natural gas, crude oil, and saltwater collection and separation facility, owned and/or operated by the Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located 1.9 miles northwest of Easton in Evangeline Parish, Louisiana. The facility operates under Minor Source Air Permit No. 0920-00158-00, issued on or about January 25, 2013.

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 file review:

- A. In correspondence dated December 6, 2012, the Respondent submitted an application for an air permit for the facility. In electronic correspondence dated May 15, 2014, the Respondent verified that construction of the facility began in February 1998 and the facility began operation in March 1998. The failure to submit an air permit application prior to beginning construction of any facility which will, or ultimately may, result in emission of air contaminants is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).
- B. Air Permit No. 0920-00158-00 was issued on or about January 15, 2013. Therefore, the facility operated from the startup date, March 1998, through January 14, 2013, without a valid air permit. Operation of any facility, without a valid air permit, which will, or ultimately may, result in emission of air contaminants is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about December 30, 2014, a file review of **LEDANOIS PRODUCTION FACILITY #1, AI# 185346**, a natural gas, crude oil, and saltwater collection and separation facility, owned and/or operated by the Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located 1.9 miles southwest of Easton in Evangeline Parish, Louisiana. The facility operates under Minor Source Air Permit No. 0920-00159-00, issued on or about January 25, 2013.

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 file review:

- A. In correspondence dated December 6, 2012, the Respondent submitted an application for an air permit for the facility. In electronic correspondence dated May 15, 2014, the Respondent verified that construction of the facility began in August 2011 and the facility began operation in March 2012. The failure to submit an air permit application prior to beginning construction of any facility which will, or ultimately

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may, result in emission of air contaminants is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

- B. Air Permit No. 0920-00159-00 was issued on or about January 25, 2013. Therefore, the facility operated from the startup date, March 2012, through January 24, 2013, without a valid air permit. Operation of any facility, without a valid air permit, which will, or ultimately may, result in emission of air contaminants is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

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 violations 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 violations. If you would like to have such a meeting, please contact Mark E. Brown at (225) 219-3782 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.

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.

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,



Peggy M. Hatch
Secretary

PMH/MEB/meb
Alt ID Nos. 0920-00137, 0920-00158, 0920-00159

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c: Clovelly Oil Co. LLC
Jeff Jandigian
650 Poydras Street, Ste. 2350
New Orleans, LA 70130