

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**TEXAS PETROLEUM INVESTMENT
COMPANY**

**AI # 7935, 32572, 32629, 32564, 17439, 32656,
18361, 31794, 31733**

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

* **Settlement Tracking No.**
* **SA-MM-21-0044**
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* **Enforcement Tracking Nos.**
* **WE-CN-15-00406**
* **AE-PP-17-00013**
* **WE-CN-17-00338A**
* **WE-CN-18-00358**
* **WE-CN-18-00966**
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SETTLEMENT

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

I

Respondent is a corporation that owns and/or operates facilities located in Calcasieu Parish, Plaquemines Parish, Jefferson Davis Parish, Iberia Parish, and Cameron Parish, Louisiana (“the Facilities”).

II

On December 19, 2017, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. WE-CN-15-00406 (Exhibit 1).

On June 29, 2018, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-17-00013 (Exhibit 2).

On December 21, 2018, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. WE-CN-17-00338A (Exhibit 3).

On January 18, 2019, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. WE-CN-18-00358 (Exhibit 4).

On April 26, 2019, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. WE-CN-18-00966 (Exhibit 5).

The following violations, although not cited in the foregoing enforcement actions, are included within the scope of this settlement:

Breton Sound Facility #2 (Agency Interest No. 32564); Warning Letter WE-L-19-00511

An inspection conducted on or about March 8, 2019, of the Breton Sound Facility #2 (Agency Interest No. 32564) revealed that the Respondent failed to implement its Spill Prevention and Control (SPC) plan by not installing all storage tanks and drums on impervious decking with a system of curbs, gutters, and/or sumps capable of retaining spills of oil or any other product or waste material. Specifically, the facility's decking was observed with severe corrosion and numerous holes rusted through which would not be capable of retaining spills. The Respondent's failure to implement the SPC plan is a violation of LPDES Permit LAG33A325 (Part II, Section L.2 and Part III, Section A.2), La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.1.b.ii, and LAC 33:IX.2701.A.

Hackberry Tank Battery #5 Central Production Facility (Agency Interest No. 7935); Warning Letters WE-L-19-01179 & AE-L-10-01937

- A. An inspection conducted on or about July 3, 2019, of the Hackberry Tank Battery #5 Central Production Facility (Agency Interest No. 7935) revealed that the Respondent caused and/or allowed the discharge of oily fluids into a lake or other body of water which were waters of the state. Specifically, the inspection noted an unauthorized discharge impacting Black Lake and the marsh grasses along the southern shore with rainbow sheening and emulsified oil behind the boom. Approximately five (5) barrels of crude oil were discharged during the event that occurred on June 28, 2019. In a written notification dated July 3, 2019, the Respondent reported that the leak developed on a 45-degree elbow associated with a 4-inch oil dump line near Tank Battery #5. The associated oil release created a 4 foot by 100-yard-long black slick. According to the Respondent's notification, the release was caused by corrosion. The unauthorized discharge is a violation of La. R.S. 30:2076(A)(3), LAC 33:IX.1701.B, and LAC 33:IX.708.C.1.a.

- B. An inspection conducted on or about September 16, 2010, of the Hackberry Tank Battery #5 Central Production Facility (Agency Interest No. 7935) revealed that the Respondent exceeded the maximum operating rates for oil storage tanks EQT 0028, EQT 0029, and EQT 0031. Specifically, oil storage tanks EQT 0028, EQT 0029, and EQT 0031 were permitted for maximum operating rates of 300 barrels per Day (bbl/Day); 300 bbl/Day; and .5 bbl/Day, respectively, with a combined maximum daily operating rate of 600.5 bbl/Day. The Respondent was operating at an oil production rating of 691 bbl/Day, which exceeded the maximum daily operating rate by 90.5 bbl/Day. This is a violation of Specific Requirement No. 66 of Title V Air Permit No. 0560-00005-V3, LAC 33:III.501.C.4, LAC 33:III.537, General Condition I, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Jennings Townsite Production Facility (Agency Interest No. 17439)

A file review conducted on or about May 25, 2011, of the Jennings Townsite Production Facility (Agency Interest No. 17439) revealed that the Respondent exceeded the VOC limit for ICE-2 (EQT025) during the initial stack test on January 19, 2011. Specifically, the VOC permit limit for EQT025 was 0.35 lb/hr. VOC testing was done using Method 320. The test report dated May 16, 2011, stated that the VOC emissions for EQT025 were 0.49 lb/hr averaged over three (3) one (1) hour runs. Further, the report stated that EQT025 could not be immediately adjusted to meet the permit limit. This is a violation of Minor Source Air Permit No. 1360-00024-04, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Breton Sound Area Block 20-21 Field Central Facility (Agency Interest No. 32572); Warning Letters AE-L-12-00877, AE-L-15-00484 & AE-L-18-00702

- A. An inspection conducted on or about May 8, 2012, of the Breton Sound Area Block 20-21 Field Central Facility (Agency Interest No. 32572) revealed that the Respondent submitted the 2010 Title V Second Semiannual Report on July 10, 2012, which was past the due date of March 31, 2011. The failure to submit Title V reports by the due date is a violation of Specific Requirement No. 155 of Title V Permit No. 2240-00075-V2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- B. An inspection conducted on or about May 8, 2012, of the Breton Sound Area Block 20-21 Field Central Facility (Agency Interest No. 32572) revealed that the Respondent did not have heat sensing devices installed for FL-1-Control Flare No.1 High Pressure (EQT 0041) and FL-2-Control Flare No. 2 Low Pressure (EQT 0055). The failure to have the presence of a flame monitored by a heat sensing device continuously is a violation of Specific Requirement Nos. 117 and 128 of Title V Permit No. 2240-00075-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In correspondence dated January 29, 2013, the Respondent reported that the heat sensing devices were installed on July 29, 2012, for EQT 0041 and EQT 0055.
- C. An inspection conducted on or about May 8, 2012, of the Breton Sound Area Block 20-21 Field Central Facility (Agency Interest No. 32572) revealed that opacity readings were not

recorded for Flare No.1 High Pressure (EQT 0041) and FL-2-Control Flare No. 2 Low Pressure (EQT 0055). The failure to record all of the information associated with visible emissions checks and keep records on site for inspection is a violation of Specific Requirement Nos. 116 and 131 of Title V Permit No. 2240-00075-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In correspondence dated June 27, 2012, a copy of the opacity procedure and form was provided to the Department, and the Respondent reported that the opacity procedure was implemented at the facility. In correspondence dated January 29, 2013, the Respondent reported it started its opacity monitoring program effective May 8, 2012.

- D. An inspection conducted on or about May 8, 2014, of the Breton Sound Area Block 20-21 Field Central Facility (Agency Interest No. 32572) revealed that the Respondent failed to permit a diesel salt water backup injection pump, a water settling tank, and an overflow tank as emission sources before commencement of operation of the equipment. The unauthorized operation of the above mentioned equipment is a violation of LAC 33.III.501.C.2, La. R.S. 30:2057(A)(1), and 30:2057(A)(2). The Respondent submitted a Title V Air Permit Renewal dated April 7, 2015. The diesel salt water backup injection pump (EQT0105), water settling tank (EQT0064), and overflow tank (EQT0103) were included in Title V Air Permit No. 2240-00075-V7 issued on September 8, 2015.
- E. An inspection conducted on or about June 21, 2018, of the Breton Sound Area Block 20-21 Field Central Facility (Agency Interest No. 32572) revealed that the Respondent failed to permit a Wilden M8 gas pump, that is utilized to service the salt water filter pot, as an emission source before commencement of operation of the equipment. The unauthorized operation of the pump is a violation of LAC 33.III.501.C.2, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

Main Pass Block 35 Central Facility – Main Pass Block 35 Field (Agency Interest Number 32656); Warning Letter AE-L-18-00670

- A. An inspection conducted on or about May 22, 2018 of the Main Pass Block 35 Central Facility – Main Pass Block 35 Field (Agency Interest No. 32656) revealed that the Respondent conducted maintenance on the Diesel Fired Crane (EQT0012) on June 18, 2016, and subsequently on December 20, 2017, a period of 550 days. 40 CFR 63 Subpart ZZZZ Table 2d requires an oil and filter change and an air cleaner inspection on Non-Emergency, non-black start compression ignition (CI) stationary reciprocating internal combustion engines (RICE) less than or equal to 300 horsepower (HP) to be conducted every 1,000 hours or annually, whichever comes first. During the December 20, 2017, maintenance, the Respondent changed the oil filter, but failed to change the oil in EQT 0012. A note on the ZZZZ Maintenance Plan Record Keeping Form indicated that the oil was not changed because there were not enough hours on it. 40 CFR 63.6625(i) allows the option of using an oil analysis program to extend the specified oil change requirements in Table 2d of 40 CFR 63 Subpart ZZZZ. However, the Respondent stated in an email to the inspector dated June 18, 2018, that the oil analysis was not performed. Therefore, the Respondent failed to

conduct maintenance every 1,000 hours or annually, whichever comes first. This is a violation of 40 CFR 63.6603(a), Specific Requirement No. 14 of Title V Air Permit No. 2240-00197-V10, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

- B. An inspection conducted on or about May 22, 2018 of the Main Pass Block 35 Central Facility – Main Pass Block 35 Field (Agency Interest No. 32656) revealed that the ZZZZ Maintenance Plan Record Keeping Forms provided to the inspector after the inspection and included in the inspection report dated May 22, 2018, indicated that the Respondent conducted maintenance on the EQT0012 on May 20, 2015, and subsequently on June 18, 2016, a period of 395 days. 40 CFR 63 Subpart ZZZZ Table 2d requires an oil and filter change and air cleaner inspection on Non-Emergency, non-black start CI stationary RICE less than or equal to 300 HP to be conducted every 1,000 hours or annually, whichever comes first. Therefore, the Respondent failed to conduct maintenance every 1,000 hours or annually, whichever comes first. This is a violation of 40 CFR 63.6603(a), Specific Requirement No. 14 of Title V Air Permit No. 2240-00197-V10, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

Weeks Island Production Facility (Agency Interest No. 18361); Warning Letter AE-L-18-00490

- A. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to install monitors on the control flare (EQT 0114). LAC 33:III.2115.K.2 states that the owner/operator of the facility shall install and maintain monitors to accurately measure and record operational parameters of all required control devices as necessary to ensure the proper functioning of those devices in accordance with design specifications to include, but not limited to the parameters listed in LAC 33:III.2115.K.2.a through K.2.e. The failure to install monitors on EQT 0114 is a violation of Specific Requirement No. 31 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.2115.K.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the Response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. EQT 0114 was removed from the above mentioned permit and is now permitted under AI 32102 Minor Source Air General Permit (MSOG) Number 1260-00045-07 issued on June 27, 2018. Further, the Respondent stated that this source does not combust any waste gas sources, but controls vapors from the glycol unit and the production storage tanks as described in Minor Source Air General Permit No. 1260-00045-07.
- B. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to equip tank T543 (EQT 0036), a 1000-gallon Gasoline Storage Tank, with a submerged fill pipe. The failure to install a submerged fill pipe in EQT 0036 is a violation of Specific Requirement No. 97 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.2103.A, LAC 33:III.501.C.4, and La.

R.S. 30:2057(A)(2). In the Response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. In an email response dated July 26, 2019, the Respondent stated that the submerged fill pipe had been installed between August 15, 2018 and August 30, 2018.

- C. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to install a thermocouple or any other equivalent device to detect the presence of a pilot flame on the West Flank Flare (EQT 0044). EQT 0044 is subject to 40 CFR 60.18(f)(2) which states that the presence of a flare pilot flame shall be monitored using a thermocouple or any other equivalent device to detect the presence of a flare pilot flame. At the time of the inspection, it was discovered that the Respondent conducts a visual check for the presence of a flame. The Respondent stated that the flare does not have a thermocouple or other equivalent device. Failure to install a thermocouple or any other equivalent device to detect the presence of a flare pilot flame is a violation of 40 CFR 60.18(f)(2), which language has been adopted as a Louisiana regulation in LAC 33:III.3003, Specific Requirement No. 125 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the Response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. The Respondent stated that this source does not combust vapors from a source that is applicable to New Source Performance Standards (NSPS) requirements and was not included in the permit renewal. Further, the two (2) amine units (EPN's #147 and 148) that were associated with EQT 0036 have been changed to a single amine unit. Additionally, the vapors from the oil sales tank (EPN #139) is vented to the atmosphere.
- D. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to install a thermocouple or any other equivalent device to detect the presence of a pilot flame on the TEG Dehydrator Flare (EQT 0045). EQT 0045 is subject to 40 CFR 63.11(b)(5) which states that the presence of a flare pilot flame shall be monitored using a thermocouple or any other equivalent device to detect the presence of a flare pilot flame. At the time of the inspection, it was discovered that the Respondent conducts a visual check for the presence of a flame. The Respondent stated that the flare does not have a thermocouple or other equivalent device. Failure to install a thermocouple or any other equivalent device to detect the presence of a flare pilot flame is a violation of 40 CFR 63.11(b)(5), which language has been adopted as a Louisiana regulation in LAC 33:III.5122, Specific Requirement No. 131 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the

response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. The Respondent stated that this source does not combust vapors from a source that is applicable to National Emission Standards for Hazardous Pollutants (NESHAP) requirements. The source combusts vapors from EPN #69, which is exempt from NESHAP Subpart HH, as the benzene emissions are less than one (1) ton per year. Therefore, the requirements were not included in the permit renewal.

- E. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to install monitors on the East Flank Flare (EQT 0073). LAC 33:III.2115.K.2 states that the owner/operator of the facility shall install and maintain monitors to accurately measure and record operational parameters of all required control devices as necessary to ensure the proper functioning of those devices in accordance with design specifications to include, but not limited to the parameters listed in LAC 33:III.2115.K.2.a through K.2.e. The failure to install monitors on EQT 0114 is a violation of Specific Requirement No. 144 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.2115.K.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. EQT 0073 was removed from the above mentioned permit and is now permitted under Agency Interest No. 32102 Minor Source Air General Permit (MSOG) No. 1260-00045-07 issued on June 27, 2018. Further, the Respondent states that this source does not combust any waste gas sources as defined by LAC 33:III.2115, it combusts vapors associated with upsets.
- F. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to ensure the presence of a flame for the Compressor Blowdown Flare (EQT 0079). The Respondent stated that this flare is not lit and is used as a vent when depressurizing the two Waukesha L7042 GSI compressors (EQT 001 and EQT 002). The Respondent further stated that one of the Waukesha compressors is scheduled for a maintenance blowdown each month. Failure to ensure the presence of a flame for EQT 0079 is a violation of Specific Requirement No. 189 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. EQT 0079 was removed from the above mentioned permit and is now permitted

under AI 32102 Minor Source Air General Permit (MSOG) No. 1260-00045-07 issued on June 27, 2018. The Respondent stated that the two (2) sources that would blowdown to EQT 0079 were in fact not doing so. They were being vented to the atmosphere.

- G. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to provide records of the heat content of the flare gas for the Compressor Blowdown Flare (EQT 0079). Specific Requirement No. 185 of Title V Air Permit No. 1260-00020-V11 requires the heat content of flare gas for EQT 0079 be greater than 300 British Thermal Unit/standard cubic feet (BTU/scf), to ensure destruction of VOC emissions to the flare stack. The Respondent stated that this flare is not lit and is used as a vent when depressurizing the two Waukesha L7042 GSI compressors. Failure to provide records of the heat content of the flare gas for EQT 0079 is a violation of Specific Requirement No. 185 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit No. 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. EQT 0079 was removed from the above mentioned permit and is now permitted under Agency Interest No. 32102 Minor Source Air General Permit (MSOG) No. 1260-00045-07 issued on June 27, 2018. The Respondent stated that the two (2) sources that would blowdown to EQT 0079 were in fact not doing so. They were being vented to the atmosphere.
- H. An inspection conducted on or about March 15, 2018, of the Weeks Island Production Facility (Agency Interest No. 18361) revealed that the Respondent failed to install monitors to accurately measure and record operational parameters of the Compressor Blowdown Flare (EQT 0079). LAC 33:III.2115.K.2 states that the owner/operator of the facility shall install and maintain monitors to accurately measure and record operational parameters of all required control devices as necessary to ensure the proper functioning of those devices in accordance with design specifications to include but not limited to the parameters listed in LAC 33:III.2115.K.2.a through K.2.e. The failure to install monitors on EQT 0079 is a violation of Specific Requirement No. 182 of Title V Air Permit No. 1260-00020-V11, LAC 33:III.2115.K.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the response to Warning Letter AE-L-18-00490 dated April 15, 2018, the Respondent stated that the Weeks Island Field was acquired on December 29, 2017. The Respondent reviewed all relevant permits pertaining to this field including Title V Air Permit 1260-00020-V11. The Respondent submitted a permit renewal and modification dated June 15, 2018, which was issued on October 24, 2018, as Title V Air Permit No. 1260-00020-V12. EQT 0079 was removed from the above mentioned permit and is now permitted under Agency Interest No. 32102 Minor Source Air General Permit (MSOG) No. 1260-00045-07 issued on June 27, 2018.

Sweet Lake Field Facility (Agency Interest No. 31794); Warning Letter AE-L-19-00519

An inspection conducted on or about February 14, 2019, of the Sweet Lake Field Facility (Agency Interest No. 31794) revealed that the Respondent failed to submit emission testing results within sixty (60) days of conducting the test. The Respondent submitted test results dated February 20, 2019, for initial emission testing conducted on October 25, 2018, for the Cummins Gas Compressor Engine (EQT 0044). The failure to submit emission testing results within sixty (60) days of conducting the test is a failure of 40 CFR 60.4245(d), which language has been adopted as a Louisiana regulation in LAC 33:III.3003.A, Specific Requirement No. 37 of Air Permit No. 0560-00070-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In correspondence dated July 25, 2019, the Respondent replied to Warning Letter AE-L-19-00519, disclosing that the Respondent has referred the testing contractor to the due date for submitting emission testing results.

Miller Production Facility (Agency Interest No. 31733)

A file review conducted on or about February 20, 2020, of the Miller Production Facility (Agency Interest No. 31733) revealed that the Respondent submitted results dated February 20, 2019, for initial emission testing conducted on October 23, 2018 for Compressor Engine – 630 HP (EQT 0035). The failure to submit emission testing results within sixty (60) days of conducting the test is a failure of 40 CFR 60.4245(d), which language has been adopted as a Louisiana regulation in LAC 33:III.3003.A, MSOG Air Permit No. 0520-00029-09, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(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 EIGHTY-ONE THOUSAND AND NO/100 DOLLARS (\$81,000.00), of which Seven Thousand One Hundred Eleven and 01/100 Dollars (\$7,111.01) 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 Orders & Notices of Potential Penalty, Amended Consolidated Compliance Order & Notice of Potential Penalty, 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 Calcasieu Parish, Plaquemines Parish, Jefferson Davis Parish, Iberia Parish, and Cameron 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 thirty (30) 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.

TEXAS PETROLEUM INVESTMENT
COMPANY

BY: Chris Santilippo
(Signature)

Chris Santilippo
(Printed)

TITLE: Environmental Manager

THUS DONE AND SIGNED in duplicate original before me this 10th day of March, 20 22, at Lafayette LA.

Valerie Guidry
OFFICIAL SEAL
NOTARY PUBLIC (ID # 30780)
VALERIE V. GUIDRY
NOTARY PUBLIC #84092
PARISH OF LAFAYETTE
Commission Expires at Death
(stamped or printed)


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

BY: Delena J. Cage
Delena J. Cage, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 11th day of May, 20 22, at Baton Rouge, Louisiana.

Amber G. Litchfield
NOTARY PUBLIC (ID # 92503)
AMBER G. LITCHFIELD
Notary Public
State of Louisiana
Notary ID # 92503
East Baton Rouge Parish
(stamped or printed)

Approved: Lourdes Iturralde
Lourdes Iturralde, Assistant Secretary

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE		 DEQ LOUISIANA			
ENFORCEMENT DIVISION				CONSOLIDATED COMPLIANCE ORDER &	
POST OFFICE BOX 4312				NOTICE OF POTENTIAL PENALTY	
BATON ROUGE, LOUISIANA 70821-4312					
Enforcement Tracking No.	WE-CN-15-00406	Certified Mail No.	7004 2510 0005 5763 0362		
Agency Interest (AI) No.	7935	Contact Name	Richard Ober, Jr.		
Alternate ID No.	LAG33A301	Contact Phone No.	(225) 219-3135		
Respondent:	Texas Petroleum Investment Company	Facility Name:	Hackberry Tank Battery #5		
	c/o Patrick S. Ottinger	Physical Location:	5 miles west of Hackberry		
	Agent for Service of Process	City, State, Zip:	Hackberry, LA 70645		
	1313 W. Pinhook Road Lafayette, LA 70503	Parish:	Calcasieu		

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 30:2050.3(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.	<p>The Respondent owns and/or operates an oil and gas exploration field located approximately five (5) miles west of Hackberry, Calcasieu Parish, Louisiana. The Respondent was reauthorized permit coverage under Louisiana Pollutant Discharge Elimination System (LPDES) Permit LAG33A301 with an effective date of May 19, 2011, and an expiration date of January 31, 2016. The LAG330000 general permit was subsequently modified on September 15, 2011, with an effective date of October 1, 2011 and an expiration date of January 31, 2016. Coverage under the modified permit was granted to the Respondent on October 3, 2011. The LAG330000 general permit was reissued on December 16, 2015, with an effective date of February 1, 2016 and an expiration date of January 31, 2021. LPDES Permit LAG33A301 expired on January 31, 2016, and was administratively continued until coverage under LAG33A301 was reauthorized to the Respondent on August 1, 2016. Under the terms and conditions of LPDES Permit LAG33A301, the Respondent is permitted to discharge dewatering effluents from reserve pits which have not received drilling fluids and/or drill cuttings since December 15, 1996, deck drainage, formation test fluids, treated sanitary wastewater, domestic wastewater, hydrostatic test water, and miscellaneous discharges which are common to the Coastal Subcategory of the Oil and Gas Extraction Point Subcategory via local drainage into Black Lake, waters of the state.</p>
	Description of Violation
II.	<p>Inspection(s) 12/18/2014 File Review 8/14/2017</p> <p>Based on an inspection and file reviews conducted by the Department's Inspection and Enforcement Divisions, the Respondent caused and/or allowed the discharge of oily fluids to the ground and oil field wastes, including produced water to waters of the state. Specifically, the inspection and file reviews of the Respondent's facility revealed unauthorized discharges impacting the ground, surrounding marsh and waterway as reported by the Respondent. (La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.1.a, LAC 33:IX.1701.B, and/or LAC 33:IX.1901.A) Additionally, as reported by the Respondent on, or attached to, Discharge Monitoring Reports (DMRs), the Respondent caused and/or allowed the discharge of free oil as determined by a film or sheen upon or a discoloration of the surface of the receiving water. (LPDES Permit LAG33A301 (Narrative Requirements (Outfall 002), Condition T-6, page 6 of 19 and Part III, Section A.2), La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.4.c, and LAC 33:IX.501.A) See Attachment 1</p>
III.	<p>Inspection(s) 12/18/2014</p> <p>The Respondent had an inadequate Spill Prevention and Control (SPC) plan. The SPC plan was not amended when there was a modification in facility design, construction, storage capacity, operation or maintenance. Specifically, the equipment in the field did not match what was listed in the SPC and the personnel listed in the plan were no longer with the company. (LPDES Permit LAG33A301 (Narrative Requirements, Condition No. T-2 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.905.E)</p>
IV.	<p>Inspection(s) 12/18/2014</p> <p>The Respondent failed to properly operate and maintain its facility. Specifically, the float valves on three (3) oil sumps were not operating properly, and there was a gas leak on the STAB unit #10 from a blown plug. (LPDES Permit LAG33A301 (Part III, Sections A.2 and B.3.a), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.E)</p>
V.	<p>Inspection(s) 12/18/2014</p> <p>The Respondent failed to implement its Spill Prevention and Control (SPC) Plan. Specifically, the inspection noted the following:</p> <ul style="list-style-type: none"> • the concrete containment for the injection well pump had a broken corner; • there were cracks and gaps in the concrete decking for the STAB units; and • there were three (3) corrosion holes near the bottom of the produced water tanks. <p>(LPDES Permit LAG33A301 (Narrative Requirements, Condition No. T-2 and Part III, Section A.2), La. R.S. 30:2076(A)(3) and LAC 33:IX.708.C.1.b)</p>
VI.	<p>Inspection(s) 12/18/2014</p> <p>The Respondent caused and/or allowed the discharge of oily fluids to the ground. Specifically, the corner of the secondary containment was broken allowing produced water and used oil to flow to the ground creating stained soil around the pump. (La. R.S. 30:2076(A)(3) and LAC 33:IX.1701.B)</p>
VII.	<p>Inspection(s) 12/18/2014</p> <p>The Respondent failed to comply with LPDES permit LAG33A301. Specifically, the Respondent failed to report the daily maximum flow and highest monthly average flow in the quarter for Outfall 002 on Discharge Monitoring Reports (DMRs) from January 2012 through September 2014. Following September 2014, the Respondent reported the flow on DMRs or reported that there was no discharge as required. (LPDES permit LA0033031 (Narrative Requirements T-2 and T-3 (Outfall 002), page 5 of 19 and Standard Conditions for LPDES Permits, Sections A.2 and D.4), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.4)</p>



VIII.	Inspection(s) 12/18/2014	The Respondent failed to immediately remediate the area adversely impacted by the release(s). Specifically, at the time of the inspection, a representative of the Respondent confirmed that the oil stained soils around sump pumps, oil and produced water stained soil around the injection well pump, and oil stained soil and recoverable oil in the secondary containment were caused from multiple releases in the recent past that had not been cleaned up. He stated that the float switch on the motors in the sumps would stick allowing the oil to overflow the sump onto the adjacent ground. He also stated that the operators would make rounds and un-stick the float, but not clean up the area or correct the problem to prevent a recurrence. The pump's motor for the injection well had secondary containment and was under a metal roof, but the corner of the secondary containment was broken allowing produced water and used oil to flow to the ground creating stained soil around the pump. The defect in the concrete containment wall around the injection well pump was not repaired allowing oil and produced water to leak out onto the adjacent ground every time there was a leak on the pump. The representative of the Respondent stated that the operators would fix the leak on the pump, but failed to clean up the released material. Additionally, there was free crude oil inside the secondary containment for the tank battery. The representative of the Respondent stated that the oil inside the secondary containment for the tank battery was from holes in tanks, leaking flanges, and pipes. He said that the oil inside had accumulated over time because they had not cleaned the area after each single release. (La. R.S. 30:2076(A)(1)(a) and LAC 33:IX.708.C.1.b.iv)
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 <u>all</u> 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 submit to the Enforcement Division, within thirty (30) days after receipt of this COMPLIANCE ORDER , an amended/updated Spill Prevention and Control Plan (SPC) as outlined in LAC 33:IX.907 and LAC 33:IX.708.C.1.b.	
RIGHT TO APPEAL		
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 address specified in this document.	
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.). 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 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 Richard Ober, Jr. at (225) 219-3135 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.	

CONTACTS AND SUBMITTAL OF INFORMATION	
Enforcement Division: Louisiana Department of Environmental Quality Office of Environmental Compliance Water Enforcement Division P.O. Box 4312 Baton Rouge, LA 70821 Attn: Richard Ober, Jr.	Hearing Requests: 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. WE-CN-15-00406 Agency Interest No. 7935
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.Subpart1.Chapter7.
 - 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 "**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 Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.



 Lourdes Iturralde
 Assistant Secretary
 Office of Environmental Compliance

Date: 12-19-17

cc: Chris Sanfilippo
 Environmental Manager – Eastern Division
 207 Town Center Parkway, Suite 150
 Lafayette, Louisiana 70506

- Attachment(s)
- Request to Close
 - Attachment 1
 - Settlement Brochure

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION CONSOLIDATED COMPLIANCE ORDER & POST OFFICE BOX 4312 NOTICE OF POTENTIAL PENALTY BATON ROUGE, LOUISIANA 70821-4312 REQUEST TO CLOSE			
Enforcement Tracking No.	WE-CN-15-00406	Contact Name	Richard Ober, Jr.
Agency Interest (AI) No.	7935	Contact Phone No.	(225) 219-3135
Alternate ID No.	LAG33A301		
Respondent:	Texas Petroleum Investment Company	Facility Name:	Hackberry Tank Battery #5
	c/o Patrick S. Ottinger Agent for Service of Process	Physical Location:	5 miles west of Hackberry
	1313 W. Pinhook Road	City, State, Zip:	Hackberry, LA 70645
	Lafayette, LA 70503	Parish:	Calcasieu
STATEMENT OF COMPLIANCE			
STATEMENT OF COMPLIANCE		Date Completed	Copy Attached?
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 IV 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:			
SETTLEMENT OFFER (OPTIONAL)			
<i>(check the applicable option)</i>			
_____	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 (WE-CN-15-00406), 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-15-00406), 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. <ul style="list-style-type: none"> • 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-15-00406) 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: Richard Ober, Jr.			

If you have questions or need more information, you may contact Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.

Attachment I

Unauthorized Discharges

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
September 26, 2016	Crude Oil	17 barrels (recovered)	Crude oil was released to Black Lake due to a leak on the nipple of #172 well. Some of the oil traveled away from the incident location and impacted the marsh south of the incident location.	The corroded valve on Well #172 was replaced to prevent recurrence. The saturated absorbent material was placed into pollution bags and then into DOT drums for later disposal at an approved waste facility. Recovered liquids were pumped back in the field's production system for processing.
May 4, 2015	Crude Oil	2.5 barrels	A pinhole leak developed on an eight (8) inch gas recovery line allowing crude oil to release into Black Lake and collect along the adjacent marsh embankment.	Field personnel shut in the line to secure the leak, deployed absorbent boom to prevent product migration, and contracted United States Environmental Services, LLC for cleanup (USES). USES personnel recovered all released product with a drum skimmer and absorbents.
September 22, 2014	Crude Oil	40 gallons*	A leak developed in a bulk flowline associated with Stab #5 due to external corrosion resulting in a release into unnamed oilfield canal. The resulting sheen was 350 feet long all stacked up against a gravel access roadway.	Field was shut in. The product released was recovered. All absorbent materials generated in the mitigation process were collected and placed into appropriate DOT containers and disposed of appropriately. The four (4) inch flowline was repaired utilizing a flowline clamp to prevent recurrence and placed back into service.
September 3, 2014	Crude Oil	10 barrels	Crude Oil discharge at the tank Battery #1 Facility Stab 17 bulkline resulting in the release into a marsh area where the bulkline is located.	The bulkline was shut in, isolated, and pressure bled down to secure the release. The Stab #17 bulkline replacement was initiated in July 2014. The bulkline was to remain shut in and not used for production until the replacement operation is completed. The product was recovered and impacted vegetation and absorbent materials were collected and properly disposed.
July 2, 2014	Crude Oil	10 barrels	A leak developed in a three (3) inch oil dump line associated with the Hackberry #1 Facility resulting in a release to a marsh area adjacent to the facility.	The three (3) dump line was shut in and a clamp was installed on the line to prevent a recurrence. Absorbents were deployed and a drum skimmer to recover the released product.
June 17, 2014	Crude Oil	2 teaspoons*	A pinhole leak developed in a four (4) inch oil dump line associated with Stab	The oil dump line was shut in to secure the source, and the line was repaired before

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
			#2 resulting in a release into Black Lake. The release resulted in a sheen.	putting it back into service.
May 13, 2014	Crude Oil	4.9 quarts*	The well packing on Well #204 developed a leak resulting in a release into Black Lake. The release resulted in a sheen.	The rod pump of Well #204 was shut off to secure the release and the packing was replaced.
January 25, 2014	Crude Oil	1.6 quarts*	A pinhole leak developed in a submerged flowline resulting in a release into Black Lake. The resulting sheen was 100 yards by 500 yards.	The flowline was shut in to secure the release, and the line was repaired before putting back online.
January 1, 2014	Crude Oil	5 gallons*	A pinhole leak developed on a flowline associated with the GLD #18 well resulting in a release to an adjacent unnamed oilfield access canal. The resulting sheen was 50 feet by 150 feet.	The well was shut in to secure the release and containment boom was deployed. The flowline was repaired and the dull blotches observed throughout the sheen were recovered.
November 30, 2013	Crude Oil	7.3 cups*	A pinhole leak developed on a three (3) inch gas line associated with Stab #14 resulting in the release to an unnamed canal and marsh. The resulting sheen was 2 miles by 10 feet.	The affected gas line was shut down and a clamp was installed on the pinhole to ensure not further release. Some slight emulsified product was observed in grass near the source which was flushed out and collected with absorbent material. No other remaining recoverable product was observed as it dissipated naturally.
November 8, 2013	Crude Oil	3 barrels	A four (4) inch flowline associated with the GLD #18 well developed a pinhole leak due to internal corrosion resulting in the release to an unnamed canal. The resulting sheen was 200 feet by 900 feet.	The well was shut in and a clamp was installed to secure the release. Containment boom was deployed around the incident location to contain the released product and remedial activities were performed.
November 6, 2013	Crude Oil	10 barrels	A pinhole leak developed in a four (4) inch bulk line developed a pinhole leak due to internal corrosion resulting in the release to an adjacent unnamed oilfield access canal and marsh. The resulting sheen was 5 feet by 100 feet.	The flow to dump line was shut in and a clamp was put on the damaged section of line. Remedial activities were performed.
August 8, 2013	Crude Oil	2 gallons*	A four (4) inch oil dump line associated with the Stab #9 and #10 developed a pinhole leak resulting in the release to Black Lake. The resulting sheen was 100 feet by 400 feet.	The source of the leak was secured, containment boom and absorbents was deployed, and a clamp was placed on the damaged section of flowline.
July 12, 2013	Crude Oil	1 gallon*	A four (4) inch oil dump line associated with the Stab #9 and #10	The four (4) inch line was shut in to secure the source, and a clamp was installed over the

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
			developed 2 pinhole leaks resulting in the release to Black Lake. The resulting sheen was 20 feet wide by 200 yards long.	pinhole to temporarily prevent recurrence. The operator was to replace the line for a permanent repair. The sheen was unrecoverable and it was allowed to naturally dissipate.
May 23, 2013	Crude Oil	1.5 teaspoons*	A sheen was created when personnel were removing rods from work over operations in the Hackberry Field, State Lease 42, Well 204. The resulting sheen was 20 feet by 50 feet.	The sheen was unrecoverable and was dissipating at the time of reporting.
May 4, 2013	Crude Oil	1.6 gallons*	An eight (8) inch collection line running to the Hackberry Field tank Battery #5 developed a pinhole leak due to corrosion resulting in the release to Black Lake.	The line was immediately clamped upon discovery, securing the release. The sheen naturally dissipated.
January 25, 2013	Crude Oil	10 gallons*	A leak on a four (4) inch dump line resulting in the release to the adjoining waterway. The resulting sheen was 2 feet by 0.5 mile.	The release was secured and the line repaired. The sheen dissipated naturally.
January 16, 2013	Crude Oil	2 gallons*	A leak on a four (4) inch line on a separator resulting in the release to the adjoining waterway. The resulting sheen was 150 feet wide by 2,000 yards long.	The release was secured and the line repaired. The sheen naturally dissipated.
October 14, 2012	Crude Oil	1-1.5 barrels	A pinhole leak on a flowline associated with the CPSB #57 well. The resulting sheen was 30 feet wide by 100 yards long.	The Respondent shut in the well and clamped the line. Absorbent and containment boom was deployed to contain the release.
August 22, 2012	Crude Oil	0.21 gallons*	A pinhole leak in a flowline running from SL 20.4 to the Hackberry Field Tank Battery #5 resulting in the release to Black Lake. The resulting sheen was 150 feet wide by 400 feet long.	The flowline was shut in and a clamp installed. Repairs were scheduled to be completed on August 22, 2012. The sheen was non-recoverable and allowed to naturally dissipate.
August 18, 2012	Oily Residue	2.2 ounces*	Due to heavy rainfall approximately 2.2 ounces of oily residue washed off the deck of a work barge into Black Lake. A sheen resulted off the deck of the barge that was 100 feet wide by 500 yards long.	The sheen dissipated. The Respondent was to surround the barge with absorbent and containment boom in the morning in order to prevent any additional residue from washing into the lake.
July 30, 2012	Natural Gas Condensate	1.5 gallons*	A compressor at the facility became inoperable causing a pressure buildup in a flowline. Material discharged from a corroded portion of the line resulting in the	The pressure in the line was bled and a clamp was applied to control the source. The discharged natural gas condensate was allowed to naturally dissipate.

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
			release to an access canal to Black Lake. The sheen size was 0.5 miles by 200 feet.	
July 25, 2012	Natural Gas Condensate	1.27 ounces*	A leak was discovered in an underwater gas collection lift line resulting in the release to Black Lake. The released natural gas resulted in a sheen.	The line was shut in and absorbent and containment boom was deployed to secure the release. Necessary repairs were to be made.
June 13, 2012	Crude Oil	<1 gallon*	An unknown leak caused a sheen on Scholl Board Well #57 associated with Tank Battery #5. The sheen was 50 feet by 300 feet.	Investigation could not find the origin of the sheen. The sheen was unrecoverable and naturally dissipated.
April 22, 2012	Crude Oil	3 barrels	A flowline from the school board property 57 well developed a pinhole due to corrosion resulting in the release to the ground and into an unnamed canal.	The source was shut down and the line was clamped. The flowline was repaired, absorbent and containment boom was deployed, and the oil was recovered.
February 6, 2012	Oil	0.1 gallons*	A leak developed on the oil dump line associated with the Hackberry Tank Battery #5. The resulting sheen was 50 feet by 1,000 feet.	The line was shut in to secure the release and the appropriate repairs were to be performed. The sheen was unrecoverable and naturally dissipated.
January 14, 2012	Condensate	4 ounces*	A leak developed due to corrosion in a ten (10) inch gas collection line associated with the Hackberry Tank Battery #5 resulting in the release to Black Lake. The resulting sheen was 50 feet by 100 feet.	A clamp was placed on the ten (10) inch gas collection line to secure the release. There was no recoverable product.
October 5, 2011	Natural Gas Condensate Oil	Estimated 1 gallon*	A pinhole leak resulting from external corrosion resulting in a release to the waters of Black Lake. The resulting sheen was 10 feet by 100 feet.	The sheen was allowed to naturally dissipate due to its unrecoverable nature. The source was secured and the necessary repairs to the line were made.
August 2, 2011	Crude Oil	2 barrels	While taking on crude oil from the Respondent, a Taylor Propane truck driver was not monitoring the intake of fluids which resulted in the overflow from the vent of the truck onto the ground.	The source of the release was secured and existing gravel was used to build a containment berm. All product was recovered and all contaminated gravel and soil was disposed of.
July 25, 2011	Crude Oil	~ 8 ounces*	A leak developed in the well packing of Hackberry Field Well #173 resulting in the release to Black Lake. The sheen size was 40 feet by 400 feet.	The well was shut in and the appropriate repairs were made to Hackberry Field Well #173. There was no recoverable product and the sheen dissipated naturally.
July 17, 2011	Crude Oil	0.5 gallons*	Well 57 in the Hackberry Field developed a packing leak on a pumping unit resulting in the release to the Amico Cut. The resulting sheen was 100	Repairs were made to the pumping unit.

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
			yards by 200 yards.	
July 5, 2011	Crude Oil	2.2 teaspoons*	While performing maintenance on Hackberry State Lease 42 Well #203, a small sheen emitted from the well packing to Black Lake. The resulting sheen was 15 feet by 100 feet.	The source was secured. There was no recoverable product and the sheen dissipated naturally.

*These unauthorized discharges were less than the reportable quantity and reported on DMRs as a discharge of free oil as determined by a film or sheen upon or a discoloration of the surface of the receiving water.

SETTLEMENT AGREEMENTS

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.

		NATURE AND GRAVITY OF THE VIOLATION		
		MAJOR	MODERATE	MINOR
DEGREE OF RISK OR IMPACT TO HUMAN HEALTH OR PROPERTY	MAJOR	\$32,500 to \$20,000	\$20,000 to \$15,000	\$15,000 to \$11,000
	MODERATE	\$11,000 to \$8,000	\$8,000 to \$5,000	\$5,000 to \$3,000
	MINOR	\$3,000 to \$1,500	\$1,500 to \$500	\$500 to \$100

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.



SETTLEMENT AGREEMENTS

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 <u>EDMS</u> using the following filters Media: Air Quality, Function: Enforcement; Description: Settlement
Settlement Agreements	<u>Enforcement Division's website</u> specific examples can be provided upon request
Penalty Determination Method	<u>LAC 33:1 Chapter 7</u>
Beneficial Environmental Projects	<u>LAC 33:1 Chapter 25</u> <u>FAQs</u>
Judicial Interest.....	<u>provided by the Louisiana State Bar Association</u>





JOHN BEL EDWARDS
GOVERNOR

CHUCK CARR BROWN, Ph.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

June 29, 2018



CERTIFIED MAIL (7016 3010 0000 9387 6979)
RETURN RECEIPT REQUESTED

TEXAS PETROLEUM INVESTMENT COMPANY
c/o Patrick S. Ottinger
Agent for Service of Process
1313 W. Pinhook Rd.
Lafayette, LA 70503

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-17-00013
AGENCY INTEREST NO. 32656**

Dear Sir:

On or about December 16, 2015, an inspection of **MAIN PASS BLOCK 35 CENTRAL FACILITY**, a natural gas, oil, and produced water separating facility, owned and/or operated by **TEXAS PETROLEUM INVESTMENT COMPANY (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 approximately 9 miles east of Pilottown and 7 miles north of Boothville, in Port Sulphur, Plaquemines Parish, Louisiana. The facility operates or has operated under the following Title V Permits:

Title V Permit No.	Date Issued	Expiration Date
2240-00197-V10	September 6, 2016	August 26, 2019
2240-00197-V9	August 26, 2014	August 26, 2019
2240-00197-V8	February 6, 2013	July 21, 2014
2240-00197-V7	June 8, 2010	July 21, 2014

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 and subsequent file review conducted on November 27, 2017:

- A. The inspection revealed the Respondent conducted maintenance on the Diesel Fired Crane (EQT0012) on April 2, 2014, and subsequently on May 20, 2015, a period of 413 days. 40 CFR 63 Subpart ZZZZ requires an oil and filter change

Texas Petroleum Investment Company
 AE-PP-17-00013
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and air cleaner inspection on Non-Emergency, non-black start compression ignition (CI) stationary reciprocating internal combustion engines (RICE) less than or equal to 300 horsepower (HP) to be conducted every 1,000 hours or annually, whichever comes first. Therefore, the Respondent failed to conduct maintenance every 1,000 hours or annually, whichever comes first. This is a violation of 40 CFR 63.6640(a), which is incorporated by reference in LAC 33:III.5122, Specific Requirement 26 of Title V Air Permit No. 2240-00197-V9, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In an email to the inspector dated December 23, 2015, the Respondent indicated that future annual crane inspections have been adjusted to be in line with the original Subpart ZZZZ inspection of April 2, 2014.

- B. The file review revealed that the Respondent's 2016 First Half Semiannual Monitoring Report dated September 29, 2016, Title V Air Permit No. 2240-00197-V10, and email response dated January 27, 2018, state that the following equipment was added to the facility:

Equipment	Date Installed	Date Removed
EQT0036 (Oil Storage Barge Compartment)	January 5, 2016	January 2017
EQT0037 (Oil Storage Barge Compartment)	January 5, 2016	January 2017
EQT0038 (Oil Storage Barge Compartment)	January 5, 2016	January 2017
EQT0041 (Diesel-fired Oil Transfer Pump Engine)	January 8, 2016	January 2017
EQT039 (Diesel-fired SWD Pump Engine)	September 28, 2015	August 5, 2016
EQT040 (Diesel-fired SWD Pump Engine)	October 3, 2015	August 3, 2016

A permit modification was submitted on May 20, 2016, which requested the addition of the above referenced emission points. Subsequently, Title V Air Permit No. 2240-00197-V10 was issued on September 6, 2016. In an email dated January 27, 2018, the Respondent states that EQT0036, EQT0037, EQT0038, and EQT0041 were installed temporarily due to an emergency situation with the oil sales pipeline going down and that these sources were removed in January 2017. Therefore, the Respondent installed equipment at the facility prior to submitting a permit application to the permitting authority. Failure to submit a permit application and receive approval from the permitting authority prior to the modification, and/or operation of a facility is a violation of LAC 33:III.501.C.1, LAC 33:III.507.D.2.c, La. R.S. 30:2057(A)(2).

- C. The file review revealed that the Respondent's application for permit modification dated May 20, 2016, requests the addition of the following emission points and an email response dated January 27, 2018, provides the date the equipment was installed at the facility:

Equipment	Date Installed	Date Removed
EQT0036 (Oil Storage Barge Compartment)	January 5, 2016	January 2017
EQT0037 (Oil Storage Barge Compartment)	January 5, 2016	January 2017
EQT0038 (Oil Storage Barge Compartment)	January 5, 2016	January 2017

Texas Petroleum Investment Company
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Equipment	Date Installed	Date Removed
EQT0041 (Diesel-fired Oil Transfer Pump Engine)	January 8, 2016	January 2017
EQT039 (Diesel-fired SWD Pump Engine)	September 28, 2015	August 5, 2016
EQT040 (Diesel-fired SWD Pump Engine)	October 3, 2015	August 3, 2016

Subsequently, Title V Air Permit No.2240-00197-V10 was issued on September 6, 2016. In an email dated January 27, 2018, the Respondent states that EQT0036, EQT0037, EQT0038, and EQT0041 were installed temporarily due to an emergency situation with the oil sales pipeline going down and was removed in January 2017. Therefore, the Respondent installed and operated unpermitted equipment at the facility. Failure to receive approval from the permitting authority prior to modification, and/or operation of equipment at a facility, which ultimately may have resulted in an initiation or increase 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 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 Christopher Clement at (225) 219-3748 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.

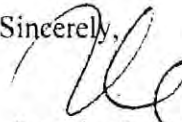
The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY**, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement 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

Texas Petroleum Investment Company
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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.

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,



Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

LI/CGC/cgc
Alt ID No. 2240-00197

c: Texas Petroleum Investment Company
c/o H.B. Sallee - President
207 Town Center Parkway, Suite 150
Lafayette, LA 70506

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-17-00013	Contact Name	Christopher Clement
Agency Interest (AI) No.	32656	Contact Phone No.	(225) 219-3748
Alternate ID No.	2240-00197		
Respondent:	Texas Petroleum Investment Company	Facility Name:	Main Pass Block 35 Central Facility
	c/o Patrick S. Ottinger	Physical Location:	approximately 9 miles east of Pilottown and 7 miles north of Boothville
	Agent for Service of Process		
	1313 W. Pinhook Rd. Lafayette, LA 70503	City, State, Zip:	Port Sulphur, LA 70083
	Parish:	Plaquemines	

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-17-00013), 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-17-00013), 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-17-00013) 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

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION POST OFFICE BOX 4312 BATON ROUGE, LOUISIANA 70821-4312		AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY		
Enforcement Tracking No.	WE-CN-17-00338A	Certified Mail No.	7004 2510 0006 3853 4558	
Agency Interest (AI) No.	32572	Contact Name	Richard Ober, Jr.	
Alternate ID No.	LAG33A322; LA0127220	Contact Phone No.	(225) 219-3135	
Respondent:	Texas Petroleum Investment Company	Facility Name:	Breton Sound Area Block 20-21 Field Central Facility	
	c/o Patrick S. Ottinger	Physical Location:	24.5 miles northeasterly of Boothville within coastal waters of Plaquemines Parish	
	Agent for Service of Process			
	1313 W. Pinhook Road	City, State, Zip:	Boothville, LA 70091	
Lafayette, LA 70503	Parish:	Plaquemines		

This AMENDED 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 30:2050.3(B). This AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY replaces CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY, ENFORCEMENT TRACKING NO. WE-CN-17-00338A issued on November 1, 2017, in its entirety.

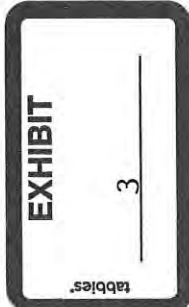
FINDINGS OF FACT

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 exploration facility located approximately 24.5 miles northeasterly of Boothville within coastal waters of Plaquemines Parish, Louisiana. The Respondent was reauthorized permit coverage under Louisiana Pollutant Discharge Elimination System General (LPDES) Permit LAG33A322 with an effective date of May 19, 2011, and an expiration date of January 31, 2016. The LAG330000 general permit was subsequently modified on September 15, 2011, with an effective date of October 1, 2011, and an expiration date of January 31, 2016. Coverage under the modified permit was granted to the Respondent on October 3, 2011. LPDES Permit LAG33A322 expired on January 31, 2016, and was administratively continued. The LAG330000 general permit was reissued on December 16, 2015, with an effective date of February 1, 2016, and an expiration date of January 31, 2021. On or about September 15, 2016, the Department sent a letter to the Respondent in which the Department notified the Respondent that coverage under the reissued LAG330000 general permit would not be extended to it and that an individual LPDES permit was required. On or about November 9, 2016, the Department received from the Respondent an LPDES permit application to discharge wastewater from industrial facilities. LPDES General Permit LAG33A322 was administratively continued until an individual permit was issued. LPDES permit LA0127220 was issued to the Respondent on October 27, 2017, with an effective date of December 1, 2017, and an expiration date of November 30, 2022. Under the terms and conditions of LPDES Permit LA0127220, the Respondent is permitted to discharge treated sanitary wastewater, domestic wastewater and stormwater runoff (deck drainage) to the Gulf of Mexico via effluent pipes (subsegment 042201), waters of the state.

The Respondent was issued CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY WE-CN-13-00362 on or about March 3, 2015. The Department received a written response from the Respondent dated April 7, 2015. CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY WE-CN-13-00362 is a final action of the Department and not subject to further review.

	Date of Violation	Description of Violation
II.	Inspection(s) August 26, 2015 & October 21, 2016 – December 1, 2016 File Review December 13, 2018	Based on file reviews conducted by the Department’s Inspection and Enforcement Divisions, the Respondent caused and/or allowed the discharge of oily fluids and oil field wastes to waters of the state. Specifically, the file reviews of the Respondent’s facility revealed unauthorized discharges impacting surrounding marsh and waterway as reported by the Respondent. (La. R.S. 30:2076(A)(3), LAC 33:IX.1701.B, and/or LAC 33:IX.1901.A) Additionally, the Respondent reported miscellaneous discharges of free oil (Outfall 002) on DMRs that occurred on or about July 9, 2014 (1.03 ounces) and on December 30, 2014 (1.45 ounces). See Attachment 1 (LPDES permit LAG33A322 (Narrative Requirements, Condition Nos. T-5 and T-6, pages 5 and 6 of 19 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.708.C.1.a)
III.	Inspection(s) August 26, 2015 May 26, 2016 September 20, 2018	The Respondent failed to properly operate and maintain its facility and failed to implement its Spill Prevention and Control (SPC) plan. Specifically, during the inspection conducted on August 26, 2015, three (3) holes were observed in the A platform. Additionally, during the inspection conducted on May 26, 2016, two (2) holes were observed in the deck and three (3) holes in the curbing at the edge of the platform at Facility 3. The inspection conducted on September 20, 2018, noted multiple holes in the impervious decking at the Facility 3 section of the platform. (LPDES Permit LAG33A322 (Part II, Section L.2 and Part III, Sections A.2 and B.3.a), La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.1.b.ii, and LAC 33:IX.2701.E)
IV.	Inspection(s) May 26, 2016	The Respondent failed to implement the Spill Prevention and Control (SPC) plan in accordance with the provisions specified in LAC 33:IX.901-907. Specifically, the SPC plan had not been reviewed every five (5) years. (LPDES Permit LAG33A322 (Part II, Section L and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.905.F)
V.	Inspection(s) May 26, 2016	The Respondent caused and/or allowed the discharge of produced water to waters of the state. Specifically, at the time of the inspection, the inspector observed produced water leaks at Platform E. A saltwater injection pump was spraying water onto the produced water hose which extends over the water/edge of the platform. The produced water was observed dripping off of the hose and leaking through the grating into waters of the state. Additionally, there was a leak on a valve associated with a saltwater injection pump located above grating which allowed produced water to be released into waters of the state. (La. R.S. 30:2076(A)(3) and LAC 33:IX.1901.A)




VI.	Inspection(s) September 20, 2018 File Review December 13, 2018	The Respondent failed to comply with LPDES permit LAG33A322. Specifically, the Respondent reported exceedances of the permit effluent limitation for total suspended solids (TSS) on Discharge Monitoring Reports (DMRs) for Outfall 04B. The Respondent reported a TSS daily maximum value of 58.6 mg/L on the January 2017 through June 2017 DMR and a TSS daily maximum value of 65 mg/L on the July 2017 through December 2017 DMR. These results exceeded the permitted daily maximum effluent limitation for TSS of 45 mg/L. (LPDES Permit LAG33A322 (Effluent Limitations and Monitoring Requirements, page 9 of 14 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.A)
VII.	Inspection(s) September 20, 2018 File Review December 13, 2018	The Respondent failed to submit Discharge Monitoring Reports (DMRs) in a timely manner. The Respondent is required to submit quarterly DMRs for Outfall 04B no later than the 28 th day of the month following each quarterly reporting period for total residual chlorine (TRC). Specifically, the Respondent did not timely submit the quarterly DMR for Outfall 04B for TRC for the monitoring months of January 2017, February 2017, and March 2017. The DMR was due by April 28, 2017, but was not submitted until July 28, 2017. (LPDES Permit LAG33A322 (Submittal/Action Requirements, Condition No. S-1, page 11 of 19 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.4)
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 <u>all</u> 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.	
RIGHT TO APPEAL		
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 left-hand corner of the first page of this document and should be directed to the address specified in this document.	
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 and 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.	
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 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 Richard Ober, Jr. at (225) 219-3135 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. 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.	
IV.	This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is effective upon receipt.	

CONTACTS AND SUBMITTAL OF INFORMATION	
Enforcement Division: Louisiana Department of Environmental Quality Office of Environmental Compliance Water Enforcement Division Post Office Box 4312 Baton Rouge, LA 70821 Attn: Richard Ober, Jr.	Hearing Requests: 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. WE-CN-17-00338A Agency Interest No. 32572
Water Permits 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 AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

- To appeal the **AMENDED CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY**, the Respondent must follow the guidelines set forth in the "Right to Appeal" portion of this **AMENDED 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 **AMENDED COMPLIANCE ORDER** by completing the attached "**AMENDED CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE**" form and returning it to the address specified.
 - Before requesting closure of this **COMPLIANCE ORDER** portion, 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:I.Subpart1.Chapter7.
 - 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 "**AMENDED 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.
 - Before requesting closure of the **NOTICE OF POTENTIAL PENALTY** portion, 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 Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.



Lourdes Iturralde
 Assistant Secretary
 Office of Environmental Compliance

Date: 12-21-18

cc: Chris Sanfilippo
 Environmental Manager – Eastern Division
 Texas Petroleum Investment Company
 207 Town Center Parkway, Suite 150
 Lafayette, LA 70506

- Attachment(s)
- Request to Close
 - Attachment 1
 - Settlement Brochure

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION POST OFFICE BOX 4312 BATON ROUGE, LOUISIANA 70821-4312		AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE		
Enforcement Tracking No.	WE-CN-17-00338A	Contact Name	Richard Ober, Jr.	
Agency Interest (AI) No.	32572	Contact Phone No.	(225) 219-3135	
Alternate ID No.	LAG33A322; LA0127220			
Respondent:	Texas Petroleum Investment Company	Facility Name:	Breton Sound Area Block 20-21 Field Central Facility	
	c/o Patrick S. Ottinger	Physical Location:	24.5 miles northeasterly of Boothville within coastal waters of Plaquemines Parish	
	Agent for Service of Process	City, State, Zip:	Boothville, LA 70091	
	1313 W. Pinhook Road Lafayette, LA 70503	Parish:	Plaquemines	
STATEMENT OF COMPLIANCE				
STATEMENT OF COMPLIANCE			Date Completed	Copy Attached?
A written report was submitted in accordance with Paragraph II of the "Order" portion of the AMENDED 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:				
SETTLEMENT OFFER (OPTIONAL)				
<i>(check the applicable option)</i>				
<input type="checkbox"/>	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.			
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-17-00338A), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.			
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-17-00338A), 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.			
	<ul style="list-style-type: none"> • 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. 			
<input type="checkbox"/>	The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (WE-CN-17-00338A) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.			
CERTIFICATION STATEMENT				
<i>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.</i>				
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: Richard Ober, Jr.				

If you have questions or need more information, you may contact Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.

Attachment 1

Unauthorized Discharges

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
March 18, 2014	Crude oil	20-25 gallons	After a sheen was reported near the Breton Sound 21 Central Facility Platform, an investigation discovered that a 2 inch hose broke loose from a sump pump resulting in the release of an oily water mixture into the waters of Breton Sound.	Field personnel replaced the hose to the sump pump to secure the source and recovered the residual product that was released onto facility structures with absorbent pads. All recoverable product was recovered and the remaining sheen was monitored by overflights until it naturally dissipated. Used absorbents were disposed at an approved waste disposal facility.
July 9, 2014	Crude oil	1.03 ounces	A leak developed in a 2 inch flowline associated with Well #1997 E-1 due to corrosion resulting in the release to the Gulf of Mexico creating a sheen.	The well was shut-in to secure the release and then the 2 inch flowline was flushed. Repairs were being made to the flowline at the time of notification. The sheen was unrecoverable and naturally dissipated.
December 30, 2014	Motor oil	1.45 ounces	A mechanical failure caused an engine to leak motor oil onto the deck which resulted in the release from a pinhole in the platform deck.	The Respondent's personnel used absorbent materials to recover the motor oil on the platform and patched the pinhole in the deck. The sheen was unrecoverable and naturally dissipated.
May 22, 2015	Diesel	200 gallons	A fire was discovered on the D Platform of the Breton Sound 21 Facility. It was determined that the fire tub gasket on the heater treater of the D Platform failed and allowed crude oil to enter the flame arrestor and ignite. The fire spread to crude oil released onto the deck of the platform and the compromised fire tube gasket. The released products did escape beyond the incident location into the Gulf of Mexico; however, the sheen naturally dissipated.	The fast response vessels from Clean Gulf Associates were on scene in the event of a significant pollution event. An OSRO crew from OMIES was on standby with containment boom and response equipment in case recovery and protective booming operations were needed. A sheen was observed stemming from the platform; however, no recoverable product was observed.
June 6, 2015	Produced water/oily mixture	5-37.5 gallons	The exact cause of the release and resulting sheen was still under investigation; however, it is believed that communication between the casing and tubing resulted in the release of formation water due to a recharged zone. The released products did escape beyond the incident location into the Gulf of Mexico, however the sheen naturally dissipated.	In response to the release, (1) OMI Environmental Solutions was mobilized to deploy containment boom and absorbent boom around the Breton Sound 21 F Platform, (2) a skimming vessel was mobilized as a proactive measure, (3) a tug and deck barge equipped with containment boom and absorbent was on standby, and (4) aerial assessments conducted daily through June 11, 2015, of the incident location and nearby barrier islands. The absorbent boom used during remedial activities had not yet been disposed of as of June 11, 2015; however, the absorbent had been placed into DOT drums for future disposal.

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
June 22, 2015	Produced water/oily mixture	2.6 gallons	Investigation determined that the source was identified as the SWD #1 well due to a production casing leak. The released products did escape beyond the incident location into the Gulf of Mexico; however, the sheen naturally dissipated.	The well and the field will remain shut-in until a drilling rig becomes available to plug the SWD #1 well and drill a new SWD well. The product was unrecoverable, and therefore, disposal was not required for this incident.
July 2016	Produced water	159 barrels	According to the Respondent, the date the incident was discovered was October 19, 2016. The discharge occurred when a high level occurred in a spill over tank which increased the likelihood of a tank overflow due to the field boat (used to shut in the field) not being in the field at the time and the resulting possibility of rupturing a flowline by shutting in the incoming lines at the facility. This resulted in the facility personnel discharging produced water from the spill over tank to eliminate the risk of a larger issue occurring. The release did escape beyond the incident location into the waters of Breton Sound.	According to the Respondent, an internal investigation was being performed into the incident, reviewing and adding further safety systems and protocols/policies to prevent an accidental overflow of a tank, providing additional oversight of facility operators, and developing a site specific environmental policy and training manual, including a site specific shut in policy for the facility, to name some of the active steps that it is currently conducting to mitigate and eliminate this type of emergency discharge.

SETTLEMENT AGREEMENTS

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.

		NATURE AND GRAVITY OF THE VIOLATION		
		MAJOR	MODERATE	MINOR
DEGREE OF RISK OR IMPACT TO HUMAN HEALTH OR PROPERTY	MAJOR	\$32,500 to \$20,000	\$20,000 to \$15,000	\$15,000 to \$11,000
	MODERATE	\$11,000 to \$8,000	\$8,000 to \$5,000	\$5,000 to \$3,000
	MINOR	\$3,000 to \$1,500	\$1,500 to \$500	\$500 to \$100

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.



SETTLEMENT AGREEMENTS

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
Settlement Agreements	Enforcement Division's website specific examples can be provided upon request
Penalty Determination Method	LAC 33:1 Chapter 7
Beneficial Environmental Projects	LAC 33:1 Chapter 25 FAQs
Judicial Interest.....	provided by the Louisiana State Bar Association



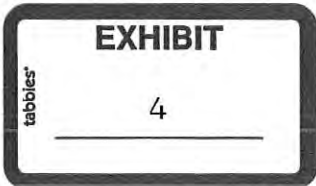
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION POST OFFICE BOX 4312 BATON ROUGE, LOUISIANA 70821-4312				CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY			
Enforcement Tracking No.	WE-CN-18-00358	Certified Mail No.	7017 0530 0000 5978 9630				
Agency Interest (AI) No.	7935	Contact Name	Richard Ober, Jr.				
Alternate ID No.	LAG33A301	Contact Phone No.	(225) 219-3135				
Respondent:	Texas Petroleum Investment Company	Facility Name:	Hackberry Tank Battery #5				
	c/o Patrick S. Ottinger	Physical Location:	750 Black Lake Road				
	Agent for Service of Process	City, State, Zip:	Hackberry, LA 70645				
	1313 W. Pinhook Road Lafayette, LA 70503	Parish:	Calcasieu				

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 30:2050.3(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.

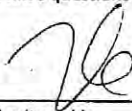
I.		The Respondent owns and/or operates an oil and gas exploration field located approximately five (5) miles west of Hackberry, Calcasieu Parish, Louisiana. The Respondent was granted authorization under Louisiana Pollutant Discharge Elimination System (LPDES) General Permit LAG33A301 on August 1, 2016. LPDES General Permit LAG33A301 will expire on January 31, 2021. Under the terms and conditions of LPDES General Permit LAG33A301, the Respondent is permitted to discharge dewatering effluents from reserve pits which have not received drilling fluids and/or drill cuttings since December 15, 1996, deck drainage, formation test fluids, treated sanitary wastewater, domestic wastewater, hydrostatic test water, and miscellaneous discharges which are common to the Coastal Subcategory of the Oil and Gas Extraction Point Subcategory via local drainage into Black Lake, waters of the state.
	Date of Violation	Description of Violation
II.	Inspection(s) 3/15/2018	The Respondent caused and/or allowed the discharge of oily fluids to the ground and to flow to waters of the state. Specifically, the inspection revealed that oily fluids were released to the ground around the oily water fluid sump and then flowed into the adjacent marsh land. (La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.1.a, and LAC 33:IX.1701.B) See photographs 17 and 18 in the inspection report. According to the Respondent's response to the inspection dated July 16, 2018, the leaks and/or spills observed were determined to be housekeeping issues that were addressed.
III.	Inspection(s) 3/15/2018	The Respondent failed to properly operate and maintain its facility. Specifically, the inspection revealed that the float valves on oily fluid sumps were not operating properly. The float valves would stick which would prevent the pump from kicking on, and the sump would overflow. (LPDES Permit LAG33A301 (Part III), Sections A.2 and B.3.a), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.E) According to the Respondent's response to the inspection dated July 16, 2018, it was determined that the sump pump issue was the result of a kinked poly flow line that supplies air to power the sump pump. The Respondent noted that this issue was corrected at the time of the inspection.
IV.	Inspection(s) 3/15/2018	The Respondent failed to implement the Storm Water Pollution Prevention Plan (SWPPP). Specifically, the inspection revealed that there were numerous open top drums exposed to the weather, and a containment area was observed to be full of oily fluids. (LPDES Permit LAG33A301 (Part II, Section R.3 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.A) According to the Respondent's response to the inspection dated July 16, 2018, the open top drums were properly covered and disposed of.
V.	Inspection(s) 3/15/2018	The Respondent failed to implement its Spill Prevention and Control (SPC) Plan. Specifically, the inspection noted the following: <ul style="list-style-type: none"> • there was a small leak on a pipeline and flange inside the secondary containment; • there were no records documenting that monthly inspections and training were being conducted; and • there was no storm water discharges log. (LPDES Permit LAG33A301 (Narrative Requirements, Condition No. T-2 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.708.C.1.b) According to the Respondent's response to the inspection dated July 16, 2018, the contract facility operator was fairly new, and the foreman of the field was not present. The contract employee was not certain of the location of the forms, but the foreman would have known. The Respondent noted that some inspection records were located while others were not. The Respondent attached flowline testing forms with the response indicating flowline testing conducted during the timeframe of March 6, 2016 through April 15, 2018.



VI.	Inspection(s) 3/15/2018	The Respondent failed to initiate remedial actions for the areas adversely impacted by the releases. Specifically, there were oil stains from pipelines and flanges with small leaks inside the secondary containment for the tank battery. There were numerous spills and leaks from pipelines, where the leak was stopped, but the impacted ground was not properly cleaned. There was evidence of oil stained soil around secondary containment sumps. The area around the secondary containment sumps was not properly cleaned, as well as the area of the marsh impacted by the flow of oily fluids from overtopping of a sump, as evidenced by recoverable oil still present on the water. There was no evidence that the Respondent made any visible efforts to adequately remediate the areas impacted by the releases. (La. R.S. 30:2076(A)(1)(a) and LAC 33:IX.708.C.1.b.iv) According to the Respondent's response to the inspection dated July 16, 2018, the leaks and/or spills observed were determined to be housekeeping issues that were addressed.
VII.	File Review 10/18/2018	The Respondent caused and/or allowed the discharge of oily fluids into a lake or other body of water which were waters of the state. Specifically, the file review revealed unauthorized discharges impacting Black Lake and a small pond as reported by the Respondent. (La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.1.a, LAC 33:IX.1701.B, and/or LAC 33:IX.1901.A) <i>See Attachment 1</i>
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 <u>all</u> 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.
RIGHT TO APPEAL		
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 left-hand corner of the first page of this document and should be directed to the address specified in this document.
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 Division of Administrative Law's (DAL) Procedural Rules. 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 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 Richard Ober, Jr. at (225) 219-3135 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. 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.
IV.		This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is effective upon receipt.

CONTACTS AND SUBMITTAL OF INFORMATION	
Enforcement Division: Louisiana Department of Environmental Quality Office of Environmental Compliance Water Enforcement Division Post Office Box 4312 Baton Rouge, LA 70821 Attn: Richard Ober, Jr.	Hearing Requests: 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. WE-CN-18-00358 Agency Interest No. 7935
Water Permits 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	
<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> ○ Before requesting closure of the COMPLIANCE ORDER portion, 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. <ul style="list-style-type: none"> ○ The Department assesses civil penalties based on LAC 33:1.Subpart1.Chapter7. ○ 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 "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. ○ Before requesting closure of the NOTICE OF POTENTIAL PENALTY portion, 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 Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.



Lourdes Iturralde
 Assistant Secretary
 Office of Environmental Compliance

Date: 1-18-19

cc: Chris Sanfillippo
 Environmental Manager – Eastern Division
 101 La Rue France, Suite 406
 Lafayette, LA 70508

Attachment(s)
 - Request to Close
 - Settlement Brochure

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION CONSOLIDATED COMPLIANCE ORDER & POST OFFICE BOX 4312 NOTICE OF POTENTIAL PENALTY BATON ROUGE, LOUISIANA 70821-4312 REQUEST TO CLOSE					
Enforcement Tracking No.	WE-CN-18-00358	Contact Name	Richard Ober, Jr.		
Agency Interest (AI) No.	7935	Contact Phone No.	(225) 219-3135		
Alternate ID No.	LAG33A301				
Respondent:	Texas Petroleum Investment Company	Facility Name:	Hackberry Tank Battery #5		
	c/o Patrick S. Ottinger Agent for Service of Process	Physical Location:	750 Black Lake Road		
	1313 W. Pinhook Road	City, State, Zip:	Hackberry, LA 70645		
	Lafayette, LA 70503	Parish:	Calcasieu		
STATEMENT OF COMPLIANCE					
STATEMENT OF COMPLIANCE		Date Completed	Copy Attached?		
A written report was submitted in accordance with Paragraph II 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:					
SETTLEMENT OFFER (OPTIONAL)					
<i>(check the applicable option)</i>					
_____	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:I. Subpart 1. Chapter 7.				
_____	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-18-00358), 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-18-00358), 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. <ul style="list-style-type: none"> • 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-18-00358) 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: Richard Ober, Jr.					

If you have questions or need more information, you may contact Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.

Unauthorized Discharges

Attachment 1

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
June 25, 2018	Crude Oil	5 barrels	A leak caused by corrosion developed on the 4-inch dump line associated with STAB #5 in the Hackberry Field releasing crude oil to Black Lake. The wind pinned the oil to the bank of the lake.	Field personnel shut in all the required production to secure the release and deployed containment boom around the product. OMI Environmental Solutions, LLC was mobilized for all remedial activity and Forefront Emergency Management, L.P. was mobilized for Incident Management. All free-standing oil was recovered by mechanical skimming and the remaining oil was recovered by various absorbent material. All oil was transported to the nearby Respondent owned facility for processing. All recovered absorbents were placed into pollution bags and stored in a roll off box for proper disposal.
July 30, 2018	Crude Oil	5 barrels	While performing maintenance on the gas collection line associated with the STAB #5 location, liquids were released from a valve. The oil escaped beyond the incident location and affected the surface water and some bank areas of a small pond.	All bulk free-standing oil was recovered by mechanical skimming and the remaining oil was recovered by various absorbent material. All oil was transported to the nearby Respondent owned facility for processing. All recovered absorbents were placed into pollution bags and stored in a roll off box for proper disposal.

SETTLEMENT AGREEMENTS

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.

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).

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.

	NATURE AND GRAVITY OF THE VIOLATION		
	MAJOR	MODERATE	MINOR
MAJOR	\$32,500	\$20,000	\$15,000
	to \$20,000	to \$15,000	to \$11,000
MODERATE	\$11,000	\$8,000	\$5,000
	to \$8,000	to \$5,000	to \$3,000
MINOR	\$3,000	\$1,500	\$500
	to \$1,500	to \$500	to \$100

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.



SETTLEMENT AGREEMENTS

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.

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.

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.

Settlement Offers	searchable in EDMS using the following filters Media: Air Quality Function: Enforcement; Description: Settlement
Settlement Agreements	Enforcement Division's website specific examples can be provided upon request
Penalty Determination Method	LAC 33:1 Chapter 7
Beneficial Environmental Projects	LAC 33:1 Chapter 25 FAQs
Judicial Interest.....	provided by the Louisiana State Bar Association



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-18-00966	Certified Mail No.	7017 0530 0000 5978 8374	
Agency Interest (AI) No.	32629	Contact Name	Richard Ober, Jr.	
Alternate ID No.	LA0127217	Contact Phone No.	(225) 219-3135	
Respondent:	Texas Petroleum Investment Company	Facility Name:	Delta Duck Club CF #5 Tank Battery #3	
	c/o Patrick S. Ottinger	Physical Location:	approximately 10 miles southeasterly of Venice within coastal waters	
	Agent for Service of Process			
	1313 W. Pinhook Road	City, State, Zip:	Venice, LA 70091	
Lafayette, LA 70503	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 30:2050.3(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 an oil and gas exploration, development, and production facility located approximately 10 miles southeasterly of Venice within coastal waters in Plaquemines Parish, Louisiana. The Respondent was reauthorized permit coverage under Louisiana Pollutant Discharge Elimination System General (LPDES) Permit LAG33A343 with an effective date of May 16, 2011, and an expiration date of January 31, 2016. The LAG330000 general permit was subsequently modified on September 15, 2011, with an effective date of October 1, 2011, and an expiration date of January 31, 2016. Coverage under the modified permit was granted to the Respondent on October 3, 2011. LPDES Permit LAG33A343 expired on January 31, 2016, and was administratively continued. The LAG330000 general permit was reissued on December 16, 2015, with an effective date of February 1, 2016, and an expiration date of January 31, 2021. On or about September 15, 2016, the Department sent a letter to the Respondent in which the Department notified the Respondent that coverage under the reissued LAG330000 general permit would not be extended to it and that an individual LPDES permit was required. On or about November 9, 2016, the Department received from the Respondent an LPDES permit application to discharge wastewater from industrial facilities. LPDES General Permit LAG33A343 was administratively continued until an individual permit was issued. The Respondent was issued LPDES Permit LA0127217 on October 27, 2017, with an effective date of December 1, 2017. LPDES Permit LA0127217 will expire on November 30, 2022. Under the terms and conditions of LPDES Permit LA0127217, the Respondent is permitted to discharge domestic wastewater and stormwater runoff (deck drainage) to Octave Pass via effluent pipes (Subsegment 070401), waters of the state.			
II.	Date of Violation Inspection(s) September 13, 2018 File Review January 10, 2019	Description of Violation The Respondent caused and/or allowed the discharge of oily fluids and oil field wastes, including produced water to waters of the state. Specifically, the inspection and file review of the Respondent's facility revealed unauthorized discharges impacting surrounding vegetation and waterway during the inspection and as reported by the Respondent. (LPDES permit LA0127217 (Narrative Requirement N-9, page 9 of 10 and Standard Conditions for LPDES Permits, Section A.2), La. R.S. 30:2076(A)(1)(a) and LAC 33:IX.501.D and LAC 33:IX.1701.B, LAC 33:IX.708.C.1.a and/or LAC 33:IX.1901.A). For the unauthorized discharges on January 13, 2016 and June 8, 2017, the Respondent reported on non-compliance reports submitted with the Discharge Monitoring Reports (DMRs) that it discharged free oil as determined by the observation of a sheen upon the surface of the receiving water. (LPDES permit LAG33A343 (Narrative Requirements T-6 (Outfall 002), page 6 of 19 and Part III, Standard Conditions for LPDES Permits, Section A.2) and La. R.S. 30:2076(A)(3)). For the unauthorized discharge on September 13, 2018, the Respondent reported on a non-compliance report submitted with the DMR that it discharged free oil as determined by the observation of a sheen upon the surface of the receiving stream. (LPDES permit LA0127217 (Narrative Requirement N-5 (Outfall 003), page 6 of 10 and Standard Conditions for LPDES Permits, Section A.2) and La. R.S. 30:2076(A)(3)). See Attachment 1		
III.	Inspection(s) September 13, 2018	The Respondent failed to install all storage tanks and drums on impervious decking with a system of curbs, gutters, and/or sumps capable of retaining spills of oil or any other product or waste material. Specifically, various drums and tanks were observed outside of secondary containment on the living quarter's barge and the crane barge. Additionally, the secondary containment of the production platform to the north of the living quarters was not impervious as noted by a joint in the platform lacking adequate sealant. (LPDES permit LA0127217 (Narrative Requirement N-12, page 10 of 10 and Standard Conditions for LPDES Permits, Section A.2), La. R.S. 30:2076(A)(3), LAC 33:IX.708.C.1.b.ii, and LAC 33:IX.2701.A) On September 14, 2018, an email was sent from the Respondent providing photographs to document that the drums were moved within secondary containment and that the compromised joint had been filled with sealant to ensure that the secondary containment was intact.		
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 <u>all</u> 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.			

EXHIBIT

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III.	To immediately cease, upon receipt of this COMPLIANCE ORDER , any unauthorized discharges from the Respondent's facility to waters of the state.
RIGHT TO APPEAL	
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 left-hand corner of the first page of this document and should be directed to the address specified in this document.
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 Division of Administrative Law's (DAL) Procedural Rules. 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 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 Richard Ober, Jr. at (225) 219-3135 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. 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.
IV.	This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is effective upon receipt.
CONTACTS AND SUBMITTAL OF INFORMATION	
Enforcement Division:	Hearing Requests:
Louisiana Department of Environmental Quality Office of Environmental Compliance Water Enforcement Division Post Office Box 4312 Baton Rouge, LA 70821 Attn: Richard Ober, Jr.	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. WE-CN-18-00966 Agency Interest No. 32629
Water Permits Division (if necessary):	Physical Address (if hand delivered):
Department of Environmental Quality Office of Environmental Services Post Office Box 4313 Baton Rouge, LA 70821-4313 Attn: Water Permits Division	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	
<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> ○ Before requesting closure of the COMPLIANCE ORDER portion, 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:I.Subpart1.Chapter7.
 - 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 "**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.
 - Before requesting closure of the **NOTICE OF POTENTIAL PENALTY** portion, 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 Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.



Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

Date: 4-26-19

cc: Chris Sanfilippo
Environmental Manager – Eastern Division
Texas Petroleum Investment Company
101 La Rue France, Suite 406
Lafayette, LA 70508

- Attachment(s)
- Attachment 1
 - Request to Close
 - Settlement Brochure

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 REQUEST TO CLOSE		
Enforcement Tracking No.	WE-CN-18-00966	Contact Name	Richard Ober, Jr.	
Agency Interest (AI) No.	32629	Contact Phone No.	(225) 219-3135	
Alternate ID No.	LA0127217			
Respondent:	Texas Petroleum Investment Company	Facility Name:	Delta Duck Club CF #5 Tank Battery #3	
	c/o Patrick S. Ottinger Agent for Service of Process	Physical Location:	approximately 10 miles southeast of Venice	
	1313 W. Pinhook Road	City, State, Zip:	Venice, LA 70091	
	Lafayette, LA 70503	Parish:	Plaquemines	
STATEMENT OF COMPLIANCE				
STATEMENT OF COMPLIANCE			Date Completed	Copy Attached?
A written report was submitted in accordance with Paragraph II 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:				
SETTLEMENT OFFER (OPTIONAL)				
<i>(check the applicable option)</i>				
<input type="checkbox"/>	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:I.Subpart1.Chapter7.			
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-18-00966), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.			
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-18-00966), 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. <ul style="list-style-type: none"> • 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-18-00966) 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: Richard Ober, Jr.				

If you have questions or need more information, you may contact Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.

Attachment 1

Unauthorized Discharges

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
January 13, 2016*	Crude oil	<1 gallon	A leak in a drain line resulted in the release.	Facility personnel deployed absorbent boom around the platform, and the drain line was repaired.
March 25, 2016	Crude oil	30 gallons	A 2 inch bull plug on the flowline of the U1-S3 Well failed causing oil to release into the adjacent canal.	Field personnel secured the well and deployed containment boom to contain the release. OMI Environmental Solutions, LLC was contracted for remediation. The oil was recovered with absorbent pads, and impacted water hyacinth were removed.
June 27, 2016	Crude oil	0.016 gallons	A bull plug on Well U1-S3 was worn and leaking oil in the form of a mist creating a sheen on the water. The plug was determined to have worn out by having its threads cut by sand within production fluids.	Remedial actions were taken by shutting in the well and replacing the worn plug. The sheen was stated to have naturally dissipated.
November 29, 2016	Crude oil	1 barrel	A release of crude oil was discovered originating from a flowline associated with Well #42, an out of service well. A plug on a flowline developed a leak releasing approximately 25 gallons of crude oil into an oilfield access canal immediately adjacent to the well.	The majority of the crude oil was trapped within aquatic vegetation around the well's cribbing. The leaking plug was removed and replaced with a new plug. Containment boom and absorbent boom was deployed to prevent the crude oil from migrating further. OMI Environmental Solutions, LLC was mobilized to the incident for remediation. Absorbent materials were used to recover the released crude oil, and a lily picker was used to remove impacted vegetation. Impacted vegetation and absorbent material were placed into pollution bags and then into roll off boxes for later disposal at an approved facility.
December 16, 2016	Crude oil	1 barrel	A 2 inch flow line that runs to the 1-3 well behind the Delta Duck facility leaked crude oil from a pinhole due to corrosion. The oil affected nearby vegetation and an adjacent access canal.	The well was shut in to secure the source. OMI Environmental Solutions, LLC was to deploy absorbent and containment boom in the adjacent access canal. All recovered material and impacted vegetation was removed and loaded into a roll off box for transportation to an approved disposal facility.
May 30, 2017	Crude oil	10 gallons	A pinhole leak developed on the 3 inch inlet line associated with the flare scrubber. The crude oil was released into the marsh area behind the saltwater barge. The majority of the released product remained within vegetation, with a small amount of sheen entering the waterway adjacent to the impacted vegetation.	The inlet line was shut in to secure the release. Field personnel deployed containment boom around the impacted area to prevent the released product from migrating offsite. A response crew from OMI Environmental Solutions was mobilized to the incident location to conduct remedial activities. All recovered product and saturated absorbent materials were to be disposed of at an approved disposal facility. Remedial activities were completed on May 30, 2017.

Date of Discharge	Substance	Approximate Amount Discharged	Cause	Corrective Action
June 8, 2017*	Crude oil	1.2 teaspoons	A heater treater carry over caused crude oil to be released into the platform's secondary containment. While the facility personnel were washing the impacted area, a small amount of crude oil entered the canal through a compromise in a seam between two waskey slabs.	Field personnel deployed containment boom as a precautionary measure. The seam was to be repaired. The sheen was unrecoverable and naturally dissipated.
July 14, 2018	Crude oil	10 gallons	A workover rig at the U1-48 Well was conducting workover operations when a valve on a filter pot used to pump water from the canal into the well for circulation was left open, causing the flow to reverse and pump crude oil into an unnamed oil field access canal.	Operations were immediately shut down and absorbent and containment boom were deployed to contain the released product. ES & H Consulting Services, Inc. was contracted for cleanup. The released oil was recovered with absorbent pads and absorbent boom.
July 21, 2018	Crude oil	20 gallons	A leak developed on a 3 inch flowline associated with Well #128 allowing oil to be released into the adjacent canal.	Field personnel shut in the well to secure the leak and deployed containment boom. ES & H Consulting Services, Inc. was contracted for cleanup. Impacted vegetation was recovered for disposal, and oil was recovered using absorbents. Absorbent boom and containment boom remain deployed in the area. All used absorbents and impacted vegetation were placed into pollution bags and placed into a roll off box to be transported to an approved disposal facility pending completion of a waste profile. All used absorbents were loaded into a roll off box for transportation to an approved waste disposal facility.
September 9, 2018	Crude oil	63 gallons	The cause of the release of crude oil was a corroded bull plug on the flowline associated with the U1-53 well. The crude oil was released into the water near the facility.	The U1-53 well was shut in and containment boom and absorbent boom were deployed to prevent the crude oil from migrating further. ES & H Consulting Services, Inc. was contracted for cleanup. All used absorbent material and impacted free-floating vegetation recovered were placed into 173 pollution bags and then into a roll off box. The roll off box will be transported to an approved disposal facility.
September 13, 2018**	Produced water	Unknown	Failure of a pressure safety valve on a produced pump caused the release of produced water mixed with rainwater elevating the level inside secondary containment. A small breach in the containment wall's seam and a compromised drain line allowed the water to drip into the adjacent canal. The released product did not produce a sheen on the water according to the Respondent. However, the Department noted a sheen during its inspection on September 13, 2018.	Upon discovery, fluids were pumped back out of secondary containment and into the production system. Once completed, repairs were made to the seam in the containment wall and the valve on the saltwater pump. The drain line was plugged. Information and photographs were provided to the inspector showing that the drain had been sealed to prevent further unauthorized discharges.

*These unauthorized discharges were less than the reportable quantity and reported on the non-compliance reports submitted with the DMRs as a discharge of free oil as determined by a sheen upon the surface of the receiving water.

**The amount of the unauthorized discharge was listed as unknown and reported on the DMR as a discharge of free oil as determined by a sheen upon the surface of the receiving water.

SETTLEMENT AGREEMENTS

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.

		NATURE AND GRAVITY OF THE VIOLATION		
		MAJOR	MODERATE	MINOR
DEGREE OF RISK OR IMPACT TO HUMAN HEALTH OR PROPERTY	MAJOR	\$32,500 to \$20,000	\$20,000 to \$15,000	\$15,000 to \$11,000
	MODERATE	\$11,000 to \$8,000	\$8,000 to \$5,000	\$5,000 to \$3,000
	MINOR	\$3,000 to \$1,500	\$1,500 to \$500	\$500 to \$100

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.



SETTLEMENT AGREEMENTS

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 <u>EDMS</u> using the following filters Media: Air Quality, Function: Enforcement, Description: Settlement
Settlement Agreements	<u>Enforcement Division's website</u> specific examples can be provided upon request
Penalty Determination Method	<u>LAC 33:1 Chapter 7</u>
Beneficial Environmental Projects	<u>LAC 33:1 Chapter 25</u>
Judicial Interest.....	<u>FAQs</u> provided by the Louisiana State Bar Association

