STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-14-0055**
BOPCO, L.P.	*	
	*	**Enforcement Tracking No.**
AI # 13776 and 32666	*	**AE-PP-10-00704**
	*	**AE-PP-10-00704A**
PROCEEDINGS UNDER THE LOUISIANA	*	**AE-PP-10-00704B**
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between BOPCO, L.P. ("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 Partnership that owns and/or operates an oil and gas production facilities located in Plaquemines Parish, Louisiana (collectively "the Facility").

II

On July 25, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-10-00704**, which was based upon the following findings of fact:

"On or about February 2, 2010, an inspection of the Point a La Hache Compressor Station and Oil Facility (facility), owned and/or operated by BOPCO, L.P. (RESPONDENT), was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. On or about May 11, 2010 a file review of the facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is

located at 17841 Louisiana Hwy. 15, approximately 0.5 miles northwest of Pointe a la Hache, in Plaquemines Parish, Louisiana. The facility previously operated under Title V Permit No. 2240-00156-V3, issued May 13, 2005 and Title V Permit No. 2240-00156-V4, issued July 13, 2006. The facility currently operates under Title V Permit No. 2240-00156-V5, which was issued on or about October 19, 2010, and administratively amended on or about December 9, 2010.

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:

A. It was noted during the inspection that according to the 2007 Annual Compliance Certification the facility failed to install a thermocouple for flare, emission source 14-06-F. The purpose of this device is to monitor the presence of a flame and alert field personnel when there is a drop in temperature, indicating that the flame has been extinguished. Correspondence from the facility, dated May 17, 2010, states that the flare was operated without the thermocouple during the period of June 29, 2006 through April 21, 2008, at which time the thermocouple was installed. This failure to maintain control facilities is a violation of Specific Condition 63 of Title V Permit No. 2240-00156-V4, LAC 33:III.501.C.4, LAC 33:III.905.A, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

B. In correspondence dated May 17, 2010, the facility stated that the volatile organic compound emissions for the gasoline storage tank, 7-99-GST, were 2.48 tons for 2008, exceeding 2.25 tons per year, the permit limit for this emission source. This failure to adhere to the terms of Title V Permit No. 2240-00156-V4 is a violation of LAC 33:III.501.C.4, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

C. During the file review, it was found that on or about August 31, 2007, the facility submitted the 2006 Criteria and Toxic Air Pollutant Emissions Certification Statement, which stated that the total volatile organic compounds emissions were 85.39 tons, exceeding the permitted amount 21.02 tons per year contained in Title V Permit No. 2240-00156-V3, issued May 13, 2005. This is also an exceedance of the volatile organic compound emissions limit of 21.55 tons per year set forth in Title V Permit No. 2240-00156-V4, issued July 13, 2006. This failure to adhere to the terms of the operating permit is a violation of LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1).

D. During the file review, it was found that on or about May 8, 2008, the facility submitted the 2007 Criteria and Toxic Air Pollutant Emissions Certification Statement, which stated that the total volatile organic compounds emissions were 24.68 tons. This amount exceeds the permitted amount of 21.55 tons per year, as set forth in Title V Permit No. 2240-00156-V4, issued July 13, 2006. This failure to adhere to the terms of the Title V permit is a violation of LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1).

E. During the file review, it was found that on or about June 23, 2009, the facility submitted the 2008 Criteria and Toxic Air Pollutant Emissions Certification Statement, which stated that the total volatile organic compounds emissions were 30.16 tons, exceeding the permitted amount of 21.55 tons per year. This failure to adhere to the terms of Title V Permit No. 2240-00156-V4, issued July 13, 2006, is a violation of LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1).

F. During the file review, it was found that on or about March 24, 2010, the facility submitted the 2009 Criteria and Toxic Air Pollutant Emissions Certification Statement, which stated that the total volatile organic compounds emissions were 31.63 tons, exceeding the permitted

amount of 21.55 tons per year. This failure to adhere to the terms of Title V Permit No. 2240-00156-V4, issued July 13, 2006, is a violation of LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1).

G. In or around October 2005, the facility installed an oil pump engine, 17-09-ICE-ES. On or about March 26, 2010, the facility submitted the 2009 Second Semiannual Monitoring Report, which states that this oil pump engine had not been identified as an emissions source in the current permit and that the installation had taken place prior to receiving approval from the Department. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. This failure to obtain a permit modification or Department authorization prior to installation and operation of an emission source is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

H. In or around October 2005, the facility installed oil pump engine 17-09-ICE-ES. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. The failure to submit a timely permit application prior to installation of this emission source is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

I. According to the second Semiannual Monitoring Report submitted to the Department on or about September 30, 2010, the facility installed water pump engine 15-09-ICE-ES prior to Department authorization. According to correspondence submitted to the Department on or about May 6, 2011, this water pump engine was installed on or about February 7, 2008. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. This failure to

obtain a permit modification or Department authorization prior to installation and operation of an emission source is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

J. On or about February 7, 2008, the facility installed water pump engine 15-09-ICE-ES. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. The failure to submit a timely permit application prior to installation of this emission source is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

K. According to the second Semiannual Monitoring Report submitted to the Department on or about September 30, 2010, the facility installed water pump engine 16-09-ICE-ES prior to Department authorization. According to correspondence submitted to the Department on or about May 6, 2011, this water pump engine was installed in or around May 2008. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. This failure to obtain a permit modification or Department authorization prior to installation and operation of an emission source is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

L. In or around May 2008, the facility installed water pump engine 16-09-ICE-ES. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. The failure to submit a timely permit application prior to installation of this emission source is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

M. According to the second Semiannual Monitoring Report submitted to the Department on or about September 30, 2010, the facility installed storage tank 30-09-ST-V prior to Department authorization. According to correspondence submitted to the Department on or about May 6, 2011, this storage tank was installed on or about March 2006. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. This failure to obtain a permit modification or Department authorization prior to installation and operation of an emission source is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

N. In or around March 2006, the facility installed storage tank 30-09-ST-V. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. The failure to submit a timely permit application prior to installation of this emission source is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

O. According to the second Semiannual Monitoring Report submitted to the Department on or about September 30, 2010, the facility installed gasoline storage tank 18-09-GST-V prior to Department authorization. According to correspondence submitted to the Department on May 6, 2011, this gasoline storage tank was installed in or around December 2005. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. This failure to obtain a permit modification or Department authorization prior to installation and operation of an emission source is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

P. In or around December 2005, the facility installed gasoline storage tank 18-09-GST-V. On or about November 6, 2009, the Respondent submitted an application for modification of Title V Permit No. 2240-00156-V4, which included this emission source. The failure to submit a timely permit application prior to installation of this emission source is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about February 1, 2011, a file review of Cox Bay Compressor Station (the facility), an oil and gas production facility owned and/or operated by BOPCO, L.P. (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 5.5 miles southeast of Nairn in Plaquemines Parish, Louisiana. The facility operated under Title V Air Permit No. 2240-00214-V2 from November 13, 2006, to June 15, 2009, and Title V Air Permit No. 2240-00214-V3 from June 16, 2009, to November 20, 2009. The facility currently operates under Title V Air Permit No. 2240-00214-V4, issued on November 20, 2009.

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

A. On or about March 3, 2006, the Department received the Respondent's Title V Air Permit Modification Application dated, proposing to add Emission Point No. (EPN) 37-05-F (control flare) to the facility's emissions inventory. According to correspondence from the Respondent dated January 10, 2011, the control flare was installed at the facility on July 5, 2006. On November 13, 2006, the Department issued Modified Title V Air Permit No. 2240-00214-V2 which included the control flare. The Respondent's failure to obtain approval from

the Department prior to construction, modification, or operation is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

B. On or about September 26, 2007, the Department received the Respondent's 2007 First Semiannual Monitoring report, stating that two unpermitted generator engines were installed at the facility. In correspondence dated September 1, 2010, the Respondent identified those generator engines as EPN 42-08-ICE-ES and EPN 43-08-ICE-ES (141 HP Internal Combustion Engines). The Respondent stated that the referenced engines were installed and commenced operation in January 2007. On or about June 30, 2008, the Department received the Respondent's Title V Modification Application dated June 26, 2008, proposing to add EPN 42-08-ICE-ES and EPN 43-08-ICE-ES to the facility's emissions inventory. Each event of the Respondent's failure to submit a timely and complete permit application to the Department prior to construction, reconstruction, or modification is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

C. In correspondence dated September 1, 2010, the Respondent stated that EPN 42-08-ICE-ES and EPN 43-08-ICE-ES (141 HP Internal Combustion Engines) were installed and commenced operation in January 2007. Potential emissions associated with EPN 42-08-ICE-ES include 0.02 tons per year (TPY) of particulate matter (PM_{10}), 5.05 TPY of nitrogen oxides (NO_x), 5.05 TPY of carbon monoxide (CO), and 0.10 TPY of volatile organic compounds (VOC). Potential emissions associated with EPN 43-08-ICE-ES include 0.02 TPY of PM_{10}, 5.05 TPY of NO_x, 5.05 TPY of CO, and 0.10 TPY of VOC. On June 16, 2009, the Department issued Modified Title V Air Permit No. 2240-00214-V3 which included the above engines. Each event of the Respondent's failure to obtain approval from the

Department prior to operation is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

D. On or about March 28, 2008, the Department received the Respondent's 2007 Annual Compliance Certification dated March 27, 2008, stating that an unpermitted compressor engine and a blow-case vessel were installed at the facility. According to correspondence from the Respondent dated March 11, 2010, EPN 39-08-ICE-ES (896 HP Internal Combustion Engine) and EPN 40-08-BV (blow-case vessel) were both installed and commenced operation on December 20, 2007. The Department received the Respondent's Title V Modification Application dated June 26, 2008, proposing to add EPN 39-08-ICE-ES and EPN 40-08-BV to the facility's emissions inventory. Each event of the Respondent's failure to submit a timely and complete permit application to the Department prior to construction, reconstruction, or modification is a violation of LAC33:III.501.C.1 and La. R.S. 30:2057(A)(2).

E. In correspondence dated March 11, 2010, the Respondent stated that EPN 39-08-ICE-ES (896 HP Internal Combustion Engine) and EPN 40-08-BV (blow-case vessel) were installed and commenced operation on December 20, 2007. Potential emissions associated with EPN 39-08-ICE-ES include 0.43 TPY of PM_{10}, 0.03 TPY of sulfur dioxide (SO_2), 21.63 TPY of NO_x, 25.96 TPY of CO, and 2.28 TPY of VOC. Potential emissions associated with EPN 40-08-BV include 0.13 TPY of VOC. On June 16, 2009, the Department issued Modified Title V Air Permit No. 2240-00214-V3 which included the above emission sources. Each event of the Respondent's failure to obtain approval from the Department prior to operation is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

F. On or about March 28, 2008, the Department received the Respondent's 2007 Annual Compliance Certification dated March 27, 2008. According to the report, a thermocouple/ heat-sensing device had not been installed on EPN 37-05-F (control flare). According to correspondence from the Respondent dated January 10, 2011, the control flare was installed at the facility on July 5, 2006, and a thermocouple/ heat-sensing device was installed on the control flare on April 25, 2008. The Respondent's failure to operate the control flare with an installed thermocouple/ heat-sensing device is a violation of Specific Requirement No. 82 of Title V Air Permit No. 2240-00214-V2, LAC 33:III.501.C.4, 40 CFR 60.18(f)(2), La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

G. The Respondent failed to submit the facility's 2007 Emissions Inventory by the March 31, 2008, due date. The Emissions Inventory was signed by the Responsible Official on May 7, 2008, and received by the Department on May 8, 2008. This late submittal is a violation of Specific Requirement No. 113 of Title V Air Permit No. 2240-00214-V2, LAC 33:III.501.C.4, LAC 33:III.919.D, and La. R.S. 30:2057(A)(2).

H. On or about June 30, 2008, the Department received the Respondent's Title V Modification Application dated June 26, 2008, proposing to add EPN 44-08-GOP and EPN 45-08-GOP (Gas Operated Pumps) to the facility's emissions inventory. According to correspondence from the Respondent dated September 1, 2010, EPN 44-08-GOP was installed at the facility in 2008, and EPN 45-08-GOP was installed at the facility in January 2007. Each event of the Respondent's failure to submit a timely and complete permit application to the Department prior to construction, reconstruction, or modification is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

I. In correspondence dated September 1, 2010, the Respondent stated that operation of EPN 44-08-GOP (Gas Operated Pump) commenced in 2008, and operation EPN 45-08-GOP (Gas Operated Pump) commenced in January 2007. Potential emissions associated with EPN 44-08-GOP include 3.03 TPY of VOC. Potential emissions associated with EPN 45-08-GOP include 3.03 TPY of VOC. On June 16, 2009, the Department issued Modified Title V Air Permit No. 2240-00214-V3 which included the above emission sources. Each event of the Respondent's failure to obtain approval from the Department prior to operation is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

J. On or about September 9, 2009, the Department received the Respondent's Title V Modification Application dated September 9, 2009, proposing to add EPN 46-09-ICE-ES (1289 HP Internal Combustion Engine) to the facility's emissions inventory. According to correspondence from the Respondent dated March 11, 2010, EPN 46-09-ICE-ES was installed and commenced operation at the facility on March 16, 2009. The Respondent's failure to submit a timely and complete permit application to the Department prior to construction, reconstruction, or modification is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

K. In correspondence dated March 11, 2010, the Respondent stated that EPN 46-09-ICE-ES (1289 HP Internal Combustion Engine) was installed and commenced operation at the facility on March 16, 2009. Potential emissions associated with EPN 46-09-ICE-ES include 0.62 TPY of PM_{10}, 0.04 TPY of SO_2, 37.35 TPY of NO_x, 37.35 TPY of CO, and 3.29 TPY of VOC. On November 20, 2009, the Department issued Modified Title V Air Permit No. 2240-00214-V4 which included the above engine. The Respondent's failure

to obtain approval from the Department prior to construction, modification, or operation is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2)."

On March 21, 2012, the Department issued to Respondent an Amended Notice of Potential Penalty, Enforcement No. **AE-PP-10-00704A**, which was based upon the following findings of fact:

"The Department hereby removes Pointe a la Hache paragraph D of the Notice of Potential Penalty in its entirety.

The Department hereby amends Pointe a la Hache paragraph E of the Notice of Potential Penalty to read as follows:

E. During the file review, it was found that on or about June 23, 2009, the facility submitted the 2008 Criteria and Toxic Air Pollutant Emissions Certification Statement, which stated that the total volatile organic compounds (VOC) emissions were 30.16 tons, exceeding the permitted amount of 21.55 tons per year. On or about October 7, 2011, the Respondent submitted a corrected 2008 Criteria and Toxic Air Pollutant Emissions Certification Statement. The revised total VOC emissions were 22.90 tons, which is still an exceedance of the permitted amount. This failure to adhere to the terms of the Title V Permit No. 2240-00156-V4, issued July 13, 2006, is a violation of LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1).

The Department hereby removes Cox Bay Compressor Station paragraph G of the Notice of Potential Penalty in its entirety."

On December 5, 2012, the Department issued to Respondent an Amended Notice of Potential Penalty, Enforcement No. **AE-PP-10-00704B**, which was based upon the following findings of fact:

"The Department hereby removes Pointe a la Hache paragraph E of the Notice of Potential Penalty in its entirety.

The Department hereby amends Pointe a la Hache paragraph F of the Notice of Potential Penalty to read as follows:

F. During the file review, it was found that on or about March 24, 2010, the facility submitted the 2009 Criteria and Toxic Air Pollutant Emissions Certification Statement, which stated that the total volatile organic compounds emissions were 31.63 tons, exceeding the permitted amount of 27.19 tons per year. This failure to adhere to the terms of Title V Permit No. 2240-00156-V4, issued July 13, 2006, is a violation of LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1)."

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWENTY FIVE THOUSAND AND NO/100 DOLLARS ($25,000.00), of which Seven Hundred Eight and 74/100 Dollars ($708.74) 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), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in

connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Plaquemines Parish, Louisiana. The advertisement, in form, wording, and size 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.

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

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.

BOPCO, L.P.

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

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

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary