

**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

**IN THE MATTER OF:**

**DESCO OIL COMPANY**

**AI # 103808**

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

\* **Settlement Tracking No.**  
\* **SA-AE-07-0056**

\* **Enforcement Tracking No.**  
\* **AE-CN-04-0055**  
\* **AE-CN-04-0055A**

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**SETTLEMENT**

The following Settlement is hereby agreed to between Desco Oil 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 who owns and/or operates the North Grand Chenier Field Production Facility, a standard oil and gas production facility, located on Louisiana Highway 82 approximately nine miles northeast of Grand Chenier, in Cameron Parish, Louisiana. ("the Facility"). The facility operated under Air Permit No. 0560-00098-01 issued on December 14, 1998. The facility currently operates under Air Permit No. 0560-00098-02 issued on June 22, 2005.

**II**

On September 22, 2004, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-04-0055, which was based upon the following findings of fact:

The Respondent owns and/or operates the North Grand Chenier Field Production Facility located on Louisiana Highway 82 approximately nine miles northeast of Grand Chenier, in Cameron Parish, Louisiana. The facility operates under Air Permit Number 0560-00098-01 issued on December 14, 1998.

On or about December 11, 2003, an inspection of the Respondent's facility was conducted to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violations were noted during the course of the inspection:

The Respondent added an unpermitted compressor engine and an unpermitted sidewinder 42S Chemical Injection Pump to the facility prior to obtaining a permit modification to incorporate the equipment. According to a letter from the Respondent dated January 6, 2004, the Respondent installed the compressor engine in December 2003. The Respondent did not provide a date of installation for the chemical injection pump. The Respondent failed to submit a permit application and receive approval from the permitting authority prior to construction, modification, and/or operation of a facility which ultimately may have resulted in an initiation or increase in emission of air contaminants. This is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

On May 29, 2007, the Department issued to the Respondent an Amended Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-04-0055A, amending the violations found in the original Order to read:

The Respondent added an unpermitted compressor engine to the facility prior to obtaining a permit modification to incorporate the equipment. According to a letter from the Respondent dated January 6, 2004, the Respondent installed the compressor engine in December 2003. The Respondent failed to submit a permit application and receive approval from the permitting authority prior to construction, modification, and/or operation of a facility which ultimately may have resulted in an initiation or increase in emission of air contaminants. This is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

## 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 ONE THOUSAND FOUR HUNDRED AND NO/100 DOLLARS (\$1,400.00), of which SIX HUNDRED FIFTY-THREE AND 59/100 (\$653.59) represents DEQ'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 DEQ 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 Consolidated Compliance Order and Notice of Potential Penalty, the Amended Consolidated Compliance Order and 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 LSA- 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 Cameron 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 a proof-of-publication affidavit 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.

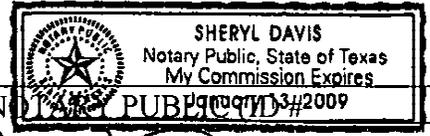
DESCO OIL COMPANY

BY: [Signature]  
(Signature)

R. L. DAVIS  
(Print)

TITLE: PRESIDENT

THIS DONE AND SIGNED in duplicate original before me this 18th day of March, 20 08, at Houston, Texas.



[Signature]  
(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Harold Leggett, Ph.D., Secretary

BY: [Signature]  
Peggy M. Hatch, Assistant Secretary  
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 16th day of June, 20 08, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 40539)  
Tel R. Boyer, II  
(Print)

Approved: [Signature]  
Peggy M. Hatch, Assistant Secretary