

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

* **Settlement Tracking No.**
* **SA-AE-09-0003**

**DEVON ENERGY PRODUCTION
COMPANY, L.P.**

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* **Enforcement Tracking No.**
* **AE-CN-08-0057**
*

AI # 138896

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

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SETTLEMENT

The following Settlement is hereby agreed to between Devon Energy Production Company, 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 corporation that owns and/or operates a natural gas collection, separation and drying facility located at 597 Arkansas Plant Road in Dubach, Jackson Parish, Louisiana ("the Facility").

II

On May 23, 2008, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-08-0057, which was based upon the following findings of fact:

The Respondent owns and/or operates Vernon Common Point Facility, a natural gas collection, separation and drying facility located at 597 Arkansas Plant Road in Dubach, Jackson

Parish, Louisiana. The facility currently operates under Standard Oil and Gas Air Permit No. 1330-00387-00 issued on or about September 20, 2006.

On or about February 6, 2008, an Air Quality inspection was performed to determine the degree of compliance with the Act and the Air Quality Regulations. On or about April 4, 2008, a file review of the facility was performed 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 and file review:

- A. A Full Compliance Evaluation conducted on or about February 6, 2008 revealed a five-hundred twenty-five horsepower (525 hp) compressor engine in service at the facility and not listed on the current permit. An Application to Modify the current permit dated on or about March 14, 2008 states that the compressor was put into service on or about July 23, 2007 and asks that this compressor be permitted for 2.0 tpy of VOC, 7.6 tpy of CO, and 10.1 tpy of NOx. Failure to obtain prior approval for any construction, modification or operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2) of the Act.
- B. Correspondence from the Respondent's consultant dated on or about March 14, 2008 stated that a five-hundred twenty-five horsepower (525 hp) compressor engine was put into service on or about July 23, 2007. Failure to notify the Department within ten (10) calendar days from the date that construction is complete of an emission source which ultimately may result in an initiation or increase in emission of air contaminants is a violation of Louisiana General Condition VI, LAC 33:III.501.C.1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2) of the Act.
- C. Initial stack tests were performed on or about March 3, 2008 on the 525 hp compressor put into service on or about July 23, 2007. Failure to complete initial stack testing within sixty days (60) after achieving normal production rate is a violation of Louisiana General Condition VIII, Specific Condition 51 of the current permit, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(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 AND NO/100 DOLLARS (\$1000.00), of which Two Hundred Seventy-one and 07/100 Dollars (\$271.07) 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 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 Jackson 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.

DEVON ENERGY PRODUCTION COMPANY, L.P.

DL
7/7/09
PK BY
7/7/09
LZ

BY: *Gregory T. Keller*
(Signature)

GREGORY T. KELLER
(Print)

TITLE: SVP SOUTHERN DIVISION

THIS DONE AND SIGNED in duplicate original before me this 9th day of July, 20 09, at HOUSTON, TEXAS.



Lisa L. Stephens
NOTARY PUBLIC (ID # _____)

Lisa L. Stephens
(Print)

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

BY: *Peggy M. Hatch*
Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 30th day of October, 20 09, at Baton Rouge, Louisiana.

Christopher A. Rateliff
NOTARY PUBLIC (ID # 10149)

Christopher A. Rateliff
(Print)

Approved: *Peggy M. Hatch*
Peggy M. Hatch, Assistant Secretary