

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

TALCO MIDSTREAM ASSETS, LTD.

AI # 168209

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

* Settlement Tracking No.
* SA-AE-14-0061
*
* Enforcement Tracking No.
* AE-PP-10-00565
*
*
*
*
*

SETTLEMENT

The following Settlement is hereby agreed to between Talco Midstream Assets, Ltd. (“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 a gas processing facility located in Desoto Parish, Louisiana (“the Facility”).

II

On December 29, 2010, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-10-00565**, which was based upon the following findings of fact:

On or about February 1, 2010, an inspection of Joffrion Lateral Dehydration Facility (the facility), owned and/or operated by Talco Midstream Assets, Ltd. (RESPONDENT), was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. Additionally, the Department conducted a file review for the facility on or about April 23, 2010. The facility is a gas processing facility used to treat field gas. The facility

is located off of Louisiana Highway 175 behind Shuqualak Farms Road in Frierson, DeSoto Parish, Louisiana. The Respondent currently operates the facility under Minor Source Air Permit No. 0760-01192-00 issued on January 6, 2010.

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

- A. The Respondent began operating the facility on November 11, 2009. The Respondent failed to submit a permit application and receive approval from the permitting authority prior to construction, modification, or operation of a facility which ultimately may result in an initiation or increase in air contaminants. This 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 December 4, 2009, the Department received a minor source permit application from the Respondent. The minor source permit was issued on January 6, 2010.
- B. The Respondent operated the facility since November 11, 2009, until issuance of Minor Source Air Permit 0760-01192-00 on or about January 6, 2010, without approval from the permitting authority. The operation of the facility without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- C. At the time of the inspection, the Respondent failed to collect a wet gas sample and have it analyzed by a Department accredited laboratory in order to claim exemption from requirements under LAC 33:III.2116. In order to claim this exemption, the Respondent must demonstrate to the Department that the total uncontrolled volatile

organic compounds (VOC) emissions from the glycol dehydrator are not in excess of nine (9) tons per year. Failure to have a sample analyzed and demonstrate exemption status to the Department is a violation of LAC 33:III.2116.C.2 and La. R.S. 30:2057(A)(1). On or about May 25, 2010, the Respondent had a wet gas sample appropriately analyzed and it was determined that the uncontrolled VOC emissions were less than nine (9) tons per year.

- D. At the time of the inspection, it was determined that the Respondent was not keeping records of the actual throughput per day and the glycol circulation rate. Each failure to record actual throughput per day and glycol circulation rate daily by electronic or hard copy is a violation of Minor Source Air Permit No. 0760-01192-00 Specific Requirement 6, LAC 33:III.2116.F.4.b, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1). On or about June 7, 2010, the Department received correspondence from the Respondent that indicated the Respondent began actual throughput per day and glycol circulation rate recordkeeping on February 1, 2010.

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 TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00), of which Four Hundred Sixty-One and 99/100 Dollars (\$461.99) 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

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 Desoto 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.

X

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

XI

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

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

TALCO MIDSTREAM ASSETS, LTD.

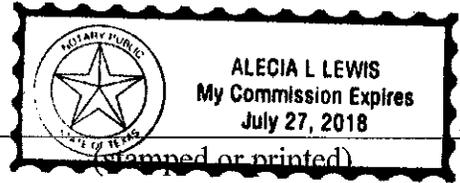
BY: David A. Herber
(Signature)

David A. Herber
(Printed)

TITLE: EHS Manager

THUS DONE AND SIGNED in duplicate original before me this 22nd day of December, 2014, at DALLAS, TEXAS.

Alecia L Lewis
NOTARY PUBLIC (ID #1128572-6)



LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: [Signature]

THUS DONE AND SIGNED in duplicate original before me this 10th day of March, 2015, at Baton Rouge, Louisiana.

Debra C. King
NOTARY PUBLIC (ID # 20590)
Lic. Roll #

Debra C. King
(stamped or printed)

Approved: [Signature]
Secretary