

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CLOVELLY OIL CO. LLC

AI # 18474

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

* **Settlement Tracking No.**
* **SA-MM-25-0059**
*
* **Enforcement Tracking No.**
* **MM-PP-22-00618**
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SETTLEMENT AGREEMENT

The following Settlement Agreement is hereby agreed to between Clovelly Oil Co. LLC (“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 limited liability company that owns and/or operates an oil and gas production facility located in Jefferson Parish, Louisiana (“the Facility”).

II

On March 21, 2023, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. MM-PP-22-00618 (Exhibit 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 SIX THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$6,500.00), of which Three Thousand One Hundred Forty-Two and 46/100 Dollars (\$3,142.46) represents the Department's enforcement costs, in settlement of the claims set forth in this Settlement 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 Notice of Potential Penalty and this Settlement Agreement 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 Settlement 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 Settlement Agreement in any action by the Department to enforce this Settlement Agreement.

VII

This Settlement Agreement 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 Agreement, 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 Jefferson Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this Settlement Agreement 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 Agreement 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 Settlement Agreement is voidable at the option of the Department. The Respondent shall provide its tax identification number when submitting payment. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accounts Receivable, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303 or by Electronic Funds Transfer (EFT) to the Department of Environmental Quality, in accordance with instructions provided to Respondent by the Financial Services Division. Each payment shall be accompanied by a completed Settlement Payment Form attached hereto.

XI

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

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.

CLOVELLY OIL CO. LLC

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**
Courtney J. Burdette, Secretary

BY: _____
Jerrie "Jerry" Lang, 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:  _____
Jerrie "Jerry" Lang, Assistant Secretary

JOHN BEL EDWARDS
GOVERNOR



CHUCK CARR BROWN, Ph.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

MAR 21 2023

CERTIFIED MAIL (7021 0950 0001 9072 8591)
RETURN RECEIPT REQUESTED



CLOVELLY OIL CO. LLC
c/o M. Taylor Darden
Agent for Service of Process
1100 Poydras Street, Suite 3100
New Orleans, Louisiana 70163

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. MM-PP-22-00618
AGENCY INTEREST NO. 18474**

Dear Sir/Madam:

On or about October 16, 2017 and March 20, 2023, an inspection and subsequent file review respectively, of **WEST LAKE PONTCHARTRAIN EAST BLOCK 41 CENTRAL PRODUCTION FACILITY (FACILITY)**, an oil and gas production facility, owned and/or operated by **CLOVELLY OIL CO. LLC (RESPONDENT)**, were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air and Water Quality Regulations. The facility is located within the West Lake Pontchartrain East Block 41 oil and gas field, approximately one (1) mile north of Kenner (30.060833 latitude, -90.273056 longitude) in Jefferson Parish, Louisiana. The Respondent operates under the authority of Minor Source Air Permit No. 1340-00168-04, for crude oil and natural gas production, issued on May 13, 2021.

The Respondent was granted authorization under Louisiana Pollutant Discharge Elimination System (LPDES) General Permit LAG33A703 effective on August 1, 2016, with an expiration date of January 31, 2021. LPDES General Permit LAG33A703 was administratively continued until it was reissued effective on June 8, 2021. LPDES General Permit LAG33A703 will expire on May 4, 2026. Under the terms and conditions of LPDES General Permit LAG33A703, the Respondent is permitted to discharge wastewaters associated with oil and gas exploration, development and production into West Lake Pontchartrain, waters of the state.

On or about October 16, 2017, the Department conducted an incident inspection due to a platform explosion at the facility in Lake Pontchartrain. The facility is an oil and gas production facility with a concrete base and raised deck above storage tanks for oil recovery and produced water separation. According to the Respondent's incident report dated December 15, 2017, the explosion occurred when a

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third party contractor, of Global Oil Management Group, Ltd./BTB Refining, LLC, was cleaning the flow lines by injecting steam into the lines to melt the paraffin wax. According to information obtained by the Jefferson Parish Sheriff's Office, a combination of xylene and steam was being used to cut the paraffin wax in the flow lines. According to Sgt. Todd Rivere of the Jefferson Parish Sheriff's office, all but one (1) person on the rig at the time of explosion were accounted for. The missing person was the third-party contractor that was cleaning the lines. According to the Respondent's representatives, the missing third-party contractor was the only person that fully understood the line-cleaning process.

According to the Respondent's final written notification report dated June 15, 2022, the incident was preventable. The final report indicated the incident could have been prevented if the third party contractors had followed their own safety protocols in operating their equipment that was onsite at the time of the incident.

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. The Respondent failed to submit a written report for an unauthorized discharge that requires notification under LAC 33:1.3915.A to the single point of contact (SPOC) within seven (7) calendar days. Specifically, Incident T-180749 occurred on October 15, 2017, and the facility's initial written report was dated November 1, 2017. The failure to submit a written unauthorized discharge report within seven (7) calendar days after the unauthorized discharge occurred is a violation of LAC 33:III.3925.A.
- B. The Respondent failed to ensure that control equipment was used and diligently maintained in proper working order. Specifically, on or about October 16, 2017, the Department conducted an incident inspection due to a platform explosion at the facility in Lake Pontchartrain. According to the Respondent's correspondence dated December 15, 2017, the explosion occurred when a third party contractor, of Global Oil Management Group, Ltd./BTB Refining, LLC, was cleaning the flow lines. According to the Respondent's final report dated June 15, 2022, the incident was determined to be preventable. The incident caused the following releases:

December 15, 2017	T-180749	October 15, 2017 (1 day)	PM ₁₀ /PM _{2.5}	6.43
December 15, 2017	T-180749	October 15, 2017 (1 day)	NOx	317.10
December 15, 2017	T-180749	October 15, 2017 (1 day)	CO	1,296.36

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December 15, 2017	T-180749	October 15, 2017 (1 day)	VOC	924.01
December 15, 2017	T-180749	October 15, 2017 (1 day)	Benzene	4.97
December 15, 2017	T-180749	October 15, 2017 (1 day)	Ethyl Benzene	13.36
December 15, 2017	T-180749	October 15, 2017 (1 day)	n-hexane	4.97
December 15, 2017	T-180749	October 15, 2017 (1 day)	Toluene	9.51
December 15, 2017	T-180749	October 15, 2017 (1 day)	Xylenes	39.01

The failure to operate control equipment, any device or contrivance, operating procedure or abatement scheme to prevent or reduce air pollution, in the proper manner is a violation of LAC 33:III.905.A, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2).

C. The Respondent reported the following unauthorized releases:

November 1, 2017 December 15, 2017 June 15, 2022	T-180749	October 15, 2017 (1 day)	Cumene	40.35	LAC 33:III.501.C.2
			Methanol	25.67	
			Napthalene	8.56	

Each unauthorized release of emissions is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2).

D. A file review on or about March 20, 2023, conducted by the Department revealed that the Respondent caused and/or allowed the discharge of produced water into waters of the state. Specifically, per the final written report dated June 15, 2022, regarding the platform explosion incident that occurred on October 15, 2017, approximately 72 barrels of produced water discharged into West Lake Pontchartrain. The discharge of produced water into waters of the

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stated is a violation of LAG33A703 (Part I, Section A, pg. 8 of 29, and Part III, Section A.2), La. R.S. 30:2076(A)(1)(a), and LAC 33:IX.1901.A.

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 Alissa Cockerham at (225) 219-3785 or Alissa.cockerham@la.gov 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.

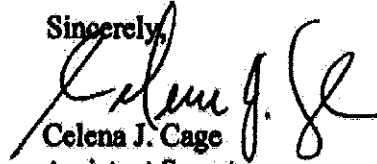
For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter 7. 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 may be entered on the attached "**NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE**" form. The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. 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.

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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,

A handwritten signature in black ink, appearing to read 'Celena J. Cage', is written over the word 'Sincerely,'.

Celena J. Cage
Assistant Secretary
Office of Environmental Compliance

CJC/ARC/sp
Alt ID No. 1340-00168

c: Clovelly Oil Co LLC
c/o Brandon Matherne, Vice President – Engineering
3838 N. Causeway Boulevard
Metairie, Louisiana 70005

**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.	MM-PP-22-00618	Contact Name	Allssa Cockerham
Agency Interest (AI) No.	18474	Contact Phone No.	(225) 219-3785
Alternate ID No.	1340-00168		
Respondent:	Clovelly Oil Co LLC	Facility Name:	W. Lake Pontchartrain East Block 41 Central Facility
	c/o M. Taylor Darden	Physical Location:	1 mile north of Kenner
	Agent for Service of Process		
	1100 Poydras Street, Suite 3100	City, State, Zip:	Kenner, Louisiana 70065
	New Orleans, Louisiana 70163	Parish:	Jefferson

(check the applicable option)

<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, Subpart 1, Chapter 7.
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (MM-PP-22-00618) , 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"/>	The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this NOTICE OF POTENTIAL PENALTY («Tracking»).
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (MM-PP-22-00618) , 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 (MM-PP-22-00618) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

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: Allssa Cockerham