

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

LOBO OPERATING, INC.

AI # 18438, 91751

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

* **Settlement Tracking No.**
* **SA-AE-25-0061**
*
* **Enforcement Tracking No.**
* **AE-CN-24-00080**
*
*
*
*

SETTLEMENT AGREEMENT

The following Settlement Agreement is hereby agreed to between Lobo Operating, Inc. (“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 oil and gas production facilities located in Venice, Plaquemines Parish, Louisiana (“the Facilities”).

II

On January 15, 2025, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-CN-24-00080 (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 THIRTEEN THOUSAND SIX HUNDRED AND NO/100 DOLLARS (\$13,600.00), of which Two Thousand Three Hundred Forty-One and 22/100 Dollars (\$2,341.22) 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 Consolidated Compliance Order & 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 Plaquemines 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.

LOBO OPERATING, INC.

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

JEFF LANDRY
GOVERNOR

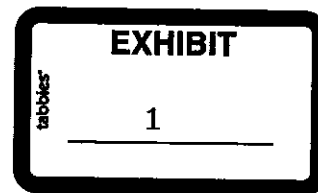


AURELIA S. GIACOMETTO
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

JAN 15 2025

CERTIFIED MAIL (9589 0710 5270 1460 8073 73)
RETURN RECEIPT REQUESTED



LOBO OPERATING, INC.
c/o C T Corporation System
Agent for Service of Process
3867 Plaza Tower Dr.
Baton Rouge, LA 70816

**RE: CONSOLIDATED COMPLIANCE ORDER
& NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-CN-24-00080
AGENCY INTEREST NO. 18438 and 91751**

Dear Sir/Madam:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **LOBO OPERATING, INC. (RESPONDENT)** for the violations described therein.

Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violations cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Stephanie Cernich at 225-219-3165 or Stephanie.Cernich2@la.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Marse".

Angela Marse
Administrator
Enforcement Division

AM/SAC/sac
Alt ID No. LA0000002207500066 and LA0000002207500236
Attachment

c: LOBO OPERATING, INC.
c/o Nigel Solida
201 Rue Beauregard, Suite 202
Lafayette, LA 70508

**STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE**

IN THE MATTER OF

**LOBO OPERATING, INC.
PLAQUEMINES PARISH
ALT ID NO. LA0000002207500066;
LA0000002207500236**

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

*
*
* **ENFORCEMENT TRACKING NO.**
*
* **AE-CN-24-00080**
*
* **AGENCY INTEREST NO.**
*
* **18438 and 91751**
*

**CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY**

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **LOBO OPERATING, INC. (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

FINDINGS OF FACT

I.

The Respondent owns and/or operates the oil and gas production facilities listed in Table A.

TABLE A				
ALT ID NO.	FACILITY NAME	LOCATION	CITY	PARISH
18438	Breton Sound Block #32 Production Facility	14 miles north of Venice, LA 29°33'24.597"N, 89°19'31.434"W	Venice	Plaquemines
91751	Grand Bay Compressor Station Facility	6 miles northeast of Venice, LA 29°19'16.147"N, 89°17'0.488"W	Venice	Plaquemines

The aforementioned facilities are operated by the Respondent under the authority of the Air Quality Permits listed in Table B.

AI No.	Permit No.	Permit Type	Permit No.	Issue Date	Expiration Date
18438	LA0000002207500066	Minor Source Oil and Gas (MSOG) Air Permit	No. 2240-00066-10	2/6/2024	N/A
		Synthetic Minor Source Air Permit	No. 2240-00066-09	12/20/2012	12/20/2022
91751	LA0000002207500236	MSOG Air Permit	No. 2240-00236-00	6/18/2021	N/A
		Title V Air Permit	No. 2240-00236-V10	7/28/2016*	7/28/2021

*Transferred to the Respondent effective 3/3/2017

II.

On or about August 17, 2023, the Department conducted a full compliance evaluation inspection at Breton Sound Block #32 Production Facility (AI No. 18438) to determine the Respondent's degree of compliance with the Act, the Air Quality Regulations, and all applicable permits. While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection and subsequent file review conducted on January 6, 2025.

A. The Respondent failed to meet the reporting requirements detailed in Table C.

TABLE C				
	Report	Reporting Requirement	Due Date	Submission Date
1.	2018 GRP 0001 Annual Hours of Operation Report	Submit a report showing the total operating time of each engine in GRP 0001 by March 31 for the preceding calendar year to the Office of Environmental Compliance.	3/31/2019	Not submitted.
2.	2019 GRP 0001 Annual Hours of Operation Report		3/31/2020	Not submitted.
3.	2020 GRP 0001 Annual Hours of Operation Report		3/31/2021	Not submitted.
4.	2021 GRP 0001 Annual Hours of Operation Report		3/31/2022	Not submitted.

Each failure to provide the GRP 0001 (EQT 0002, EQT 0010, EQT 0011, EQT 0016, and EQT 0017) Annual Hours of Operation Report is a violation of Specific Requirement 31 of Synthetic Minor Source Air Permit No. 2240-00066-09, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). As of January 6, 2025, the Respondent has not submitted the GRP

0001 Annual Hours of Operation Report for reporting years 2018 through 2021 to the Department.

- B. The Respondent failed to submit a permit renewal application to renew an existing permit at least six (6) months prior to the date of permit expiration. On or about February 20, 2015, the Department promulgated amendments to LAC 33:III.503, which established a regulatory framework setting forth maximum terms and renewal procedures for minor source permits. Per the final rule, LAC 33:III.503.C.1.a and La. R.S. 30:2023(A)(1), permits issued to minor sources of air emissions shall have an effective term of ten (10) years unless a shorter period is provided in the permit. Applications to renew existing permits that expired after January 1, 2016 were required to be submitted in accordance with LAC 33:III.503.C.3.a, at least six (6) months prior to their date of expiration. Specifically, the expiration date of Synthetic Minor Source Air Permit No. 2240-00066-09 was December 20, 2022; therefore, the deadline to submit a permit renewal application was on June 20, 2022. The Respondent submitted to the Department an air permit renewal application dated September 20, 2023, fifteen (15) months after the due date. The failure to submit a permit renewal application to renew an existing permit at least six (6) months prior to the date of permit expiration is a violation of LAC 33:III.503.C.3.a and La. R.S. 30:2057(A)(2).
- C. The Respondent conducted operations at Breton Sound Block #32 Production Facility (AI No. 18438) after the Synthetic Minor Source Air Permit No. 2240-00066-09 expired on December 20, 2022, which resulted in an initiation of, or an increase in, emission of air contaminants without permit approval from the Department. At the time of the inspection, the Department's inspector observed Breton Sound Block #32 Production Facility (AI No. 18438) was currently operating without a permit. On July 1, 2023, while operating without a permit, an unauthorized discharge of natural gas from a compromised section of underwater pipeline was reported (Incident No. T-214863). The Respondent submitted to the Department an air permit renewal application dated September 20, 2023. The Department issued MSOG Air Permit No. 2240-00066-10 on February 6, 2024. The unauthorized operation of Breton Sound Block #32 Production Facility (AI No. 18438) from December 20, 2022 until the Department issued the permit on February 6, 2024 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. The Respondent failed to conduct daily equipment/operational data monitoring by portable analyzer at manned stations, otherwise weekly. Specifically, the Respondent failed to monitor intake manifold temperature and pressure, fuel header pressure, engine speed, and spark ignition timing for the CE-01 Natural Gas Compressor Engine (EQT 0001). During the inspection, the Department's inspector requested the daily equipment/operational data for the manned facility EQT 0001 for reporting years 2018 through 2022. In electronic correspondence dated October 4, 2023, a representative of the Respondent stated that the emissions of EQT 0001 were tested annually in lieu of parametric monitoring. Each failure to conduct daily equipment/operational data monitoring for EQT 0001 from January 1, 2018 to December 20, 2022 is a violation of Specific Requirement 3 of Synthetic Minor Source Air Permit No. 2240-00066-09, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- E. The Respondent failed to comply with the annual maintenance requirements for CR-01 Diesel Crane Engine (EQT 0002). Pursuant to 40 CFR 63 Subpart ZZZZ, Table 2d, Number 1, the Respondent is required to change the oil and oil filter, and inspect all belts and hoses every 500 hours of operation or annually, whichever comes first. Additionally, the Respondent is required to inspect spark plugs every 1,000 hours of operation or annually, whichever comes first. During the inspection, the Department's inspector requested the maintenance records for EQT 0002 for reporting years 2018 through 2022. In electronic correspondence dated August 31, 2023, a representative of the Respondent stated the maintenance records for EQT 0002 could not be recovered for reporting years 2018 and 2019 due to a ransomware attack that occurred in December 2019. In electronic correspondence dated October 4, 2023, a representative of the Respondent provided the 2020 through 2022 maintenance records for EQT 0002. The maintenance records demonstrated the failure to comply with the annual maintenance requirements detailed in Table D.

1.	Change oil and filter every 1,000 hours of operation or within one year plus 30 days of the previous change, whichever comes first.	No later than 12/31/2020	Not conducted
2.	Inspect air cleaner every 1,000 hours of operation or within one year plus 30 days of the previous inspection, whichever comes first, and replace as necessary.		
3.	Inspect all belts and hoses every 500 hours of operation or within one year plus 30 days of the previous inspection, whichever comes first, and replace as necessary.		
4.	Change oil and filter every 1,000 hours of operation or within one year plus 30 days of the previous change, whichever comes first.	No later than 12/31/2021	Not conducted
5.	Inspect air cleaner every 1,000 hours of operation or within one year plus 30 days of the previous inspection, whichever comes first, and replace as necessary.		
6.	Inspect all belts and hoses every 500 hours of operation or within one year plus 30 days of the previous inspection, whichever comes first, and replace as necessary.		

Each failure to comply with the annual maintenance requirements is a violation of Specific Requirement 8 of Synthetic Minor Source Air Permit No. 2240-00066-09, 40 CFR 63.6603(a), LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

III.

On or about April 25, 2022, the Department conducted a full compliance evaluation inspection at Grand Bay Compressor Station Facility (AI No. 91751) to determine the Respondent's degree of compliance with the Act, the Air Quality Regulations, and all applicable permits. At the time of the inspection, Grand Bay Compressor Station Facility (AI No. 91751) was unmanned and not operating due to damage from Hurricane Ida. In electronic correspondence dated October 8, 2024, a representative of the Respondent stated Grand Bay Compressor Station Facility (AI No. 91751) ceased operations on December 31, 2021. While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection and subsequent file review conducted on January 6, 2025.

A. The Respondent reported the following unauthorized discharges listed in Table E.

Table E. Unauthorized Discharges						
Item	Report	Unit	Period	Compound	Quantity	Notes
1.	2019 Title V 2 nd Semiannual Monitoring Report (3/19/2020); electronic correspondence (9/26/2024)	V-01 Emergency Bypass Vent (EQT 0017)	7/1/2019 to 12/31/2019 (4,380 hours)	Volatile Organic Compounds (VOCs)	48.834 MMSCF	The infrastructure is old and experienced several occasions where the facility had to be shut-in due to numerous repairs to the gas-lift system. It takes approximately ten days to build sufficient gas volume to startup facility compressors and generators. During the upset and build-up time frame, gas is vented to the atmosphere. The facility was also impacted by Hurricane Barry on July 13, 2019, resulting in numerous shut-ins of the facility. The numerous shut-ins delayed the startup to normal operations due to insufficient gas-lift. A representative of the Respondent stated the gas pipeline is out of service and the facility is working on returning their line to operation.
2.	2020 Title V 1 st Semiannual Monitoring Report	V-01 Emergency Bypass Vent (EQT 0017)	1/1/2020 to 6/30/2020 (4,380 hours)	VOCs	41.982 MMSCF	
3.	2020 Title V 2 nd Semiannual Monitoring Report		7/1/2020 to 12/31/2020 (4,380 hours)		1.15 MMSCF	

Each emission of VOCs is a violation of Specific Requirement 103 of Title V Air Permit No. 2240-00236-V10, LAC 33:III.537.A.1, LAC 33:III.501.C.2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). On June 18, 2021, the Department issued MSOG Air Permit No. 2240-00236-00 to the Respondent with a VOC emissions permit limit of 78.44 tons per year. In correspondence dated September 22, 2022, a representative of the Respondent stated that the MSOG Air Permit application was submitted to account for venting that occurs during periods of startup, shutdown, and maintenance.

- B. The Respondent failed to comply with the annual maintenance requirements for CE-10 Caterpillar G3516 LE Compressor Engine (EQT 0049) in 2021. Pursuant to 40 CFR 63 Subpart ZZZZ, Table 2d, Number 8, the Respondent is required to change the oil and oil filter, and inspect all spark plugs, belts, and hoses every 2,160 hours of operation or within one (1) year plus thirty (30) days of the previous maintenance/inspection, whichever comes first. In

correspondence dated September 22, 2022, a representative of the Respondent stated EQT 0049 did not operate from January 2021 through February 2021; however, EQT 0049 did operate for 76 days from March 2021 through May 25, 2021 for a total of 1,818 hours. In electronic correspondence dated September 26, 2024, a representative of the Respondent stated EQT 0049 operated for a total of 600 hours between the date of the last maintenance, October 16, 2020, and December 31, 2020. Therefore, EQT 0049 operated for a total of 2,418 hours between the date of the last maintenance and May 25, 2021, exceeding the limit of operating hours before EQT 0049 ceased operating. In correspondence dated September 22, 2022, a representative of the Respondent stated the natural gas pipeline was damaged by Hurricane Ida in August 2021 and did not resume operation for the remainder of 2021; however, this damage occurred after EQT 0049 exceeded the permitted hours of operation limit. Title V Air Permit No. 2240-00236-V10 was in effect at the time EQT 0049 exceeded the permitted hours of operation limit and when EQT 0049 ceased operating on May 25, 2021. The Respondent failed to comply with the annual maintenance requirements detailed in Table F.

TABLE F				
	MAINTENANCE REQUIREMENT	DUE DATE	COMPLETION DATE	REGULATORY OR PERMIT REQUIREMENTS
1.	Change oil and filter every 2,160 hours of operation or within one year plus 30 days of the previous change, whichever comes first.	No later than 11/15/2021 or 2,160 hours of operation	Not conducted	Specific Requirement 70
2.	Inspect spark plugs every 2,160 hours of operation or within one year plus 30 days of the previous inspection, whichever comes first, and replace as necessary.			Specific Requirement 72
3.	Inspect all belts and hoses every 2,160 hours of operation or within one year plus 30 days of the previous inspection, whichever comes first, and replace as necessary.			Specific Requirement 71

Each failure to comply with the annual maintenance requirements is a violation of the associated Specific Requirements listed above of Title V Air Permit No. 2240-00236-V10, 40 CFR 63.6603(a), LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

COMPLIANCE ORDER

Based on the foregoing, the Respondent is hereby ordered:

I.

To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Act, the Air Quality Regulations, and all applicable permits.

II.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, the 2018, 2019, 2020, and 2021 GRP 0001 Annual Hours of Operation Reports, as referenced in Paragraph II.A of the **FINDINGS OF FACT** portion of this action.

III.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violations and actions taken or to be taken to achieve compliance with the Order Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to:

Office of Environmental Compliance
Post Office Box 4312
Baton Rouge, Louisiana 70821-4312
Attn: **Stephanie Cernich**
Re: **Enforcement Tracking No. AE-CN-24-00080**
Agency Interest No. 18438 and 91751

THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:

I.

Pursuant to La. R.S. 30:2050.4, the Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality
Office of the Secretary
Post Office Box 4302
Baton Rouge, Louisiana 70821-4302
Attn: Hearings Clerk, Legal Division
Re: Enforcement Tracking No. AE-CN-24-00080
Agency Interest No. 18438 and 91751

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Division of Administrative Law (DAL) Procedural Rules. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) for each day of violation for the violation(s) described herein may be assessed. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.

VII.

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

NOTICE OF POTENTIAL PENALTY

I.

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.

II.

Prior to the issuance of additional appropriate enforcement action(s), 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 Stephanie Cernich at 225-219-3165 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

III.

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 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 violation(s) 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 that 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.

IV.

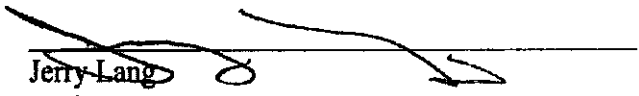
The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY** portion, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement 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 **"CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE"** form. The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this **NOTICE OF POTENTIAL PENALTY** portion but no later than ninety (90) days of achieving compliance with the **COMPLIANCE ORDER** portion. 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.

V.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 15th day of January, 2025.


Jerry Lang
Assistant Secretary
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

**Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821-4312
Attention: Stephanie Cernich**

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION POST OFFICE BOX 4312 BATON ROUGE, LOUISIANA 70821-4312		CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE			
Enforcement Tracking No.	AE-CN-24-00080	Contact Name	Stephanie Cernich		
Agency Interest (AI) No.	18438; 91751	Contact Phone No.	225-219-3165		
Alternate ID No.	LA0000002207500066; LA0000002207500236				
Respondent:	Lobo Operating, Inc. c/o C T Corporation System Agent for Service of Process 3867 Plaza Tower Dr. Baton Rouge, LA 70816	Facility Name:	Breton Sound Block #32 Production Facility; Grand Bay Compressor Station Facility		
		Physical Location:	14 miles north of Venice, LA; 6 miles northeast of Venice, LA		
		City, State, Zip:	Venice, LA 70091		
		Parish:	Plaquemines		
STATEMENT OF COMPLIANCE					
STATEMENT OF COMPLIANCE			Date Completed	Copy Attached?	
A written report was submitted in accordance with Paragraph III of the "Order" portion of the COMPLIANCE ORDER.					
All necessary documents were submitted to the Department within 30 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph II of the "Order" portion of the COMPLIANCE ORDER.					
All items in the "Findings of Fact" portion of the COMPLIANCE ORDER were addressed and the facility is being operated to meet and maintain the requirements of the "Order" portion of the COMPLIANCE ORDER. Final compliance was achieved as of:					
SETTLEMENT OFFER (OPTIONAL)					
<i>(check the applicable option)</i>					
☐	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.Subpart1.Chapter7.				
☐	In order to resolve any claim for civil penalties for the violations in CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY (AE-CN-24-00080) , the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.				
☐	In order to resolve any claim for civil penalties for the violations in CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY (AE-CN-24-00080) , 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. The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this NOTICE OF POTENTIAL PENALTY portion but no later than ninety (90) days of achieving compliance with the COMPLIANCE ORDER portion. • 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.				
☐	The Respondent has reviewed the violations noted in CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY (AE-CN-24-00080) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.				
CERTIFICATION STATEMENT					

<i>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.</i>			
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: Stephanie Cernich			

WHAT IS A SETTLEMENT AGREEMENT?

Once the Department has determined that a penalty is warranted for a violation, the Assistant Secretary of the Department, with the concurrence of the Attorney General, may enter into a settlement agreement with the Respondent as a means to resolve the Department's claim for a penalty.

HOW DOES THE SETTLEMENT AGREEMENT PROCESS WORK?

To begin the settlement agreement process, the Department must receive a written settlement offer. Once this offer is submitted, it is sent for approval by the Assistant Secretary of the Office of Environmental Compliance. The formal Settlement Agreement is drafted and sent to the Attorney General's office where the Attorney General has a 90 day concurrence period. During this time, the Respondent is required to run a public notice in an official journal and/or newspaper of general circulation in each affected parish. After which, a 45 day public comment period is opened to allow the public to submit comments. Once the Department has received concurrence, the settlement agreement is signed by both parties. The Department then forwards a letter to the responsible party to establish a payment plan and/or beneficial environmental project (BEP).

WHAT SHOULD I INCLUDE IN A SETTLEMENT AGREEMENT?

The Department uses the penalty determination method defined in LAC 33:1.705 as a guideline to accepting settlement offers. The penalty matrix is used to determine a penalty range for each violation based on the two violation specific factors, the nature and gravity of the violation and the degree of risk/impact to human health and property.

DEGREE OF RISK/IMPACT TO HUMAN HEALTH AND PROPERTY		NATURE AND GRAVITY OF THE VIOLATION		
Major	Major	\$32,500 to \$20,000	\$20,000 to \$15,000	\$15,000 to \$11,000
	Moderate	\$11,000 to \$8,000	\$8,000 to \$5,000	\$5,000 to \$3,000
	Minor	\$3,000 to \$1,500	\$1,500 to \$500	\$500 to \$100

Degree of Risk to Human Health or Property

Major: (actual measurable harm or substantial risk of harm) A violation of major impact to an environmental resource or a hazard characterized by high volume and/or frequent occurrence and/or high pollutant concentration.

Moderate: (potential for measurable detrimental impact) A violation of moderate impact and hazard may be one characterized by occasional occurrence and/or pollutant concentration that may be expected to have a detrimental effect under certain conditions.

Minor: (no harm or risk of harm) A violation of minor impact are isolated single incidences and that cause no measurable detrimental effect or are administrative in nature.

Nature and Gravity of the Violation

Major: Violations of statutes, regulations, orders, permit limits, or permit requirements that result in negating the intent of the requirement to such an extent that little or no implementation of requirements occurred.

Moderate: Violations that result in substantially negating the intent of the requirements, but some implementation of the requirements occurred.

Minor: Violations that result in some deviation from the intent of the requirement; however, substantial implementation is demonstrated.

The range is adjusted using the following violator specific factors:

1. history of previous violations or repeated noncompliance;
2. gross revenues generated by the respondent;
3. degree of culpability, recalcitrance, defiance, or indifference to regulations or orders;
4. whether the Respondent has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the violation; and
5. whether the violation and the surrounding circumstances were immediately reported to the department, and whether the violation was concealed or there was an attempt to conceal by the Respondent.



Penalty Event Total = Penalty Event Minimum + (Adjustment Percentage x (Penalty Event Maximum - Penalty Event Minimum))

WHAT IS A BEP?

WHAT HAPPENS IF MY OFFER IS REJECTED?

WHERE CAN I FIND EXAMPLES AND MORE INFORMATION?
Settlement Offers

Settlement Offers

Settlement Agreements

Penalty Determination Method

Beneficial Environmental Projects

Judicial Interest.

searchable in EDMS using the following filters
Media: Air Quality, Function: Enforcement, Date:

Media: Air Quality, Function: Enforcement; Description: Settlement
Enforcement Division's website

Enforcement Division's website
specific examples can be provided upon request
LAC 33:1 Chapter 7

LAC 33:1 Chapter 7

LAC 33:1 Chapter 25

FAQs

provided by the Louisiana State Bar Association