

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

NOBLE ENERGY, INC.

AI # 33266, 114591

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

\* Settlement Tracking No.  
\* SA-AE-13-0010  
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\* Enforcement Tracking No.  
\* AE-PP-09-0673  
\* AE-PP-09-0430  
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SETTLEMENT

The following Settlement is hereby agreed to between Noble Energy, 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 owned and/or operated South Lake Arthur Production Facility, located ten (10) miles north northwest of Lake Arthur in Vermilion Parish, Louisiana and W & T Offshore #1 Production Facility, located 1.5 miles northeast of Sabine Pass in Cameron Parish, Louisiana (“the Facilities”).

II

On June 1, 2010, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-09-0673, which was based upon the following findings of fact:

On or about January 27, 2010, a file review of **SOUTH LAKE ARTHUR**

**PRODUCTION FACILITY**, (the Facility) owned and/or operated by **NOBLE ENERGY, INC. (RESPONDENT)** was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located ten (10) miles north northwest of Lake Arthur in Vermilion Parish, Louisiana. The facility currently operates under Air Permit No. 2940-00122-05, issued on or about September 8, 2009.

The following violations were noted during the course of the file review:

- A. Air Permit No. 2940-00112-02 was issued on or about February 28, 2003. A modification in the permit was the replacement of a 1265 horsepower (hp) natural gas compressor engine, Compressor 3-19 (EQT 38), with a 730 hp compressor, Compressor 3-20 (EQT 25). Specific Requirement 3 for EQT 25 in the permit required an initial stack test of the compressor. The Department has no record of results of an initial stack test conducted on Compressor 3-20 (EQT 25). The failure to report the results of a stack test within sixty (60) days after the testing is complete is a violation of Specific Requirement 2 for EQT 25 in Air Permit No. 2940-000122-02, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- B. Air Permit No. 2940-00122-03, issued on or about July 26, 2005 added compressor 2-13 (EQT025) to the permit. Specific Requirement 20 of the permit required an initial stack test of the compressor. The Department has no record of the results of an initial stack test conducted for Compressor 2-13 (EQT025). The failure to report the results of a stack test within sixty (60) days after the testing is complete is a violation of Specific Requirement 19 of Air Permit No. 2940-000122-03, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- C. In a minor permit modification application dated December 8, 2008, the Respondent notified the Department that in August 2007, the facility replaced a 790 hp natural gas compressor engine, Compressor 2-13 (EQT025), with an 810 hp natural gas compressor engine, Compressor 2-14 (EQT041), and requested a permit modification to reflect the change. Air Permit No. 2940-00122-05 was issued on or about September 8, 2009, reflecting that change. The failure to request the modification to the permit prior to the engine change is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- D. The facility operated unpermitted Compressor 2-14 (EQT041) from August 2007 until Air Permit No. 2940-00122-05 was issued on or about September

8, 2009. The unpermitted compressor operated for a period of two years and one month. Operating an unpermitted emission source which will, or ultimately may, result in emission of air contaminants is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- E. Compressor 2-14 (EQT041) was put into service in August 2007. Air Permit No. 2940-00122-05 was issued on or about September 8, 2009, reflecting the change. In correspondence dated December 8, 2008, the Respondent notified the Department of the results of an initial stack test conducted on or about August 12, 2008 for that compressor. The test was conducted one year after the compressor began operation. The failure to conduct a stack test within sixty (60) days after achieving normal production rate, but in no event later than 180 days after initial start-up, is a violation of Specific Requirement 9 of Air Permit No. 2940-000122-05, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- F. In correspondence dated December 8, 2008, the Respondent notified the Department of the results of an initial stack test conducted on or about August 12, 2008 on Compressor 2-14 (EQT 0041), a period of 118 days after the test date. The failure to report the stack test results within sixty (60) days after the testing is complete is a violation of General Condition VIII of Air Permit No. 2940-000122-05, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

On July 13, 2010, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-09-0430, which was based upon the following findings of fact:

On or about March 16, 2009, an inspection of **W & T OFFSHORE #1 PRODUCTION FACILITY** (the facility), an oil and gas production facility, owned and/or operated by **NOBLE ENERGY, INC. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. On or about February 6, 2010, a subsequent file review of the Respondent's facility was conducted. The facility is located 1.5 miles northeast of Sabine Pass in Cameron Parish, Louisiana. The facility previously operated under Standard Oil and Gas Air (SOGA) Permit No. 0560-00194-00, issued on April 28, 2005, and modified on April 11, 2006. On or about May 22, 2009, the Department received the facility's Minor Source Air Permit Application dated May 20, 2009. The

Department issued Minor Source Air Permit No. 0560-00194-01 on July 20, 2009. On or about August 13, 2009, the Department received the facility's Minor Source Air Permit Modification Application dated August 12, 2009. The facility currently operates under Minor Source Air Permit No. 0560-00194-02, issued on September 4, 2009.

The following violations were noted during the course of the inspection and subsequent file review:

- A. On or about June 9, 2003, the Department received the Respondent's SOGA Permit Application dated May 27, 2003. According to an email from the Respondent dated August 11, 2009, construction of the W & T Offshore #1 Production Facility commenced on March 18, 2003. The Respondent's failure to submit a timely and complete permit application to the Department prior to construction, reconstruction, or modification is a violation of LAC 33:III.501.C.1, and La. R.S. 30:2057(A)(2).
- B. During the course of the inspection, the inspector noted that the Respondent operated the facility from April 11, 2003, until April 27, 2005, without an air permit. The Respondent's failure to obtain approval from the permitting authority prior to operation of the facility which may ultimately result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.2, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- C. The Respondent constructed the facility March 18, 2003, and was issued SOGA Permit No. 0560-00194-00 on April 28, 2005. The facility operates a Triethylene Glycol (TEG) dehydration unit (Emission Point No. REB1) which became subject to 40 CFR 63 Subpart HH on or about January 3, 2007. Facilities subject to any federal requirements contained in 40 CFR Part 63 are excluded from coverage under SOGA permits. According to LAC 33:III.513.A.4, any source which is issued the general permit shall, notwithstanding a permit shield, be subject to enforcement action for operation without a permit if the source is later determined not to qualify for the general permit. Therefore, upon the effective date of 40 CFR 63 Subpart HH, the Respondent's coverage was terminated under SOGA Permit No. 0560-00194-00 and an application for a site specific permit was required. The Respondent's failure to submit a timely and complete permit application to the Department prior to 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, and La. R.S. 30:2057(A)(2).
- D. The facility has operated without a valid air permit from the applicability date

of Subpart HH, January 3, 2007, until Minor Source Air Permit No. 0560-00194-01 was issued on or about July 20, 2009. Operation of any facility, without a valid permit, which ultimately may result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.2, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

### 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 TWENTY FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00), of which Seven Hundred Sixty-Nine and 15/100 Dollars (\$769.15) 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 Notices 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

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Vermilion and Cameron Parishes, 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 from the newspaper of each affected parish 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.

**NOBLE ENERGY, INC.**

BY: *Kevin Vermeben*  
(Signature)

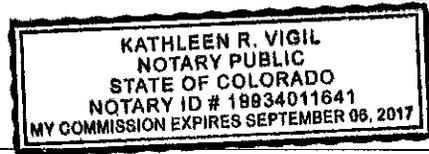
Kevin Vermeben  
(Printed)

*KB  
DD  
9.19.13*

TITLE: Rockies / Frontier Business Unit Mgr.

THUS DONE AND SIGNED in duplicate original before me this 25 day of  
SEPTEMBER, 20 13, at 12:00 pm.

*Kathleen R. Vigil*  
NOTARY PUBLIC (ID # \_\_\_\_\_)



(stamped or printed)

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY**

Peggy M. Hatch, Secretary

BY: *Cheryl*  
Cheryl Sonnier Nolan, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 20<sup>th</sup> day of  
Dec, 20 13, at Baton Rouge, Louisiana.

*Oglet*  
NOTARY PUBLIC (ID # 19181)

Perry Theriot  
(stamped or printed)

Approved: *Cheryl*  
Cheryl Sonnier Nolan, Assistant Secretary