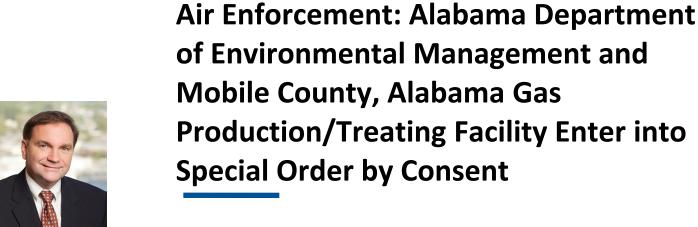
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## 08/14/2019

The Alabama Department of Environmental Management ("ADEM") and Hilcorp Energy Company ("HEC") entered into a July 26th Special Order by Consent ("Order") addressing an alleged violation of an air permit. See Consent Order No.: 19-XXX-CAP.

The Order provides that HEC operates a gas production, treating and processing plant ("Facility") in

ADEM is stated to have issued Major Source Operating Permit No. 503-4004 ("Permit") to HEC on November 7, 2017. The Permit is stated to include Proviso 22(e) which reads in part:

All test reports must be submitted to the Air Division within 30 days of the actual completion of the test unless an extension of time is specifically approved by the Air Division.

ADEM alleges that on October 30, 2017, HEC began testing the engines at the Facility as was required by the Permit. Such testing is stated to have been concluded on November 3, 2017, per Proviso 22(e) of the Permit. The test reports are stated to have been required to have been submitted to ADEM by December 4, 2017. They are stated to have been late on January 8, 2018.

The Order further provides that on November 8, 2018, HEC began conducting the annual testing on the engines. Such testing is stated to have been concluded on November 11, 2018. Further, per Proviso 22(e) of the Permit, the test reports are stated to have been required to be submitted to ADEM by December 11, 2018.

HEC stated that the alleged violation was due to miscommunication on submission requirements that resulted in ADEM receiving late submittals. Further, the company stated that instructions to the testing company regarding submittal of the stack tests were made in error and have since been corrected. In addition, HEC is stated to be currently aware of the stack testing submittal requirements and previous errors have been corrected.

Finally, HEC is stated to have clarified the submittal requirements with their stack testing contractors. As a result, HEC has revised its post-test review and submittal procedures to ensure prompt submittal to ADEM.

The Order provides that HEC neither admits nor denies the ADEM contention.

A civil penalty of \$5,000 is assessed.

A copy of the Order can be downloaded  $\underline{\text{here}}.$