

RECEIVED

AUG 13 2009

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

BRIDWELL OIL CO.

IN THE MATTER OF:

BRIDWELL OIL MANAGEMENT, L.L.C.

AI # 155249, 155266, 155267, 155268,  
155293, 155294, 155299, 159665

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

\* Settlement Tracking No.  
\* SA-AE-09-0020

\* Enforcement Tracking No.  
\* AE-PP-08-0023

SETTLEMENT

The following Settlement is hereby agreed to between Bridwell Oil Management, L.L.C. ("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 owned and/or operated sub tank battery facilities located in numerous parishes in the state of Louisiana. ["the Facility(ies)"].

II

On November 3, 2008, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-08-0023, which was based upon the following findings of fact:

On or about July 22, 2008, a file review of the SUB Tank Battery – Boneset Creek Field (Agency Interest No. 155249), owned and/or operated by Bridwell Oil Management, L.L.C. (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 5.1

miles southeast of DeRidder, Beauregard Parish, Louisiana. The facility currently operates under Air Permit No. 0320-00082-00, issued on or about January 29, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in November 2004, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the 10900 RA SUA Tank Battery - Cut Off Field (Agency Interest No. 155266), owned and/or operated by the 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 1.8 miles southeast of Cut Off, Lafourche Parish, Louisiana. The facility currently operates under Air Permit No. 1560-00261-00, issued on or about January 18, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in December 2004, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the 10900 RA SUA Gas Sales Facility - Cut Off Field (Agency Interest No. 155267), owned and/or operated by the 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 2.1 miles southeast of Cut Off, Lafourche Parish, Louisiana. The facility currently operates under Air Permit No. 1560-00260-00, issued on or about January 18, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in December 2004, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the Carter-Doughty Tank Battery – Chipola Field (Agency Interest No. 155268), owned and/or operated by the 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 13 miles northwest of Greensburg, St. Helena Parish, Louisiana. The facility currently operates under Air Permit No. 2540-00032-00, issued on or about February 7, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in September 2001, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the SUA Tank Battery – Boneset Creek Field (Agency Interest No. 155293), owned and/or operated by the 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 5.3 miles southeast of Deridder, Beauregard Parish, Louisiana. The facility currently operates under Air Permit No. 0320-00083-00, issued on or about February 1, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in April 2004, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the SUC Tank Battery – Boneset Creek Field (Agency Interest No. 155294), owned and/or operated by the 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 5.3 miles southeast of Deridder, Beauregard Parish, Louisiana. The facility currently operates under Air Permit No. 0320-00084-00, issued on or about January 25, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in November 2006, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the VUA Tank Battery – Grand Prairie Field (Agency Interest No. 155299), owned and/or operated by the 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 8.1 miles northwest of Washington, St. Landry Parish, Louisiana. The facility currently operates under Air Permit No. 2600-00078-00, issued on or about January 25, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in May 2002, but submitted a permit application in December 2007. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).

- B. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

On or about July 22, 2008, a file review of the CF RA SUA - Sweetville Field (Agency Interest No. 159665), owned and/or operated by the 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 5.0 miles northeast of Longville, Beauregard Parish, Louisiana. The facility currently operates under Air Permit No. 0320-00088-00, issued on or about August 11, 2008.

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

- A. In correspondence dated on or about November 19, 2007, the Respondent informed the Department that the facility began operations in February 2008, but submitted a permit application in July 2008. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification 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).
- C. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without an approved permit 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).

The following violations, although not sited in the foregoing enforcement action, are included within the scope of the settlement herein.

On or about January 12, 2009, a Full Compliance Evaluation (FCE) inspection of the SUB Tank Battery – Boneset Creek Field (Agency Interest No. 155249), owned and/or operated by Bridwell Oil Management, L.L.C. (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 5.1 miles southeast of DeRidder, Beauregard Parish, Louisiana. The facility currently operates under Air Permit No. 0320-00082-01, issued on or about April 15, 2009.

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

The inspection revealed the presence on site at the facility of three four-hundred (400) barrel oil storage tanks, one 0.75MM Btu/hour line heater, and one 0.50MM Btu/hour heater treater. None of those items were listed on Air Permit No. 0320-00082-00, issued on or about January 29, 2008, which was the permit current at the time of the inspection. The Respondent applied for a permit modification to add those items to the permit. The permit modification was approved and issued on or about April 15, 2009. The failure to obtain a properly modified permit prior to installation and operation of additional equipment 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).

On or about January 12, 2009, a Full Compliance Evaluation (FCE) inspection of the SUA Tank Battery – Boneset Creek Field (Agency Interest No. 155293), owned and/or operated by the 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 5.3 miles southeast of Deridder, Beauregard Parish, Louisiana. The facility currently operates under Air Permit No. 0320-00083-01, issued on or about April 1, 2009.

The following violation was noted during the course of the inspection:

The inspection revealed the presence on site at the facility of one four hundred (400) barrel salt water storage tank and one 0.75MM line heater. Neither of those items was listed on Air Permit No. 0320-00083-00, issued on or about February 1, 2008, which was the permit current at the time of the inspection. The Respondent applied for a permit modification to add those items to the permit. The permit modification was approved and issued on or about April 1, 2009. The failure to obtain a properly modified permit prior to installation and operation of additional equipment 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).

### III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures

## 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 NINE THOUSAND AND NO/100 DOLLARS (\$9,000.00), of which Three Hundred Seventy-Seven and 58/100 Dollars (\$377.58) represents 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 LSA- 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 Beauregard, Lafourche, St. Helena, and St. Landry 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 a proof-of-publication affidavit 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.

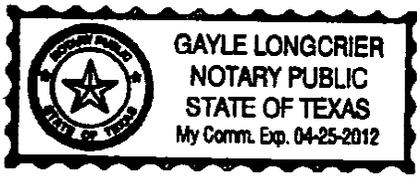
**BRIDWELL OIL MANAGEMENT, L.L.C.**

BY: *Steve Ginnings*  
(Signature)

Steve Ginnings  
(Print)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 17<sup>th</sup> day of August, 20 09, at Wichita Falls, Texas.



*Gayle Longcrier*  
NOTARY PUBLIC (ID # \_\_\_\_\_)

Gayle Longcrier  
(Print)

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY**  
Harold Leggett, Ph.D., Secretary

BY: *Peggy M. Hatch*  
Peggy M. Hatch, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 18<sup>th</sup> day of November, 20 09, at Baton Rouge, Louisiana.

*Christopher A. Rateliff*  
NOTARY PUBLIC (ID # 10149)

Christopher A. Rateliff  
(Print)

Approved: *Peggy M. Hatch*  
Peggy M. Hatch, Assistant Secretary