

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

EROC GATHERING COMPANY, LP

AI # 150908

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

- * Settlement Tracking No.
- * SA-AE-08-0022
- *
- * Enforcement Tracking No.
- * AE-PP-07-0178
- *
- *
- *
- *

SETTLEMENT

The following Settlement is hereby agreed to between EROC Gathering Company, LP (“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 partnership that operates a sweet gas collection operation facility located one-tenth (0.10) mile on Forest Road from Louisiana Highway 846 in Columbia, Caldwell Parish, Louisiana. (“the Facility”).

II

On December 21, 2007, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-07-0178, which was based upon the following findings of fact:

On or about October 11, 2007, a file review of Vixen Gas Plant, owned and/or operated by EROC Gathering Company, LP (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 one-tenth (0.10) mile on Forest Road from Louisiana Highway 846 in Columbia, Caldwell Parish, Louisiana.

The Respondent began initial operations in Louisiana with a May 3, 2007 purchase in entirety of Laser Midstream Company, LLC, including ten oil and natural gas facilities, of which the facility is one. The facility is a sweet gas collection operation. The facility was constructed by Trans Tex Gas Service under contract to Laser Midstream. The contract was initiated prior to the May 3, 2007 purchase of Laser Midstream.

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

- A. In correspondence dated August 24, 2007, the Respondent notified the Department that construction of the Vixen Gas Plant (the facility) had been completed and was in operation. In correspondence dated October 17, 2007, the Respondent notified the Department that construction of the facility began on or about May 1, 2007. No application to construct was received by the Department prior to start of construction. Failure to receive approval prior to commencement of construction, reconstruction, or modification of any source which may ultimately result in an increase in emission of air contaminants is a violation of LAC 33:III.517.A, LAC 33:III.501.C.1, LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(2)
- B. In correspondence dated October 17, 2007, the Respondent notified the Department that the facility began operation on or about June 1, 2007. Minor Permit No. 0540-00033-00 was approved by the Department on August 15, 2007, in the name of EROC Gathering Company, LLC, the Respondent. Therefore, the Respondent began operation of the facility before the permit application was approved. Failure to obtain approval prior to beginning operation of any source which may ultimately result in an increase 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).

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 FOUR THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$4,500.00) of which Two Hundred Seventy-five and 84/100 Dollars (\$275.84) represents DEQ'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 DEQ 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 Caldwell Parish, 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.

EROC GATHERING COMPANY, LP
By Eagle Rock Pipeline (ERP) LLC its general partner

W.E.P.
2/13/09

BY: *William E. Puckett*
(Signature)

William E. Puckett
(Print)



TITLE: SVP Midstream Bus.

THUS DONE AND SIGNED in duplicate original before me this 30th day of January, 20 09, at Houston, TX.



Birgitta Flynn
NOTARY PUBLIC (ID #)

Birgitta Flynn
(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 8th day of May, 20 09, at Baton Rouge, Louisiana.

Christopher A. Ratcliffe
NOTARY PUBLIC (ID # 10149111)

Christopher A. Ratcliffe
(Print)

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