

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	Settlement Tracking No.
	*	SA-AE-09-0039
EL PASO E&P COMPANY, L.P.	*	
	*	Enforcement Tracking No.
AI # 160397, 160398, & 160400	*	AE-PP-08-0211
	*	
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, <u>ET SEQ.</u>	*	

SETTLEMENT

The following Settlement is hereby agreed to between El Paso E&P Company, L.P. ("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 partnership that owns and/or operates an oil and gas production facility located approximately 3.18 miles southeast of Bryceland, Bienville Parish, Louisiana ("the Facility").

II

On January 27, 2009, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-08-0211, which was based upon the following findings of fact:

On or about November 10, 2008, a file review of Cummings #1 & 1D Facility (Agency Interest No. 160397), owned and/or operated by El Paso E&P Company, L.P. (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 approximately 3.18 miles southeast of

Bryceland, Bienville Parish, Louisiana. On or about September 8, 2008, the Department received an Air Permit Application dated August 26, 2008, for the Respondent's facility. The facility currently operates under Air Permit No. 0360-00716-00, issued on October 22, 2008.

The following violation was noted during the course of the file review:

On or about September 18, 2008, the Department received correspondence from the Respondent which stated that the Respondent acquired this facility during September of 2007. The facility's Air Permit No. 0360-00716-00 was approved on October 22, 2008. Operating the facility between September of 2007 and October 22, 2008, without an air permit is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about November 10, 2008, a file review of Futch #1 Facility (Agency Interest No. 160398), owned and/or operated by Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located approximately 4.5 miles southeast of Bryceland, Bienville Parish, Louisiana. On or about September 8, 2008, the Department received an Air Permit Application dated August 19, 2008, for the Respondent's facility. The facility currently operates under Air Permit No. 0360-00717-00, issued on October 13, 2008.

The following violation was noted during the course of the file review:

On or about September 18, 2008, the Department received correspondence from the Respondent which stated that the Respondent acquired this facility during September of 2007. The facility's Air Permit No. 0360-00717-00 was approved on October 13, 2008. Operating the facility between September of 2007 and October 13, 2008, without an air permit is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about November 10, 2008, a file review of KMI #1 Facility (Agency Interest No. 160400), owned and/or operated by Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located approximately 12 miles south of Arcadia, Bienville Parish, Louisiana. On or about September 8, 2008, the Department received a Standard Oil and Gas Air (SOGA) Permit Application dated August 19, 2008, for the

Respondent's facility. The facility currently operates under SOGA Permit No. 0360-00718-00, issued on October 13, 2008.

The following violation was noted during the course of the file review:

On or about September 18, 2008, the Department received correspondence from the Respondent which stated that the Respondent acquired this facility during January of 2000. The facility's SOGA No. 0360-00718-00 was approved on October 13, 2008. Operating the facility between January of 2000 and October 13, 2008, without an air permit 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. Respondent promptly submitted all necessary permitting information to the Department, which the Department herein recognizes.

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 SIX THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$6,500.00), of which Two Hundred Forty-Four and 58/100 Dollars (\$244.58) 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 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 Bienville 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 an original proof-of-publication affidavit and an original public notice 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

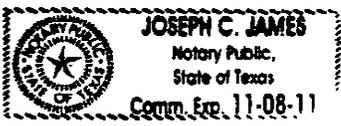
Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

EL PASO E&P COMPANY, L.P.

BY: [Signature]
(Signature)
JOHN D. JENSEN
(Print)

TITLE: VICE PRESIDENT, OPERATIONS

THUS DONE AND SIGNED in duplicate original before me this 4th day of December, 20 09, at HOUSTON TX.



[Signature]
NOTARY PUBLIC (ID # N/A)
Joseph C. James
(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

Peggy M. Hatch, Secretary.

BY: [Signature]
Paul D. Miller, P.E., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 23rd day of March, 20 10, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 1014900)
Christopher A. Ratcliff
(Print)

Approved: [Signature]
Peggy M. Hatch, Assistant Secretary