STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-14-0066**
EXTEX OPERATING COMPANY	*	
	*	**Enforcement Tracking No.**
AI # 32776, 154334, 154336, 154337 and 154339	*	**AE-PP-11-00701**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Extex Operating Company ("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 owns and/or operates several oil and gas production facilities located in St. Charles and Vermilion Parishes, Louisiana ("the Facilities").

II

On November 22, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-11-00701**, which was based upon the following findings of fact:

"On or about August 19, 2011, and August 25, 2011, file reviews of multiple facilities owned and/or operated by Extex Operating Company (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facilities and their corresponding locations are listed below:

AI No.	Facility	Permit	Location
32776	Good Hope Field Facility	2520-00057-04 issued on 7/8/2005 2520-00057-05 issued on 5/1/2009 2520-00057-06 issued on 11/24/2009 2520-00057-07 issued on 11/5/2010	1 mile southeast of Louisiana Highway 627 in Good Hope, St. Charles Parish, Louisiana
154334	Compressor Station No. 1	2940-00299-00 issued on 9/4/2008 2940-00299-01 issued on 11/24/2009	Off Louisiana Highway 14, 5 miles west of Gueydan in Vermilion Parish, Louisiana
154336	J. B. Ferguson #6 Tank Battery & SWD Facility	2940-00300-00 issued on 12/7/2007 Modifications to 2940-00300-00 issued on 4/7/2009 and 10/29/2010	Off Louisiana Highway 14, 5 miles west of Gueydan in Vermilion Parish
154337	J. B. Ferguson No. 10 Tank Battery	2940-00301-00 issued on 3/11/2008	Off Louisiana Highway 14, 5 miles west of Gueydan in Vermilion Parish
154339	Roy Reese et al No. 1 Tank Battery	2940-00303-00 issued on 2/28/2008	Off Louisiana Highway 14, 5 miles west of Gueydan in Vermilion Parish

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file reviews:

A. According to the correspondence from the Respondent's representative dated August 23, 2011, the following emission points began operating prior to the submittal of permit applications at the Good Hope Field Facility (AI No. 32776).

Permit Application Date	Emission Point No. (EPN)	Date installed
8/7/2008	23-08-GOP through 34-08-GOP	Between 11/15/2007 and 6/11/2008
	37-08-ST	Between 11/15/2007 and 6/11/2008
	39-08-ST through 47-08-CST	Between 11/15/2007 and 6/11/2008
1/22/2010	49-10-GOP	Between 4/29/2009 and 12/22/2009
	50-10-GOP	Between 4/29/2009 and 12/22/2009
9/21/2010	52-10-GOP	Between 12/22/2009 and 6/29/2010

Each incident of the Respondent's failure to submit a permit application prior to construction, reconstruction, or modification of the facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

B. According to the correspondence from the Respondent's representative dated August 23, 2011, the following emission points began operating prior to approval from the permitting authority at the Good Hope Field Facility (AI No. 32776).

Permit Application Date	Emission Point No. (EPN)	Date installed and began operating
8/7/2008	23-08-GOP through 34-08-GOP	Between 11/15/2007 and 6/11/2008
	35-08-PC	Since initial operations began
	37-08-ST	Between 11/15/2007 and 6/11/2008
	39-08-ST through 47-08-CST	Between 11/15/2007 and 6/11/2008
1/22/2010	49-10-GOP	Between 4/29/2009 and 12/22/2009
1/22/2010	50-10-GOP	Between 4/29/2009 and 12/22/2009
9/21/2010	52-10-GOP	Between 12/22/2009 and 6/29/2010

Each incident of the construction, modification, or operation of a source which may ultimately result in an initiation or increase in emission of air contaminants prior to

approval from the permitting authority is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

C. In correspondence dated March 24, 2010, the Respondent reported the flame for the control flare (EQT 1) at the Good Hope Field Facility (AI No. 32776) went out and did not re-light because the auto igniter failed resulting in waste gas, glycol still column condenser vapors and tank vapors being released to atmosphere through the tip. According to correspondence from the Respondent dated August 23, 2011, this event resulted in the following emissions from the control flare. According to correspondence dated August 23, 2011, the duration of the event was less than five (5) hours.

Pollutant	Emissions	Permit Limit
VOCs	0.07 tons	1.38 tpy
	26.26 lbs/hr	0.31 lbs/hr

The exceedance of a permitted emission limit is a violation of Air Permit No. 2520-00057-06, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). This incident is also a violation of LAC 33:III.905.A.

D. According to correspondence from the Respondent's representative dated August 23, 2011, the following facilities were operating and required coverage under an air permit when acquired by the Respondent.

AI No.	Facility Name	Date Acquired	Permit Application Date	Permit Number and Issue Date
154334	Compressor Station No. 1	12/1/1999	10/29/2007	2940-00299-00 issued on 9/4/2008
154336	J. B. Ferguson #6 Tank Battery & SWD Facility	12/1/1999	10/29/2007	2940-00300-00 issued on 12/7/2007
154337	J. B. Ferguson No. 10 Tank Battery	12/1/1999	10/26/2007	2940-00301-00 issued on 3/11/2008

AI No.	Facility Name	Date Acquired	Permit Application Date	Permit Number and Issue Date
154339	Roy Reese et al No. 1 Tank Battery	12/1/1999	10/10/2007	2940-00303-00 issued on 2/28/2008

The unauthorized operation of each facility between the date the facility was acquired until the date each facility's air permit was issued is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

E. The permit application dated September 2, 2009, for Compressor Station No. 1 (AI No. 154334), requests the addition of compressor engine, EPN 15-09-ICE-ES. According to correspondence from the Respondent's representative dated August 23, 2011, this engine was installed and began operating on April 29, 2009. The Respondent's failure to submit a permit application prior to construction, reconstruction, or modification of the facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

F. The permit application dated September 2, 2009, for Compressor Station No. 1 (AI No. 154334), requests the addition of compressor engine, EPN 15-09-ICE-ES. According to correspondence from the Respondent's representative dated August 23, 2011, this engine was installed and began operating on April 29, 2009. Air Permit No. 2940-00299-01, issued on November 24, 2009, includes the source. The operation of the compressor engine between April 29, 2009, and November 23, 2009, prior to approval from the permitting authority is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

G. The permit application dated August 25, 2010, for J. B. Ferguson #6 Tank Battery & SWD Facility (AI No. 154336), requests the addition of oil storage tanks, EPN 10a-

10-OST-CV and 10b-10-OST-CV. According to correspondence from the Respondent's representative dated August 23, 2011, these emission points were installed and operating between December 17, 2009, and June 30, 2010. The Respondent's failure to submit a permit application prior to construction, reconstruction, or modification of the facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2).

H. The permit application dated August 25, 2010, for J. B. Ferguson #6 Tank Battery & SWD Facility (AI No. 154336), requests the addition of oil storage tanks, EPN 10a-10-OST-CV and 10b-10-OST-CV. According to correspondence from the Respondent's representative dated August 23, 2011, these emission points were installed and operating between December 17, 2009, and June 30, 2010. The operation of each source prior to approval from the permitting authority 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 EIGHTY THOUSAND AND NO/100 DOLLARS ($80,000.00), of which One Thousand Six Hundred Seventy-Eight and 76/100 Dollars ($1,678.76) 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)/permit record(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 La. R. S. 30:2025(E) of the Act.

VIII

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Charles and Vermilion 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 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.

X

Payment is to be made on an installment basis as follows: 23 months at $3,333.33 each month and $3,333.41 due on the 24th month. The first installment payment is due within ten (10) days from notice of the Secretary's signature. Each subsequent payment is due on the first of the month each month until paid in full. If payment is not received according to the stated payment schedule, 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).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

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.

EXTEX OPERATING COMPANY

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: _____
D. Chance McNeely, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20_____, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
D. Chance McNeely, Assistant Secretary