

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

GULFPORT ENERGY CORPORATION

AI # 145324

PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT

LA. R.S. 30:2001, ET SEQ.

\* Settlement Tracking No.  
\* SA-AE-09-0073  
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\* Enforcement Tracking No.  
\* AE-CN-08-0237  
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SETTLEMENT

The following Settlement is hereby agreed to between Gulfport Energy Corporation (“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 Calcasieu Lake Production Facility (the Facility), a natural gas, crude oil, and water collection and separation facility for several wells. The facility is located approximately fourteen (14) miles south of Sulphur, off of Louisiana Highway 27 in Cameron Parish, Louisiana.

II

On June 26, 2009, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty (CONOPP), Enforcement Tracking No. AE-CN-08-0237, which was based upon the following findings of fact:

On or about August 4, 2008, an Environment Results Program inspection was performed to determine the degree of compliance with the Act and the Air Quality Regulations. On or

about March 17, 2009, a file review of the facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

- A. The facility began operation in October 2006. The facility is operating the glycol dehydrator which is subject to 40 CFR 63 Subpart HH. Facilities subject to any federal requirements contained in 40 CFR Part 63 are excluded from coverage under SOGA permits. According to LAC 33:III.513.A.4, any source which is issued the general permit shall, notwithstanding a permit shield, be subject to enforcement action for operation without a permit if the source is later determined not to qualify for the general permit. Therefore, the facility was operating without a permit since the applicability date of Subpart HH, January 3, 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. The facility has operated without a permit since the applicability date of Subpart HH, January 3, 2007, a period of two years. The failure to obtain prior approval for any construction, modification, or operation 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.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1).and 30:2057(A)(2).
- C. The Compressor Engine EP CE-01 underwent an initial stack test on or about August 30, 2007. The stack test results were reported to the Department on or about December 4, 2007, a period of ninety-six (96) days after the test. The failure to report the stack test results within sixty (60) days of the test is a violation of General Condition VI of the current permit, Specific Requirement 54 of the current permit, LAC 33:III.501.C.4, and La. R.S. 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 ONE THOUSAND SIX HUNDRED EIGHTY AND NO/100 DOLLARS (\$1,680.00), of which Four Hundred Seventy-Two and 85/100 Dollars (\$472.85) 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 reports, the CONOPP, 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 Cameron 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.

GULFPORT ENERGY CORPORATION

BY: James D. Palm  
(Signature)

JAMES D. PALM  
(Print)

TITLE: CEO

THUS DONE AND SIGNED in duplicate original before me this 27<sup>th</sup> day of  
APRIL, 20 10, at OKLAHOMA CITY, OKLAHOMA



CATHERINE G. IVEY  
NOTARY PUBLIC (ID # 10001364)

CATHERINE G. IVEY  
(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Peggy M. Hatch, Secretary

BY: Beau James Brock  
Beau James Brock, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 12<sup>th</sup> day of  
October, 20 10, at Baton Rouge, Louisiana.

Christopher A. Ratchoff  
NOTARY PUBLIC (ID # 10149)

Christopher A. Ratchoff  
(Print)

Approved: Paul D. Miller  
Paul D. Miller, P.E., Assistant Secretary

