

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

LAMAMCO DRILLING COMPANY

AI # 31924

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

- \* Settlement Tracking No.
- \* SA-AE-05-0052
- \* Enforcement Tracking No.
- \* AE-PP-05-0086
- \*
- \*
- \*
- \*

SETTLEMENT

The following Settlement is hereby agreed to between Lamamco Drilling 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 who operates a crude oil production facility located approximately four (4) miles south of Lisbon in Claiborne Parish, Louisiana ("the Facility").

II

On May 24, 2005, the Department issued to Respondent a Notice of Potential Penalty, AE-PP-05-0086, which was based upon the following findings of fact:

On or about April 26, 2005, a file review of the Lisbon-Petit Sand Unit, 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 four (4) miles south of Lisbon in Claiborne Parish, Louisiana. The facility previously operated under Title V Permit No. 0620-00109-V0 issued on July 31, 1997, and which expired on July 31, 2002. Consolidated Compliance Order

& Notice of Potential Penalty No. AE-CN-03-0401 and Amended Consolidated Compliance Order & Notice of Potential Penalty No. AE-CN-03-0401A, were issued to the Respondent on December 8, 2003, and May 27, 2004 respectfully, authorizing the operation of the facility under the terms and conditions of Title V Permit No. 0620-00109-V0 until issuance of the renewed permit or unless otherwise notified in writing by the Department. The Respondent was issued a standard oil and gas permit, Air Permit No. 0620-00109-00, on April 21, 2004.

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

- A. The Department received the Respondent's semiannual monitoring report for the period encompassing January through April 21, 2004, dated April 18, 2005. The Respondent failed to submit the semiannual monitoring report to the Department by September 30, 2004. This is a violation of Amended Consolidated Compliance Order & Notice of Potential Penalty No. AE-CN-03-0401A and Section 2057(A)(2) of the Act.
- B. The Department received the Respondent's annual compliance certification for the 2004 calendar year, dated April 18, 2005. The Respondent failed to submit the annual compliance certification to the Department by March 31, 2005. This is a violation of Amended Consolidated Compliance Order & Notice of Potential Penalty No. AE-CN-03-0401A and Section 2057(A)(2) of the Act.

### 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 THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00), of which Two Hundred Fifty-Nine and 13/100 Dollars (\$259.13) 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 Claiborne, 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.

LAMAMCO DRILLING COMPANY

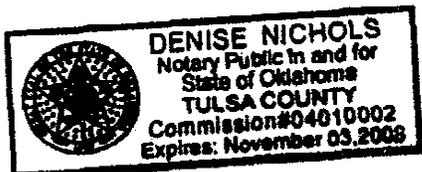
BY: [Signature]  
(Signature)

STANLEY J. MILLER

(Print)

TITLE: PARAGON

THIS DONE AND SIGNED in duplicate original before me this 12<sup>th</sup> day of JUNE, 20 07, at SKIATOOK, OK.



[Signature]  
NOTARY PUBLIC (ID # \_\_\_\_\_)

Denise Nichols

(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

Mike D. McDaniel, Ph.D., Secretary

BY: [Signature]  
Harold Leggett, Ph.D., Assistant Secretary  
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 11<sup>th</sup> day of September, 20 07, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 20956)  
Ted R. Bryley, Jr.

(Print)

Approved: [Signature]  
Harold Leggett, Ph.D., Assistant Secretary