

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

MANTLE OIL & GAS, LLC

AI # 172398

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

\* Settlement Tracking No.  
\* SA-WE-12-0048  
\*  
\* Enforcement Tracking No.  
\* WE-CN-10-01364  
\*  
\*  
\* Docket No. 2011-18538-EQ  
\*

SETTLEMENT

The following Settlement is hereby agreed to between Mantle Oil & Gas, LLC (“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 liability company that owns and/or operates an oil and gas production facility located near Paincourtville, Assumption Parish, Louisiana. (“the Facility”).

II

On September 3, 2010, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. WE-CN-10-01364, which was based upon the following findings of fact:

The Respondent owns and/or operates an oil and gas production facility known as the Dugas and LeBlanc Co. LTD #1 well located approximately one-third mile north of the La. Hwy 70 and La. Hwy 1004 intersection (Lat. 30.0075N, Long. 91.084933W), near Paincourtville in Assumption

Parish, Louisiana. The Respondent does not have a Louisiana Pollutant Discharge Elimination System (LPDES) permit or other authority to discharge wastes and/or other substances to waters of the state.

On or about August 11, 2010, the Respondent experienced an uncontrolled release of oily fluids and gas at the above-referenced facility. This release terminated on or about August 24, 2010. This release did allow oily fluids to be discharged into the surrounding agricultural fields. Additionally, rainfall events during the 13 days of the uncontrolled release generated an additional amount of contaminated storm water. Although approximately 6.2 million gallons of contaminated storm water have been removed from the site, approximately 1,000,000 gallons of contaminated storm water has [sic] been retained in a containment area adjacent to La. Hwy 70.

Investigation by the Department during the period of the uncontrolled release revealed that the Respondent did cause or allow the unauthorized discharge of oily fluids to the ground and open ditches, waters of the state. Each day of the unauthorized discharge is in violation of La. R.S. 30:2075 and LAC 33:IX.1701.B.

Further investigation revealed the potential for a catastrophic failure of the containment system which would allow the uncontrolled discharge of the contaminated storm water to flow into the surrounding agricultural areas.

The Department has been paid SIXTY-FOUR THOUSAND NINE HUNDRED NINETY-THREE AND 59/100 DOLLARS (\$64,993.59) as reimbursement for emergency response costs.

### III

In response to the Consolidated Compliance Order & Notice of Potential Penalty, Respondent made a timely request for a hearing.

#### IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

#### V

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 FORTY THOUSAND TWO HUNDRED SIXTY-FIVE AND NO/100 DOLLARS (\$40,265.00), of which One Thousand Two Hundred Sixty-Five and No/100 Dollars (\$1,265.00) 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).

#### VI

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order & 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.

#### VII

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.

### VIII

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.

### IX

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

### X

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).

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.

MANTLE OIL & GAS, LLC

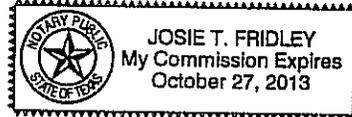
BY: [Signature]  
(Signature)

D. Chris Barden  
(Printed)

TITLE: Manager

THUS DONE AND SIGNED in duplicate original before me this 5<sup>th</sup> day of February, 20 13, at Friendswood, TX.

[Signature]  
NOTARY PUBLIC (ID # 00156933-3)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Peggy M. Hatch Secretary

BY: [Signature]  
Cheryl Sonnier Nolan, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 28<sup>th</sup> day of May, 20 13, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 19181)

Perry Theriot  
(stamped or printed)

Approved: [Signature]  
Cheryl Sonnier Nolan, Assistant Secretary