

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

MUSTANG ENERGY L. L. C.

AI # 155214

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

\* Settlement Tracking No. SA-AE-09-0002 \* \* Enforcement Tracking No. AE-PP-08-0064 \* \* \* \* \*

SETTLEMENT

The following Settlement is hereby agreed to between Mustang Energy L.L.C. ("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 a commingling and transfer facility located five and one-half miles southwest of Lockport in Lafourche Parish, Louisiana. ("the Facility").

II

On May 23, 2008, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-08-0064, which was based upon the following findings of fact:

On or about April 23, 2008, a file review of Lake Long Commingling and Transfer Facility, owned and/or operated by Mustang Energy L.L.C. (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 five and one-half miles southwest of Lockport in Lafourche Parish, Louisiana.

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

- A. In correspondence received by the Department on or about December 17, 2007, the Respondent applied for a Standard Oil and Gas Air (SOGA) permit. Included within the application was information that disclosed the facility was constructed in March 2007. SOGA permit No. 1560-00259-00, assigned to the facility, has not yet been issued. Failure to apply for a SOGA permit prior to beginning construction 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)(1) and 30:2057(A)(2).
- B. In correspondence received by the Department on or about December 17, 2007, the Respondent disclosed that the facility began operation on or about April 2007. Failure to apply for a SOGA permit prior to beginning 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, and La. R.S. 30:2057(A)(1) and 30:2057(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 ONE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$1,500.00) of which Three Hundred Seventy and 82/100 Dollars (\$370.82) 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), 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 Lafourche 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 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.

MUSTANG ENERGY, L.L.C.

BY: Bruce Davis  
(Signature)

Bruce Davis  
(Print)

TITLE: Mgr.

THIS DONE AND SIGNED in duplicate original before me this 27 day of March, 20 09, at 9<sup>th</sup> rd.

Earl R. McCallon  
NOTARY PUBLIC (ID # \_\_\_\_\_)

EARL R. MCCALLON  
BAR NO. 09235

NOTARY PUBLIC (Print) TAMMANY PARISH  
STATE OF LOUISIANA  
MY COMMISSION IS ISSUED FOR LIFE

LOUISIANA DEPARTMENT OF  
ENVIRONMENTAL QUALITY  
Harold Leggett, Ph.D., Secretary

BY: Peggy M. Hatch  
Peggy M. Hatch, Assistant Secretary  
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 1st day of July, 20 09, at Baton Rouge, Louisiana.

Christopher A. Ratcliff  
NOTARY PUBLIC (ID # \_\_\_\_\_)

Christopher A. Ratcliff  
(Print)

Approved: Peggy M. Hatch  
Peggy M. Hatch, Assistant Secretary