STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-16-0008**
NABORS - JOHNSON PRODUCTION CO., INC.	*	
	*	
	*	**Enforcement Tracking No.**
AI # 167130	*	**AE-PP-09-0705**
	*	**AE-PP-09-0705A**
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	
	*	
	*	

SETTLEMENT

The following Settlement is hereby agreed to between Nabors - Johnson Production Co., Inc. ("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 a facility located in Sabine Parish, Louisiana ("the Facility").

II

On May 22, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-09-0705, which was based upon the following findings of fact:

"On or about February 22, 2011, a file review of Nabors Logan #31 Compressor Station, owned and/or operated by **NABORS – JOHNSON PRODUCTION CO., INC. (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 off of Louisiana Highway 174

approximately three (3) miles northeast of Mitchell in Sabine Parish, Louisiana.

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 review:

A. The Respondent submitted a Minor Source Air permit application to the Department for the Nabors Logan #31 Compressor Station on or about September 30, 2009. The application stated that the station is an existing facility. Additionally, the Emissions Inventory Questionnaire portion of the application indicated that the facility was constructed as early as January 1, 1984. The Respondent's failure to submit a permit application and receive approval from the permitting authority prior to the construction, modification, and/or operation of a facility, which ultimately may have resulted in an initiation or increase in emission of air contaminants, is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

B. The Respondent operated the Nabors Logan #31 Compressor Station without a permit. Specifically, the Respondent operated the facility without authorization from the date of construction, January 1, 1984, until the issuance of Minor Source Air Permit 2700-00089-00 on or about November 12, 2009. The operation of the facility without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2)."

On December 2, 2011, the Department issued to Respondent an Amended Notice of Potential Penalty, Enforcement No. AE-PP-09-0705A, which was based upon the following findings of fact:

"The Department hereby amends Subparagraph A to read as follows:

'A. The Respondent submitted a Minor Source Air permit application to the Department for the Nabors Logan #31 Compressor Station on or about September 30, 2009. The application stated that the station is an existing facility. The Respondent submitted correspondence to the Department on or about June 3, 2011, indicating that operation of the facility began in December 2007. The Respondent's failure to submit a permit application and receive approval from the permitting authority prior to the construction of a facility is a violation of LAC 33:III.501.C.1, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).'

The Department hereby amends Subparagraph B to read as follows:

'B. The Respondent operated the Nabors Logan #31 Compressor Station without a permit. Specifically, the Respondent operated the facility without authorization

from December 2007 until the issuance of Minor Source Air Permit 2700-00089-00 on or about November 12, 2009. The operation of the facility without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).'

The Department incorporates all of the remainder of the original **NOTICE OF POTENTIAL PENALTY, ENFORCEMENT TRACKING NO. AE-PP-09-0705** and **AGENCY INTEREST NO. 167130**, as if reiterated herein."

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 SIX THOUSAND ONE HUNDRED THIRTY-EIGHT AND 15/100 DOLLARS ($6,138.15), of which Four Hundred Ninety-One and 40/100 Dollars ($491.40) 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 permit record(s), the Notice of Potential Penalty, Amended 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 Sabine Parish, Louisiana. The advertisement, in form and wording 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.

NABORS - JOHNSON PRODUCTION CO., INC.

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
Chuck Carr Brown, Ph.D., Secretary

BY: _____
Lourdes Iturralde, 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: _____
Lourdes Iturralde, Assistant Secretary