

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

SANCHEZ OIL & GAS CORPORATION

AI # 31856 and 86425

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

* Settlement Tracking No.
* SA-AE-12-0062
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* Enforcement Tracking No.
* AE-PP-11-00706
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SETTLEMENT

The following Settlement is hereby agreed to between Sanchez Oil & Gas 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 two oil and gas production facilities, located approximately 12 miles north of Jonesville in Catahoula Parish, Louisiana and approximately 10 miles southwest of Walters in LaSalle Parish, Louisiana (“the Facilities”).

II

On September 27, 2011, a Notice of Potential Penalty, Enforcement No. AE-PP-11-00706 was issued to Respondent, based upon the following findings of fact:

On or about August 12, 2011, file reviews of Placid Fee North Long Branch Central Facility (Agency Interest No. 31856) and French Fork Production Facility (Agency Interest No. 86425), owned and/or operated by Sanchez Oil & Gas Corporation (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The Placid Fee North Long Branch Central Facility is located approximately 12 miles north of Jonesville in Catahoula Parish, Louisiana. The French Fork Production Facility is located approximately 10 miles southwest of Walters in LaSalle 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 reviews:

- A. According to the Name/Ownership/Operator Change Form (NOC-1 Form) received on March 23, 2011, the Respondent became the owner and/or operator of the following facilities on December 8, 2010. The permit transfer date was April 7, 2011, for the following facilities.

AI Number	Facility Name	Permit Number
31856	Placid Fee North Long Branch Central Facility	0580-00018-00
86425	French Fork Production Facility	1680-00053-02

Each incident of the Respondent's failure to submit a complete NOC-1 form to the Department within 45 days after the ownership change is a violation of I.AC 33:I.1905.A, LAC 33:III.517.G and La. R.S. 30:2057(A)(2).

- B. According to the NOC-1 Form received on March 23, 2011, the Respondent became the owner and/or operator of the following facilities on December 8, 2010. The permit transfer date was April 7, 2011, for the following facilities.

AI Number	Facility Name	Permit Number
31856	Placid Fee North Long Branch Central Facility	0580-00018-00
86425	French Fork Production Facility	1680-00053-02

The operation of each facility during the time period of December 8, 2010, and April 7, 2011, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:3057(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 THIRTEEN AND 17/100 DOLLARS (\$1,013.17), of which Two Hundred Ninety Three and 17/100 Dollars (\$293.17) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement

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 La. 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 Catahoula Parish and LaSalle 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 the original proof-of-publication affidavits and original public notices 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.

SANCHEZ OIL & GAS CORPORATION

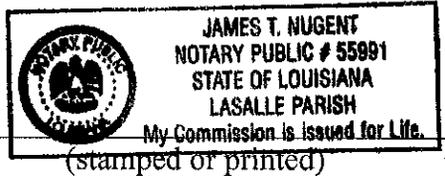
BY: Sidney L Davis
(Signature)

Sidney L. Davis
(Printed)

TITLE: Production Foreman

THUS DONE AND SIGNED in duplicate original before me this 4th day of June, 20 13, at Lena, Louisiana.

James T. Nugent
NOTARY PUBLIC (ID # _____)



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 25th day of July, 20 13, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Approved: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary

Perry Theriot
(stamped or printed)