STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-13-0028**
TOCE OIL COMPANY	*	
	*	**Enforcement Tracking No.**
AI # 167470, 18665, 165510, 167469	*	**AE-PP-10-00210**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Toce Oil Company and Toce Energy, L.L.C. ("Respondents") 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

Respondents are corporations that own and/or operate the following facilities: Pittman-USA Tank Battery located off of Junior Road, 4.2 miles southwest of Kaplan, Vermilion Parish, Louisiana; Ruff I Production Facility located approximately 1/3 of a mile west of Highway 1 near Leeville, Lafourche Parish, Louisiana; Futral Tank Battery located in Port Barre, St. Landry Parish, Louisiana; and J. Ledoux No. 1 Production Facility located approximately 5 miles southwest of Gueydan, Vermilion Parish, Louisiana.

II

On August 12, 2010, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-10-00210, which was based upon the following findings of fact:

On or about February 17, 2010 a file review of **PITTMAN-USA TANK BATTERY**, owned and/or operated by **TOCE OIL COMPANY (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 Junior Road, 4.2 miles southwest of Kaplan, Vermilion Parish, Louisiana.

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

A. On or about October 21, 2009, the Respondent applied for an Air Permit for the facility. On or about January 6, 2010 the facility was issued State Air Permit No. 2940-00324-00. In correspondence dated March 1, 2010, the Respondent stated that the facility began operation on or about December, 2000. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification is a violation of LAC 33.III.501.C.1, La R.S. 30:2057(A)(1), and La R.S. 30.2057(A)(2).

B. During the period beginning on or about December, 2000 and ending on or about January 6, 2010, the facility was in operation without a valid air permit. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without a valid permit is a violation of LAC 33.III.501.C.2, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

The following violations, although not cited in the foregoing enforcement action(s), are included within the scope of this settlement:

During the period beginning on or about March 1987 and ending on or about August 8, 2010, the Ruff 1 Production Facility was in construction and operation without a valid air permit. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without a valid permit is a violation of LAC 33.III.501.C.2, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

On or about March 15, 2010, the Respondent applied for an Air Permit for the facility. On or about August 8, 2010 the facility was issued State Air Permit No. 1560-00284-00. Failure to submit a timely and complete permit application to the Department prior to any construction,

reconstruction, or modification is a violation of LAC 33.III.501.C.1, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

Additionally, Toce Energy, L.L.C., a sister corporation of Toce Oil Company, with common ownership, has requested that the following violations, although not cited in the foregoing enforcement action(s), be included within the scope of this settlement:

During the period beginning on or about September 7, 2005 and ending on or about December 11, 2009, Futral Tank Battery was in construction and operation without a valid air permit. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without a valid permit is a violation of LAC 33.III.501.C.2, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

On or about October 21, 2009, the Respondent applied for an Air Permit for the facility. On or about December 11, 2009 the facility was issued State Air Permit No. 2600-00083-00. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification is a violation of LAC 33.III.501.C.1, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

During the period beginning on or about April 16, 2008 and ending on or about July 29, 2009, the J. Ledoux No. 1 Production Facility was in construction and operation without a valid air permit. Operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants without a valid permit is a violation of LAC 33.III.501.C.2, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

On or about June 23, 2009, the Respondent applied for an Air Permit for the facility. On or about July 29, 2009 the facility was issued State Air Permit No. 2940-00320-00. The failure to submit a timely and complete permit application to the Department prior to any construction,

reconstruction, or modification is a violation of LAC 33.III.501.C.1, La R.S. 30.2057(A)(1), and La R.S. 30.2057(A)(2).

III

Respondents deny they committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondents, without making any admission of liability under state or federal statute or regulation, agree to pay, and the Department agrees to accept, a payment in the amount of TWENTY SEVEN THOUSAND AND NO/100 DOLLARS ($27,000.00), of which Two Hundred Twenty-Seven and 46/100 Dollars ($227.46) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondents 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

Respondents further agree that the Department may consider the permit record(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 Respondents, and in any such action Respondents shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondents' 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 Respondents

hereby waive 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 Respondents have caused a public notice advertisement to be placed in the official journal of the parish governing authority in Vermilion, Lafourche, and St. Landry Parishes, 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. Respondents have submitted an original proof-of-publication affidavit and an original public notice from the newspaper of each affected parish 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.

TOCE OIL COMPANY/TOCE ENERGY, L.L.C.

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
Peggy M. Hatch, Secretary

BY: _____
Cheryl Sonnier Nolan, 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: _____
Cheryl Sonnier Nolan, Assistant Secretary