

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

PETRO HARVESTER OPERATING
COMPANY, LLC
AI # 32112, 32838, 94052 AND 94053

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

* Settlement Tracking No.
* SA-AE-14-0050
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* Enforcement Tracking No.
* AE-PP-12-00816
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SETTLEMENT

The following Settlement is hereby agreed to between Petro Harvester Operating Company, 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 crude oil and natural gas production facilities located in Iberia and St. Landry Parishes, Louisiana (“the Facilities”).

II

On January 23, 2013, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-12-00816**, which was based upon the following findings of fact:

“On or about January 11, 2013, file reviews of multiple facilities owned and/or operated by Petro Harvester Operating Company, LLC (RESPONDENT), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facilities and their corresponding locations are listed below:

Facility	AI No.	Location	Permit No. (Issue Date)
Tank Battery No. 1/Compressor Station No. 2	32112	4 miles east of New Iberia in Iberia Parish, Louisiana	Minor Source Air Permit No. 1260-00067-01 (8/15/2012); administratively amended on 11/15/2002
Port Barre Field Commingling Facility No. 2	32838	3 miles southeast of Port Barre in Saint Landry Parish, Louisiana	Standard Oil & Gas Air Permit No. 2600-00027-02 (7/20/2004)
Port Barre Field Commingling Facility No. 1	94052	4.5 miles southeast of Port Barre in Saint Landry Parish, Louisiana	Standard Oil & Gas Air Permit No. 2600-00057-00 (10/15/2003)
Commingling Facility #3-Port Barre Field	94053	2.8 miles southeast of Port Barre in Saint Landry Parish, Louisiana	Standard Oil & Gas Air Permit No. 2600-00058-01 (7/14/2005)

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 Forms (NOC-1 Forms) received on or about March 2, 2012, the Respondent became the owner of the following facilities on December 1, 2011, and operator on March 1, 2012. The permit transfer date was June 21, 2012, for the following facilities:

Facility	AI No.	Permit No.
Tank Battery No. 1/Compressor Station No. 2	32112	1260-00067-00
Port Barre Field Commingling Facility No. 2	32838	2600-00027-02
Port Barre Field Commingling Facility No. 1	94052	2600-00057-00
Commingling Facility #3-Port Barre Field	94053	2600-00058-01

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 LAC 33:I.1907.B, LAC 33:III.517.G and La. R.S. 30:2057(A)(2).

- B. According to the NOC-1 Forms received on or about March 2, 2012, the Respondent became the owner of the following facilities on December 1, 2011, and operator on March 1, 2012. The permit transfer date was June 21, 2012, for the following facilities:

Facility	AI No.	Permit No.
Tank Battery No. 1/Compressor Station No. 2	32112	1260-00067-00
Port Barre Field Commingling Facility No. 2	32838	2600-00027-02
Port Barre Field Commingling Facility No. 1	94052	2600-00057-00
Commingling Facility #3-Port Barre Field	94053	2600-00058-01

The unauthorized operation of each facility during the time period of December 1, 2011, through June 21, 2012, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(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 THREE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$3,500.00), of which Two Hundred Nine and 38/100 Dollars (\$209.38) 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 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 Iberia 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. 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.

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.

PETRO HARVESTER OPERATING COMPANY, LLC

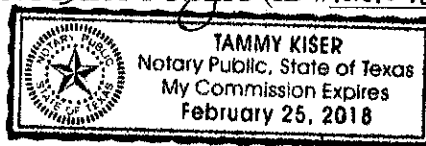
BY: Jeffrey C. Pettit
(Signature)

JEFFREY C. PETTIT
(Printed)

TITLE: SVP - Gulf Coast District

THUS DONE AND SIGNED in duplicate original before me this 18th day of September, 20 14, at Houston, TX

Tammy Kiser
NOTARY PUBLIC (ID # 128187399)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

Peggy M. Hatch, Secretary

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

THUS DONE AND SIGNED in duplicate original before me this 25th day of November, 20 14, at Baton Rouge, Louisiana.

Debra C. King
NOTARY PUBLIC (ID # 20520)

La. Bar Roll

Life Commission

Debra C. King
(stamped or printed)

Approved: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary