

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

WHITE OAK OPERATING COMPANY, LLC

AI # 81098, 102209, 126355, 179605, 18123, 83986,
114252, 116273, 120123 and 147891

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

* Settlement Tracking No.
* SA-AE-15-0039
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* Enforcement Tracking No.
* AE-PP-12-00647
* AE-PP-12-01281
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SETTLEMENT

The following Settlement is hereby agreed to between White Oak 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 corporation that owns and/or operates oil and natural gas facilities located in Vermilion, Lafayette, Cameron, St. Martin, Jefferson Davis, Beauregard and St. Mary Parishes, Louisiana (“the Facilities”).

II

On January 11, 2013, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-12-00647**, which was based upon the following findings of fact:

“On or about May 30, 2012, and June 14, 2012, file reviews of the following oil and natural gas production facilities owned and/or operated by White Oak 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:

AGENCY INTEREST NO.	FACILITY NAME	PHYSICAL LOCATION	PERMIT NO.
81098	Shore Oil Company No. 1 Production Facility	3.5 miles northeast of Baldwin in St. Mary Parish, Louisiana	2660-00220-01
102209	3TEC #6 & #7 Production Facility	3.5 miles northeast of Baldwin in St. Mary Parish, Louisiana	2660-00234-01
126355	SL 18350 Well #1	18 miles southwest of Patterson in St. Mary Parish, Louisiana	2660-00284-01
179605	Sterling Sugars #1 Tank Battery	3.3 miles east of Baldwin in St. Mary Parish, Louisiana	2660-00209-00

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. The Respondent acquired and began operation of the facilities on February 1, 2012. The Respondent submitted a complete Name/Ownership/Operator Change Form (NOC-1) for each facility dated March 20, 2012. The failure to provide the Department with a NOC-1 within forty-five (45) days after the change of ownership or operational control is a violation of LAC 33:I.1907.B, LAC 33:III.517.G, and La. R.S. 30:2057(A)(2).
- B. The Respondent acquired and began operation of the facilities on February 1, 2012. The Department transferred the corresponding air permit for each facility on April 20, 2012. The unauthorized operation of each facility from February 1, 2012, to April 19, 2012, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2)."

On August 19, 2013, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-12-01281**, which was based upon the following findings of fact:

“On or about June 10, 2013, a file review of the following facilities, owned and/or operated by White Oak Operating Company, LLC. (Respondent), was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations.

AGENCY INTEREST NUMBER	FACILITY	LOCATION	PERMIT NUMBER	ISSUE DATE
147891	James K Clark No. 1 Facility	21622 Veterans Memorial Drive, off Highway 14, 1.5mi west of Kaplan, Vermillion Parish, Louisiana	2940-00292-01	12-17-08
114252	Palmer No. 1 Facility	Highway 339, 4 miles south of Lafayette, Lafayette Parish, Louisiana	1520-00122-02	8-5-09
116273	South Creole Field Production Facility	1 mile south of Creole, Cameron Parish, Louisiana	0560-00204-01	9-25-09
18123	Mystic Bayou Field Production Facility	8 miles southwest of Belle River in remote swampland, St. Martin Parish, Louisiana	2620-00054-01	3-28-02
83986	General AG Inc. #1 Production Facility	2 miles northeast of Hathaway, Jefferson Davis Parish, Louisiana	1360-00091-02	10-23-06
120123	Beulah Hebert et al No. 1 Production Facility & SWD Site	6.5 miles south of Ragley, Beauregard Parish, Louisiana	0320-00066-00	3-26-04

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 became the owner/operator of the aforementioned facilities and submitted Notification of Change Forms (NOC-1) to the Department as listed below:

AGENCY INTEREST NUMBER	CHANGE OF OWNERSHIP DATE	NOC-1 SUBMITTAL DATE
147891	9-14-11	8-31-12
114252	6-1-11	11-8-11
116273	2-1-11	6-9-11
18123	12-1-10	5-18-11
83986	9-1-11	12-13-11
120123	9-1-11	12-13-11

Each failure to submit the NOC-1 and associated documentation to the Department within forty-five (45) days after a change in ownership of a permitted facility is a violation of LAC 33:I.1907.B; LAC 33:III.517.G; and La. R.S. 30:2057(A)(2).

B. The Respondent operated the facilities as indicated in the table below:

AGENCY INTEREST NUMBER	CHANGE OF OWNERSHIP DATE	PERMIT TRANSFER DATE	DURATION OF UNAUTHORIZED OPERATION
147891	9-14-11	9-17-12	369 days
114252	6-1-11	12-7-11	189 days
116273	2-1-11	6-24-11	143 days
18123	12-1-10	6-22-11	203 days
83986	9-1-11	1-27-12	148 days
120123	9-1-11	1-27-12	148 days

The unauthorized operation of each facility from the date the facility was acquired until the permit was transferred, 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 SEVEN THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$7,250.00) of which Nine Hundred Ninety and 02/100 Dollars (\$990.02) 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)/permit record(s), the Notices 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 Vermilion, Lafayette, Cameron, St. Martin, Jefferson Davis, Beauregard, and St. Mary Parishes, 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.

WHITE OAK OPERATING COMPANY, LLC

BY: [Signature]
(Signature)

R. Michael Rayburn, Jr.
(Printed)

TITLE: Executive Vice President

THUS DONE AND SIGNED in duplicate original before me this 29th day of October, 20 15, at Harris Co. Houston, TX.



[Signature]
NOTARY PUBLIC (ID # _____)

Terri Marino
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch Secretary

BY: [Signature]
D. Chance McNeely, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 14th day of December, 20 15, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 20590)
for Dan Roll # Life Commission

Diana C. King
(stamped or printed)

Approved: [Signature]
D. Chance McNeely, Assistant Secretary