

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

MCGOWAN WORKING PARTNERS, INC.

AI # 165180, 165181, 32258

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

* Settlement Tracking No.
* SA-AE-19-0075
*
* Enforcement Tracking Nos.
* AE-PP-13-00294
* AE-PP-13-01184
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SETTLEMENT

The following Settlement is hereby agreed to between McGowan Working Partners, 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 owned and/or operated facilities located in Acadia Parish and Jefferson Davis Parish, Louisiana (“the Facilities”).

II

On April 30, 2013, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-13-00294 (Exhibit 1).

On April 11, 2014, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-13-01184 (Exhibit 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 Six Hundred Sixty-Nine and 34/100 Dollars (\$669.34) 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 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 Acadia Parish and Jefferson Davis 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.

MCGOWAN WORKING PARTNERS, INC.

BY: David Russell
(Signature)

DAVID B RUSSELL
(Printed)

TITLE: PRESIDENT

THUS DONE AND SIGNED in duplicate original before me this 30th day of December, 20 19, at Jackson, MS.



Frances M. Gray
NOTARY PUBLIC (ID # 25350)

FRANCES M. GRAY
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]
Loures Iturralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 10th day of March, 20 20, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
Loures Iturralde, Assistant Secretary

BOBBY JINDAL
GOVERNOR



PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

April 30, 2013

CERTIFIED MAIL (7004 2510 0006 3852 5624)
RETURN RECEIPT REQUESTED

MCGOWAN WORKING PARTNERS, INC.
c/o Ricky McGowan
Agent for Service of Process
7404 Eunice-Iota Highway
Eunice, LA 70535

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-13-00294
AGENCY INTEREST NOS. 165180 and 165181**

Dear Sir:

On or about March 26, 2013, file reviews of two (2) crude oil and natural gas facilities, owned and/or operated by **MCGOWAN WORKING PARTNERS, INC. (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
M M Sand Unit #1	165180	7.7 miles northeast of Iota, Acadia Parish, Louisiana
M M Sand Unit #2	165181	6.9 miles northeast of Iota, Acadia 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 Forms (NOC-1 Forms) submitted to the Department and postmarked January 24, 2013, the Respondent became the owner and/or operator of the following facilities on June 1, 2012. The permit transfer date was February 22, 2013, for the following facilities:

AI No.	Facility Name	Permit No.
165180	M M Sand Unit #1	0040-00172-01
165181	M M Sand Unit #2	0040-00173-01



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MCGOWAN WORKING PARTNERS, INC.
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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 submitted to the Department and postmarked January 24, 2013, the Respondent became the owner and/or operator of the following facilities on June 1, 2012. The permit transfer date was February 22, 2013, for the following facilities:

AI No.	Facility Name	Permit No.
165180	M M Sand Unit #1	0040-00172-01
165181	M M Sand Unit #2	0040-00173-01

The unauthorized operation of each facility from June 1, 2012, to February 22, 2013, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A) (1) and 30:2057(A) (2).

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violations described herein. Written comments may be filed regarding the violations and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Maggie Blunschli at (225) 219-4468 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement.

For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

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To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,

A handwritten signature in black ink, appearing to read 'CSN', with a long horizontal flourish extending to the right.

Cheryl Sonnier Nolan
Assistant Secretary

CSN/MRB/mrb
Alt ID Nos. 0040-00172-01 and 0040-00173-01

c: McGowan Working Partners, Inc.
c/o Glenn Hepner
P.O. Box 55809
Jackson, MS 39296



BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

April 11, 2014

CERTIFIED MAIL (7004 2510 0006 3853 9997)
RETURN RECEIPT REQUESTED

MCGOWAN WORKING PARTNERS, INC.
c/o Ricky McGowan
Agent for Service of Process
7404 Eunice-Iota Highway
Eunice, LA 70535

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-13-01184
AGENCY INTEREST NO. 32258

Dear Sir:

On or about November 5, 2013, a file review of the **SOUTH ELTON FIELD PRODUCTION FACILITY #1- SOUTH ELTON FIELD**, owned and/or operated by **MCGOWAN WORKING PARTNERS, 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 five (5) miles south of Elton, Jefferson Davis Parish, Louisiana. The facility currently operates under Air Permit No. 1360-00067-02.

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 stated in correspondence dated July 2, 2013, that the facility had been abandoned and was not operating at the time the Respondent obtained ownership of the site, January 1, 2011. All equipment had been removed from the site with the exception of one (1) or two (2) isolated production tanks which were not useable and were removed shortly after the Respondent took over the site. After obtaining ownership of the site, the Respondent acquired new leases from the landowners and installed new equipment. The facility resumed operations on August 12, 2011. The Department received the Respondent's air permit application dated August 30, 2013, on September 24, 2013. The Respondent's failure to submit a permit application prior to construction, reconstruction, or modification of the facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).



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- B. The Respondent stated in correspondence dated July 2, 2013, that the facility resumed operations on August 12, 2011. The Department received the Respondent's air permit application dated August 30, 2013, on September 24, 2013. The Respondent's failure to obtain authorization prior to construction, modification, or operation of a facility which ultimately resulted in the initiation of, or an increase in, emission of air contaminants is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The Department issued Air Permit No. 1360-00067-02 to the Respondent on November 25, 2013.

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Maggie Turner at (225) 219-4468 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement.

For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,



Cheryl Sonnier Nolan
Assistant Secretary

CSN/MBT/mbt
Alt ID No. 1360-00067

c: McGowan Working Partners, Inc.
c/o Glenn Hepner
Post Office Box 55809
Jackson, MS 39296