

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**WILL-DRILL PRODUCTION COMPANY,
INC.**

AI # 32723, 195369, 198832

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

*** Settlement Tracking No.**

SA-AE-25-0097

*** Enforcement Tracking No.**

AE-PP-23-00157

SETTLEMENT AGREEMENT

The following Settlement Agreement is hereby agreed to between Will-Drill Production Company, 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 owns and/or operates facilities located in Pointe Coupee Parish and Beauregard Parish, Louisiana (“the Facilities”).

II

On November 7, 2024, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-23-00157 (Exhibit 1).

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 FOURTEEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$14,500.00), of which One Thousand Nine Hundred Eighty-Three and 43/100 Dollars (\$1,983.43) represents the Department's enforcement costs, in settlement of the claims set forth in this Settlement 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 Agreement 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 Settlement 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 Settlement Agreement in any action by the Department to enforce this Settlement Agreement.

VII

This Settlement Agreement 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 Agreement, 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 Pointe Coupee Parish and Beauregard Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this Settlement Agreement 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 Agreement 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 thirty (30) days from notice of the Secretary's signature. If payment is not received within that time, this Settlement Agreement is voidable at the option of the Department. The Respondent shall provide its tax identification number when submitting payment. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accounts Receivable, Financial Services Division, Department of

Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303 or by Electronic Funds Transfer (EFT) to the Department of Environmental Quality, in accordance with instructions provided to Respondent by the Financial Services Division. Each payment shall be accompanied by a completed Settlement Payment Form attached hereto.

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement Agreement.

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.

**WILL-DRILL PRODUCTION COMPANY,
INC.**

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**
Courtney J. Burdette, Secretary

BY: _____
Jerrie "Jerry" Lang, 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: 
Jerrie "Jerry" Lang, Assistant Secretary

JEFF LANDRY
GOVERNOR



AURELIA S. GIACOMETTO
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

NOV 07 2024

CERTIFIED MAIL 7021 1970 0000 3978 7919
RETURN RECEIPT REQUESTED



WILL-DRILL PRODUCTION COMPANY, INC.

c/o Ernest J. Nix, Jr.
Agent for Service of Process
1915 E. 70th Street
Shreveport, LA 71105

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-23-00157
AGENCY INTEREST NOS. 32723, 195369, & 198832**

Dear Sir:

On or about October 23, 2024, a file review of the facilities listed in Table A owned and/or operated by **WILL-DRILL PRODUCTION COMPANY, INC. (RESPONDENT)** was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act), the Air Quality Regulations, and all applicable permits. The Respondent owns and/or operates the following facilities under the authority of the Air Quality Permits listed below:

TABLE A							
	AI NO.	ALT. ID	FACILITY NAME	PERMIT NO.	PERMIT ISSUE DATE	PERMIT TYPE	FACILITY ADDRESS
1	32723	LA0000002207700045	Bellelo #1 Production Facility	2260-00045-02	8/14/2012	Minor Source Oil and Gas (MSOG) General Permit	0.4 miles north of Livonia, Pointe Coupee Parish (30.558844, -91.489606)
2	195369	LA0000002201100181	Fisher-Lindsey 4 #1 Facility	0320-00181-01	12/16/2022	MSOG General Permit	19 miles south of Merryville, Beauregard Parish (30.56417, -93.69917)
3	198832	LA0000002207700196	Smith TR 18 #1, L&B etal TR 19 #1, & Exxon Fee TR #1 Facility - Frisco Field	2260-00196-00	12/7/2018	MSOG General Permit	2.8 miles northeast of Livonia, Pointe Coupee Parish (30.56924, -91.50792)

On or about July 28, 2023, the Department conducted an inspection of **BELLELO #1 PRODUCTION FACILITY (Agency Interest No. 32723)**, an oil and natural gas production facility, to determine the degree of compliance with the Act, the Air Quality Regulations, and all applicable permits.

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While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection:

- A. The Respondent failed to comply with the maintenance requirements for pump engine EQT 0010 at the Bellelo #1 Production Facility (AI 32723). Pursuant to 40 CFR 63 Subpart ZZZZ, Table 2d, Number 10, the Respondent is required to change the oil and oil filter, inspect spark plugs, and inspect belts and hoses for this engine every 1,440 hours of operation or annually, whichever comes first. According to correspondence dated August 4, 2023, the engines are rentals from a third-party vendor, and the vendor performs the maintenance on the engines. In correspondence dated August 24, 2023, a representative of the Respondent submitted to the Department 2021, 2022, and 2023 records of downtime. In correspondence dated August 23, 2023, a representative of the Respondent submitted 2023 engine maintenance records to the Department. In correspondence dated August 24 and 31, 2023, a representative of the vendor submitted 2021 and 2022 engine maintenance records to the Department. A review of the facility's maintenance records revealed that the Respondent replaced this engine multiple times between August 18, 2021 and April 4, 2023. A list of pump engines installed at the facility was provided in correspondence dated October 4, 2023 from a representative of the Respondent. Details for the replacement pump engines are listed in Table C.

The Respondent operated engine R-2285 for a total of 11,869 hours from August 18, 2021 to February 6, 2023. Based on the operating times, the Respondent was required to conduct at least eight (8) oil and filter changes and inspections during this time period. The maintenance violations for engine R-2285 are listed in Table B.

TABLE B					
	EMISSION POINT	TIME PERIOD	TOTAL HOURS OF ENGINE OPERATION	MAINTENANCE REQUIREMENT	MAINTENANCE CONDUCTED
1.	EQT 0010 (Engine R-2285)	8/18/2021 through 2/6/2023	11,869	Change oil and filter every 1,440 hours of operation or annually, whichever comes first.	4 oil changes
2.				8 oil and filter changes required from 8/18/2021 through 2/6/2023.	4 oil filter changes
3.				Inspect spark plugs every 1,440 hours of operation or annually, whichever comes first, and replace as necessary. 8 inspections required from 8/18/2021 through 2/6/2023.	4 spark plug inspections

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TABLE B					
	EMISSION POINT	TIME PERIOD	TOTAL HOURS OF ENGINE OPERATION	MAINTENANCE REQUIREMENT	MAINTENANCE CONDUCTED
4.	EQT 0010 (Engine R-2285)	8/18/2021 through 2/6/2023	11,869	Inspect all hoses and belts every 1,440 hours of operation or annually, whichever comes first, and replace as necessary. 8 inspections required from 8/18/2021 through 2/6/2023.	8 belt and hose inspections

Each failure to comply with maintenance requirements is a violation of Specific Requirement 372 of MSOG Air Permit 2260-00045-02, 40 CFR 63.6603(a) which language has been adopted as a Louisiana regulation in LAC 33:III.5311, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In correspondence dated August 4, 2023, a representative of the Respondent reported the vendor was advised to perform the engine maintenance to meet the necessary requirements.

- B. The Respondent operated one (1) emission source without authorization at the Bellelo #1 Production Facility (AI 32723). The Department issued MSOG Air Permit No. 2260-00045-02 to the Respondent on August 14, 2012, authorizing the Respondent to operate a Waukesha F1197G (6WAK) engine. Based upon the facility's maintenance records, the Respondent began operating a 6WAK engine R-2186 (EQT 0006) on July 19, 2017 and replaced this engine multiple times between August 18, 2021 and April 4, 2023. A list of replacement pump engines installed are listed in Table C.

TABLE C					
EQUIPMENT NO.	REAGAN ENGINE NO.	SERIAL NO.	TYPE	HORSEPOWER	INSTALLATION DATE
EQT 0006	R-2186	138383	6WAK (F1197G)	208	07/19/2017
EQT 0010	R-2285	128022	145G (F817G)	141	08/18/2021
EQT 0010	R-2952	387481	145G (F817G)	141	02/06/2023
EQT 0010	R-2285	128022	145G (F817G)	141	03/28/2023
EQT 0010	R-2853	296108	145G (F817G)	141	04/04/2023

The Respondent submitted a permit modification application on or about July 16, 2018, requesting approval to remove Unidraulic Pump Engine 7-06-ICE-ES (Waukesha F1197G (6WAK) 208 hp, EQT 0006) and to add Triplex Pump Engine 16-17-ICE-ES (Waukesha F817G (145G) 141 hp, EQT 0010). The Department issued modified MSOG Air Permit No. 2260-00045-02 to the Respondent on April 4, 2019, authorizing the Respondent to operate EQT 0010, a Waukesha F817G 141 hp engine and removing EQT 0006 from the permit. However, the Respondent continued to operate engine R-2186 (EQT 0006), unpermitted from the time modified MSOG Air Permit No. 2260-00045-02 was issued on April 4, 2019 until it was replaced with the permitted engine R-2285 (EQT 0010) on August 18, 2021. The unauthorized operation of engine R-2186 (EQT 0006) may result in an increase

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in emissions of NO_x and CO. The current permit emission limits of EQT 0010 and the emission limits of R-2186 (EQT 0006) are compared in Table D.

TABLE D					
POLLUTANT	PERMIT	EMISSION LIMITS FOR EQT 0010	PERMIT	EMISSION LIMITS FOR EQT 0006	INCREASE IN EMISSIONS
NO _x	Modified MSOG Air Permit No. 2260-00045-02 issued 4/4/2019	17.70 tons/year	Converted SOGA to MSOG Air Permit No. 2260-00045-02 issued 8/14/2012	28.12 tons/year	58.87%
SO ₂		0.01 tons/year		0.01 tons/year	None
CO		17.70 tons/year		28.12 tons/year	58.87%
PM ₁₀		0.11 tons/year		0.10 tons/year	None
VOC		0.54 tons/year		0.53 tons/year	None

The unauthorized operation of an emission source which may result in an increase in emission of air contaminants from April 4, 2019 through August 18, 2021 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 September 15, 2022, the Department conducted an inspection of **FISHER-LINDSEY 4 #1 FACILITY (Agency Interest No. 195369)**, an oil and natural gas production operation, to determine the degree of compliance with the Act, the Air Quality Regulations, and all applicable permits. While the investigation by the Department is not yet complete, the following violation was noted during the course of the inspection:

The Respondent operated two (2) emission sources without authorization. During the September 15, 2022 inspection at the Fisher-Lindsey 4 #1 Facility (AI 195369), a 500 MBtu/hr heater treater and a 100 horsepower Waukesha stationary internal combustion pump engine were on site. A representative of the Respondent stated both pieces of equipment are used as part of the facility's daily processes and had been onsite and operated since the production operations began on or about May 23, 2014. These two pieces of equipment were not included in the facility's permit application dated February 7, 2015, thus were not included in MSOG Air Permit No 0320-00181-00 issued on March 6, 2015. The Respondent's consultant provided the emission calculations for these sources to the Department on October 10, 2022. At the time of the inspection, Minor Source Air General Permit No. 0320-00181-00 authorized total permitted emissions for the facility of 25.55 tons per year. On October 11, 2022, the Respondent submitted a permit modification application requesting approval for the heater treater and pump engine (EQT 0007). The Department issued Minor Source Air General Permit No. 0320-00181-01 on

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December 16, 2022, which authorized the operation of the heater treater and EQT 0007. The operation of the heater treater and EQT 0007 contribute an additional 26.19 tons per year of total emissions. This is a 102.5 percent increase in the total emissions for the entire facility. The operation of the 500 MBtu/hr heater treater and the 100 horsepower Waukesha stationary internal combustion pump engine from May 23, 2014 through December 16, 2022 without approval from the Department 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). Additionally, the construction, reconstruction, or modification of the 500 MBtu/hr heater treater and the 100 horsepower Waukesha stationary internal combustion pump engine prior to submitting a permit application is a violation of LAC 33:III.501.C.1.

On or about January 9, 2023, the Department conducted an inspection of **SMITH TR 18 #1, L&B ETAL TR 19 #1, & EXXON FEE TR 15 #1 FACILITY – FRISCO FIELD (Agency Interest No. 198832)**, an oil and natural gas production facility, to determine the degree of compliance with the Act, the Air Quality Regulations, and all applicable permits. While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection:

- A. The Respondent failed to conduct annual gas analysis on the flare gas stream at the Smith TR 18 #1, L&B etal TR 19 #1, & Exxon Fee TR #1 Facility – Frisco Field (AI 198832). This analysis is required to assure the flare gas stream remains above 300 BTU/SCF. At the time of the January 9, 2023 inspection, a representative of the Respondent stated the facility has not conducted the gas analysis for Control Flares EQT 0003 and EQT 0024 due to the facility no longer producing excess gas. The representative of the Respondent did not know the approximate date when the facility stopped producing excess gas. Each failure to conduct annual flare gas analysis to assure the heat content of the flare gas stream is above 300 BTU/SCF is a violation of LAC 33:III.2104.G.2.a.i, LAC 33:III.501.C.4, and Specific Requirement 279 of MSOG Air Permit 2260-00196-00. The Respondent collected gas samples for analysis on March 20, 2023. A representative of the Respondent emailed the results of the flare gas analysis to the Department on March 22, 2023, which demonstrated compliance with the minimum BTU/SCF requirement. In correspondence dated May 25, 2023, the Respondent's consultant stated the Respondent has implemented procedures to ensure the gas analysis is conducted in a timely manner.
- B. The Respondent failed to comply with the maintenance requirements for the pump engines, EQT 0007 and EQT 0008 at the Smith TR 18 #1, L&B etal TR 19 #1, & Exxon Fee TR #1 Facility – Frisco Field (AI 198832). Pursuant to 40 CFR 63 Subpart ZZZZ, Table 2d, Number 10, the Respondent is required to change the oil and oil filter, inspect spark plugs, and inspect belts and hoses for these engines every 1,440 hours of operation or annually, whichever comes first. According to correspondence dated May 25, 2023, the engines are rentals from a third-party vendor, and the vendor performs the maintenance on the engines. On January 26, 2023, a representative of the Respondent submitted

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the maintenance records to the Department. The maintenance violations for EQT 0007 and EQT 0008 are listed in Table E.

TABLE E					
	EMISSION POINT	YEAR	ANNUAL HOURS OF ENGINE OPERATION	MAINTENANCE REQUIREMENT	MAINTENANCE CONDUCTED
1.	EQT 0007	2021	8,471	Change oil and filter every 1,440 hours of operation or annually, whichever comes first.	2 oil changes
2.				5 oil and filter changes required for 2021.	0 oil filter changes
3.				Inspect spark plugs every 1,440 hours of operation or annually, whichever comes first, and replace as necessary.	3 spark plug inspections
4.				5 inspections required for 2021.	
	EQT 0007	2022	8,334	Inspect all hoses and belts every 1,440 hours of operation or annually, whichever comes first, and replace as necessary.	3 belt and hose inspections
5.				5 inspections required for 2021.	
6.				Change oil and filter every 1,440 hours of operation or annually, whichever comes first.	3 oil changes
7.				5 oil and filter changes required for 2022.	0 oil filter changes
8.	EQT 0008	2021	8,509	Inspect spark plugs every 1,440 hours of operation or annually, whichever comes first, and replace as necessary.	3 spark plug inspections
9.				5 inspections required for 2022.	
10.				Inspect all hoses and belts every 1,440 hours of operation or annually, whichever comes first, and replace as necessary.	3 belt and hose inspections
11.	EQT 0008	2021	8,509	Change oil and filter every 1,440 hours of operation or annually, whichever comes first.	3 oil changes
				5 oil and filter changes required for 2021.	1 oil filter change
				Inspect spark plugs every 1,440 hours of operation or annually, whichever comes first, and replace as necessary.	3 spark plug inspections
				5 inspections required for 2021.	

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TABLE E					
	EMISSION POINT	YEAR	ANNUAL HOURS OF ENGINE OPERATION	MAINTENANCE REQUIREMENT	MAINTENANCE CONDUCTED
12.				Inspect all hoses and belts every 1,440 hours of operation or annually, whichever comes first, and replace as necessary. 5 inspections required for 2021.	3 belt and hose inspections
13.	EQT 0008	2022	7,462	Change oil and filter every 1,440 hours of operation or annually, whichever comes first.	3 oil changes
14.				5 oil and filter changes required for 2022.	0 oil filter changes
15.				Inspect spark plugs every 1,440 hours of operation or annually, whichever comes first, and replace as necessary. 5 inspections required for 2022.	3 spark plug inspections
16.				Inspect all hoses and belts every 1,440 hours of operation or annually, whichever comes first, and replace as necessary. 5 inspections required for 2022.	3 belt and hose inspections

Each failure to comply with maintenance requirements is a violation of Specific Requirement 372 of MSOG Air Permit 2260-00196-00, 40 CFR 63.6603(a), which language has been adopted as a Louisiana regulation in LAC 33:III.5311, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In correspondence dated May 25, 2023, the Respondent's consultant stated the Respondent has contacted the vendor and implemented procedures to ensure the maintenance is conducted in a timely manner.

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 Stephanie Cernich at 225-219-3165 or Stephanie.Cernich2@la.gov 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**

WILL-DRILL PRODUCTION COMPANY, INC.

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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. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

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.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter 7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY**, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE**" form. The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

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,



Jerry Lang
Assistant Secretary
Office of Environmental Compliance

JL/SAC/sac

Alt ID Nos. LA0000002207700045, LA0000002201100181, & LA0000002207700196

c: WILL-DRILL PRODUCTION COMPANY, INC.

c/o Claude Allen Williams

Agent for Service of Process

1915 E. 70th Street

Shreveport, LA 71105

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

ENFORCEMENT DIVISION

POST OFFICE BOX 4312

BATON ROUGE, LOUISIANA 70821-4312

**NOTICE OF POTENTIAL PENALTY
REQUEST TO SETTLE (OPTIONAL)**

Enforcement Tracking No.	AE-PP-23-00157	Contact Name	Stephanie Cernich
Agency Interest (AI) Nos.	32723, 195369, & 198832	Contact Phone No.	225-219-3165
Alternate ID Nos.	LA0000002207700045, LA0000002201100181, & LA0000002207700196	Contact Email	Stephanie.Cernich2@la.gov
Respondent:	WILL-DRILL PRODUCTION COMPANY, INC. c/o Ernest J. Nix, Jr. Agent for Service of Process 1915 E. 70th Street Shreveport, LA 71105	Facility Name: Bellelo #1 Production Facility; Fisher-Lindsey 4 #1 Facility; Smith TR 18 #1, L&B etal TR 19 #1, & Exxon Fee TR #1 Facility - Frisco Field Physical Location: 0.4 miles north of Livonia; 19 miles south of Merryville; 2.8 miles northeast of Livonia City, State, Zip: Livonia, LA 70755; Merryville, LA 70653; Livonia, LA 70755 Parish: Pointe Coupee; Beauregard; Pointe Coupee	

SETTLEMENT OFFER (OPTIONAL)*(check the applicable option)*

<input type="checkbox"/>	The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-23-00157), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.
<input type="checkbox"/>	The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this NOTICE OF POTENTIAL PENALTY (AE-PP-23-00157).
<input type="checkbox"/>	<p>In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-23-00157), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$_____ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance.</p> <ul style="list-style-type: none"> • Monetary component = \$_____ • Beneficial Environmental Project (BEP) component (optional) = \$_____ • DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM- the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted. <p>The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (AE-PP-23-00157) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.</p>

CERTIFICATION STATEMENT

I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.

Respondent's Signature	Respondent's Printed Name	Respondent's Title
Respondent's Physical Address	Respondent's Phone #	Date

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MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:
Louisiana Department of Environmental Quality Office of Environmental Compliance Enforcement Division P.O. Box 4312 Baton Rouge, LA 70821 Attn: Stephanie Cernich

WHAT IS A SETTLEMENT AGREEMENT?

Once the Department has determined that a penalty is warranted for a violation, the Assistant Secretary of the Department, with the concurrence of the Attorney General, may enter into a settlement agreement with the Respondent as a means to resolve the Department's claim for a penalty.

HOW DOES THE SETTLEMENT AGREEMENT PROCESS WORK?

To begin the settlement agreement process, the Department must receive a written settlement offer. Once this offer is submitted, it is sent for approval by the Assistant Secretary of the Office of Environmental Compliance. The formal Settlement Agreement is drafted and sent to the Attorney General's office where the Attorney General has a 90 day concurrence period. During this time, the Respondent is required to run a public notice in an official journal and/or newspaper of general circulation in each affected parish. After which, a 45 day public comment period is opened to allow the public to submit comments. Once the Department has received concurrence, the settlement agreement is signed by both parties. The Department then forwards a letter to the responsible party to establish a payment plan and/or beneficial environmental project (BEP).

WHAT SHOULD I INCLUDE IN A SETTLEMENT AGREEMENT?

The Department uses the penalty determination method defined in LAC 33:1.705 as a guideline to accepting settlement offers. The penalty matrix is used to determine a penalty range for each violation based on the two violation specific factors: the nature and gravity of the violation and the degree of risk/impact to human health and property.

		NATURE AND GRAVITY OF THE VIOLATION		
		MAJOR	MODERATE	MINOR
DEGREE OF RISK OR IMPACT TO HUMAN HEALTH OR PROPERTY	MAJOR	\$32,500 to \$20,000	\$20,000 to \$15,000	\$15,000 to \$11,000
	MODERATE	\$11,000 to \$8,000	\$8,000 to \$5,000	\$5,000 to \$3,000
	MINOR	\$3,000 to \$1,500	\$1,500 to \$500	\$500 to \$100

Degree of Risk to Human Health or Property

Major: (actual measurable harm or substantial risk of harm) A violation of major impact to an environmental resource or a hazard characterized by high volume and/or frequent occurrence and/or high pollutant concentration.

Moderate: (potential for measurable detrimental impact) A violation of moderate impact and hazard may be one characterized by occasional occurrence and/or pollutant concentration that may be expected to have a detrimental effect under certain conditions.

Minor: (no harm or risk of harm) A violation of minor impact are isolated single incidences and that cause no measurable detrimental effect or are administrative in nature.

Nature and Gravity of the Violation

Major: Violations of statutes, regulations, orders, permit limits, or permit requirements that result in negating the intent of the requirement to such an extent that little or no implementation of requirements occurred.

Moderate: Violations that result in substantially negating the intent of the requirements, but some implementation of the requirements occurred.

Minor: Violations that result in some deviation from the intent of the requirement, however, substantial implementation is demonstrated.

The range is adjusted using the following violator specific factors:

1. history of previous violations or repeated noncompliance;
2. gross revenues generated by the respondent;
3. degree of culpability, recalcitrance, defiance, or non-fetterance to regulations or orders;
4. whether the Respondent has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the violation; and
5. whether the violation and the surrounding circumstances were immediately reported to the department; and whether the violation was concealed or there was an attempt to conceal by the Respondent.



BENEFICIAL ENVIRONMENTAL PROJECTS

Given the previous information, the following formula is used to obtain a penalty amount.

$$\text{Penalty Event Total} = \text{Penalty Event Minimum} + (\text{Adjustment Percentage} \times [\text{Penalty Event Maximum} - \text{Penalty Event Minimum}])$$

After this, the Department adds any monetary benefit of noncompliance to the penalty event. In the event that a monetary benefit is gained due to the delay of a cost that is ultimately paid, the Department adds the applicable judicial interest. Finally, the Department adds all response costs including, but not limited to, the cost of conducting inspections, and the staff time devoted to the preparation of reports and issuing enforcement actions.

WHAT IS A BEP?

A BEP is a project that provides for environmental mitigation which the respondent is not otherwise legally required to perform, but which the defendant/respondent agrees to undertake as a component of the settlement agreement.

Project categories for BEPs include public health, pollution prevention, pollution reduction, environmental restoration and protection, assessments and audits, environmental compliance promotion, and emergency planning, preparedness and response. Other projects may be considered if the Department determines that these projects have environmental merit and is otherwise fully consistent with the intent of the BEP regulations.

WHAT HAPPENS IF MY OFFER IS REJECTED?

If an offer is rejected by the Assistant Secretary, the Legal Division will contact the responsible party, or anyone designated as an appropriate contact in the settlement offer, to discuss any discrepancies.

WHERE CAN I FIND EXAMPLES AND MORE INFORMATION?

Settlement Offers	searchable in <u>EDMS</u> using the following filters Media: Air Quality, Function: Enforcement/Description: Settlement
Settlement Agreements	<u>Enforcement Division's website</u> specific examples can be provided upon request
Penalty Determination Method	<u>LAC 33.I Chapter 7</u>
Beneficial Environmental Projects	<u>LAC 33.I Chapter 25</u> <u>FAQs</u>
Judicial Interest	<u>provided by the Louisiana State Bar Association</u>

