

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

ZACHRY EXPLORATION, LLC

AI # 168991

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

\* Settlement Tracking No.  
\* SA-AE-13-0025  
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\* Enforcement Tracking No.  
\* AE-PP-10-01018  
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SETTLEMENT

The following Settlement is hereby agreed to between Zachry Exploration, 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 corporation that owns and/or operates Goldsmith Farms No. 1 Facility located off of Watts Rd. 4.4 miles northeast of Buhler, Calcasieu Parish, Louisiana (“the Facility”).

II

On October 20, 2010, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-10-01018, which was based upon the following findings of fact:

On or about June 25, 2010, a file review of the **GOLDSMITH FARMS NO. 1 FACILITY (FACILITY)**, owned and/or operated by **ZACHRY EXPLORATION, LLC (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 Watts Rd. 4.4 miles northeast of Buhler, Calcasieu Parish, Louisiana. The Facility currently operates under State Air

Permit No. 0520-00426-00 issued on or about April 20, 2010.

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

- A. Construction began on the facility on or about January 2007. However, the Respondent did not apply for a minor source permit until on or about January 29, 2010. This failure to submit a timely application for a state air permit is a violation of LAC 33:III.501.C.1 and La R.S. 30:2057(A)(2).
- B. On or about March 2007, the facility began operation. During the period from March 2007 through April 20, 2010, the facility was operated without a permit. Operation of a facility that will initiate or increase air contamination 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:

On or about June 4, 2008, the Department received the Respondent's Air Permit Application for a minor source permit for the Phillips-McMahon Treating Facility. The Respondent constructed the facility on or about May 29, 2008. The failure to submit a timely and complete state air permit application to the Department prior to the construction of the facility is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about June 19, 2008, the Respondent began operating the Phillips-McMahon Treating Facility. During the period from June 19, 2008 through March 26, 2009, the facility operated without a permit. Operation of a facility without a valid air permit is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about January 18, 2011, the Department received the Respondent's Air Permit Application for a minor source permit for the E. Loewer Marital Trust Facility. The Respondent constructed the facility on or about January 3, 2011. The failure to submit a timely and complete state air permit application to the Department prior to the construction of the facility is a violation of

LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about January 18, 2011, the Department received the Respondent's Air Permit Application for a minor source permit for the E. Loewer Marital Trust Facility. The Respondent constructed the facility on or about January 3, 2011. On or about March 31, 2011, the Department issued State Air Permit No. 0040-00195-00. The operation of the facility without a valid State Air Permit is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about December 30, 2008, the Department received the Respondent's Air Permit Application for a minor source permit for the DiRosa Bass Lake #1 Facility. The Respondent constructed the facility on or about July 23, 2008. The failure to submit a timely and complete state air permit application to the Department prior to the construction of the facility is a violation of LAC 33:III.501.C.1, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about December 30, 2008, the Department received the Respondent's Air Permit Application for a minor source permit for the DiRosa Bass Lake #1 Facility. The Respondent constructed the facility on or about July 23, 2008. The Department issued State Air Permit No. 0520-00413-00 on or about March 12, 2009. The operation of the facility without a valid state air permit is a violation of LAC 33:III.501.C.2, 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 AND NO/DOLLARS (\$7,000.00), of which Two Hundred Eighty-One and

78/Dollars (\$281.78) 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), 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 Calcasieu and Acadia 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 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.

ZACHRY EXPLORATION, LLC

BY:

*[Handwritten Signature]*

(Signature)

*Timothy L. Hildenbrand*

(Printed)

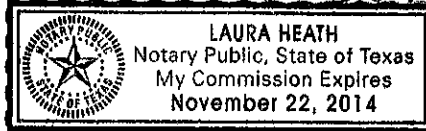
TITLE:

*President*

THUS DONE AND SIGNED in duplicate original before me this 31st day of October, 20 13, at 10:09 am.

*Laura Heath*

NOTARY PUBLIC (ID #315467)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

Peggy M. Hatch, Secretary

BY:

*[Handwritten Signature]*

Cheryl Sonnier Nolan, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 20th day of Dec., 20 13, at Baton Rouge, Louisiana.

*[Handwritten Signature]*

NOTARY PUBLIC (ID #19181)

*Perry Theriot*

(stamped or printed)

Approved:

*[Handwritten Signature]*

Cheryl Sonnier Nolan, Assistant Secretary