

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

THOMAS TOOLS, A SCHLUMBERGER
COMPANY

AI # 22521

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

* Settlement Tracking No.
* SA-AE-18-0020
*
* Enforcement Tracking No.
* AE-PP-14-00724
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SETTLEMENT

The following Settlement is hereby agreed to between Thomas Energy Services, LLC, a company ultimately owned by Smith International, Inc. and doing business as Thomas Tools (“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 operating a tool rental facility servicing the oil and gas industry and is located in New Iberia, Iberia Parish, Louisiana (“the Facility”).

II

On April 20, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-14-00724, attached as Exhibit A.

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 NINE THOUSAND AND NO/100 DOLLARS (\$9,000.00), of which Six Hundred Twenty and 46/100 Dollars (\$620.46) 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 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

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 Iberia 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 B).

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.

Thomas Tools, A Schlumberger Company

BY: Brannon Schexnayder
(Signature)

Brannon Schexnayder
(Printed)

TITLE: Eastern US Operations Mgr

THUS DONE AND SIGNED in duplicate original before me this 27th day of AUGUST, 20 18, at LAFAYETTE, LA.

Valerie G. LeRetre
NOTARY PUBLIC (ID # 80767)

VALERIE G. LERETRE
(stamped or printed)

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

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

THUS DONE AND SIGNED in duplicate original before me this 29th day of Oct, 20 18, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
Lourdes Iturralde, Assistant Secretary



BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

April 20, 2015

CERTIFIED MAIL 7014 0510 0002 3595 3694
RETURN RECEIPT REQUESTED

SMITH INTERNATIONAL, INC.
c/o National Registered Agents, Inc.
Agent for Service of Process
5615 Corporate Boulevard, Suite 400B
Baton Rouge, LA 70808

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-14-00724
AGENCY INTEREST NO. 22521

Dear Sir:

On or about February 24, 2015, a file review of **THOMAS TOOLS**, an oil and gas field service facility owned and/or operated by Thomas Tools, A Schlumberger Company, which merged with **SMITH INTERNATIONAL, INC. (RESPONDENT)** in 2010, 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 at 3211 Admiral Doyle Drive in New Iberia, Iberia Parish, Louisiana.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violation was noted during the course of the file review and through phone correspondence dated February 24, 2015:

- A. The Respondent assumed ownership of the facility in 2010. The facility was previously unpermitted. On June 11, 2014, the Respondent submitted a permit application to the Department, and on December 22, 2014, Air Permit No. 1260-00198-00 was issued. The failure to submit a permit application prior to operation 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).
- B. The Respondent assumed ownership of the facility in 2010. The facility was previously unpermitted. On June 11, 2014, the Respondent submitted a permit application to the Department, and on December 22, 2014, Air Permit No. 1260-00198-00 was issued. The unauthorized operation of the facility from the date the facility was acquired until the permit was



Notice of Potential Penalty
Thomas Tools, A Schlumberger Company
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obtained 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 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 Roy Andermann Jr at 225.219.3169 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,



D. Chance McNeely
Assistant Secretary
Office of Environmental Compliance

DCM/RJA
Alt ID No. 1260-00198

c: Thomas Tools, A Schlumberger Company
3211 Admiral Doyle Drive
New Iberia, LA 70560