

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

URBAN OIL & GAS GROUP, LLC

AI #s 31526, 31528, 172088, 172882, 172883,
173054, 173826, 174091, 174175 and 174239

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

* Settlement Tracking No.
* SA-AE-17-0015
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* Enforcement Tracking No.
* AE-PP-13-00101
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SETTLEMENT

The following Settlement is hereby agreed to between Urban Oil & Gas Group, 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 company that owns and/or operates crude oil and natural gas production facilities located in Acadia, Assumption, Beauregard, Lafayette, St. Landry, St. Martin and Vermilion Parishes, Louisiana (“the Facilities”).

II

On May 28, 2013, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-13-00101, attached as Exhibit A.

The following violations, although not cited in the foregoing enforcement action(s), are included within the scope of this settlement.

The Respondent became the owner and/or operator of the Napoleonville Field Production Facility (AI 31526) on July 1, 2012, and was required to submit an emissions inventory for July 1

through December 31, 2012, by April 30, 2013. The Respondent submitted the inventory on or about December 11, 2013. The failure to timely submit an annual emissions inventory is a violation of LAC 33:III.919 and LAC 33:III.2057(A)(2).

The Respondent became the owner and/or operator of the Emelie Bergeron #1 Production Facility - Anse LaButte Field (AI 174239) on July 1, 2012, and was required to submit an emissions inventory for July 1 through December 31, 2012, by April 30, 2013. The Respondent submitted the inventory on or about December 11, 2013. The failure to timely submit an annual emissions inventory is a violation of LAC 33:III.919 and LAC 33:III.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 EIGHT THOUSAND AND NO/100 DOLLARS (\$8,000.00) of which Six Hundred Twenty-Two and 38/100 Dollars (\$622.38) represents the Department's enforcement costs, in settlement of all of the violations and 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), 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 Acadia, Assumption, Beauregard, Lafayette, St. Landry, St. Martin and Vermilion 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 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.

Urban Oil & Gas Group, LLC

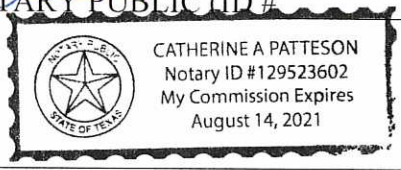
BY: [Signature]
(Signature)

Brent Kirby
(Printed)

TITLE: General Counsel

THUS DONE AND SIGNED in duplicate original before me this 28th day of May, 20 19, at Collins County TX

[Signature]
NOTARY PUBLIC (ID # _____)



(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 5th day of Sept., 20 19, 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

May 28, 2013

CERTIFIED MAIL (7004 2510 0006 3852 5600)
RETURN RECEIPT REQUESTED

URBAN OIL & GAS GROUP, LLC
c/o Capitol Corporate Services, Inc.
Agent for Service of Process
8550 United Plaza Building II, STE. 305
Baton Rouge, LA 70809

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-13-00101
AGENCY INTEREST NOS. 31526, 31528, 172088, 172882, 172883, 173054, 173826,
174091, 174175, and 174239**

Dear Sir/Madam:

On or about February 19, 2013, file reviews of multiple facilities, owned and/or operated by **URBAN OIL & GAS GROUP, LLC (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:

AI	PERMIT NO. (ISSUE DATE)	FACILITY NAME	LOCATION
31526	0200-00023-02 (12/11/2006)	Napoleonville Field Production Facility	Louisiana Highway 69, 6.6 miles northeast of Pierre Part, Assumption Parish, Louisiana
31528	0200-00028-00 (9/23/1996)	Napoleonville Field Facility	Between Louisiana Highways 70 and 402 in Napoleonville, Assumption Parish, Louisiana
172088	1520-00365-00 (10/26/2010)	Dupont #1 Production Facility- Scott Field	South of Cactus Road in Scott, Lafayette Parish, Louisiana
172882	0040-00189-00 (1/21/2011)	Arley Sarver #2 LM Hains #1 Production Facility- Crowley Field	On Mark Twain Road in Crowley, Acadia Parish, Louisiana
172883	0320-00110-00 (1/27/2011)	Pyle Heirs #1 & #2 Production Facility- Bear Field	South Coulee Road in Ragland, Beauregard Parish, Louisiana

EXHIBIT
A

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 Urban Oil & Gas Group, LLC
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AI	PERMIT NO. (ISSUE DATE)	FACILITY NAME	LOCATION
173054	0040-00191-00 (1/27/2011)	Smith et al #2 Alt Production Facility- Lake Long Field	Louisiana Highway 24 in Crowley, Acadia Parish, Louisiana
173826	2600-00090-00 (5/13/2011)	J S Watkins #4 Production Facility- Port Barre Field	South of U.S. Highway 190 in Port Barre, St. Landry Parish, Louisiana
174091	2940-00334-00 (5/13/2011)	Abbeville Production Facility- Abbeville Field	On Bamboo Road in Abbeville, Vermilion Parish, Louisiana
174175	2600-00091-00 (2/21/2011)	R O Martin LBR Co #1 Production Facility- Bayou Fordoche Field	On Thomas Road in Port Barre, St. Landry Parish, Louisiana
174239	2620-00110-00 (3/10/2011)	Emelie Bergeron #1 Production Facility- Anse LaButte Field	Louisiana Highway 94 in Breaux Bridge, St. Martin 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 on December 4, 2012, the Respondent became the owner and/or operator of the following facilities on July 1, 2012. The permit transfer date was January 11, 2013, for the following facilities:

AI	ALT. ID.	FACILITY NAME
31526	0200-00023-02	Napoleonville Field Production Facility
31528	0200-00028-00	Napoleonville Field Facility
172088	1520-00365-00	Dupont #1 Production Facility- Scott Field
172882	0040-00189-00	Arley Sarver #2 LM Hains #1 Production Facility- Crowley Field
172883	0320-00110-00	Pyle Heirs #1 & #2 Production Facility- Bear Field
173054	0040-00191-00	Smith et al #2 Alt Production Facility- Lake Long Field
173826	2600-00090-00	J S Watkins #4 Production Facility- Port Barre Field
174091	2940-00334-00	Abbeville Production Facility- Abbeville Field
174175	2600-00091-00	R O Martin LBR Co #1 Production Facility- Bayou Fordoche Field
174239	2620-00110-00	Emelie Bergeron #1 Production Facility- Anse LaButte Field

Each incident of the Respondent's failure to submit a complete NOC-1 form to the Department within 45 days after the ownership and/or operator change is a violation of LAC 33:I.1907.B, LAC 33:III.517.G, and La. R.S. 30:2057(A)(2).

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- B. According to the NOC-1 Forms submitted to the Department on December 4, 2012, the Respondent became the owner and/or operator of the following facilities on July 1, 2012. The permit transfer date was January 11, 2013, for the following facilities:

AI	ALT. ID.	FACILITY NAME
31526	0200-00023-02	Napoleonville Field Production Facility
31528	0200-00028-00	Napoleonville Field Facility
172088	1520-00365-00	Dupont #1 Production Facility- Scott Field
172882	0040-00189-00	Arley Sarver #2 LM Hains #1 Production Facility- Crowley Field
172883	0320-00110-00	Pyle Heirs #1 & #2 Production Facility- Bear Field
173054	0040-00191-00	Smith et al #2 Alt Production Facility- Lake Long Field
173826	2600-00090-00	J S Watkins #4 Production Facility- Port Barre Field
174091	2940-00334-00	Abbeville Production Facility- Abbeville Field
174175	2600-00091-00	R O Martin LBR Co #1 Production Facility- Bayou Fordoche Field
174239	2620-00110-00	Emelie Bergeron #1 Production Facility- Anse LaButte Field

The unauthorized operation of each facility from July 1, 2012, to January 11, 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 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 Blunschi 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 Numbers on the front of this document on all correspondence in response to this action.

Sincerely,



Cheryl Sonnier Nolan
Assistant Secretary

CSN/MRB/mrb

Alt ID Nos. 0200-00023, 0200-00028, 1520-00365, 0040-00189, 0320-00110, 0040-00191, 2600-00090, 2940-00334, 2600-00091, and 2620-00110

c: Urban Oil and Gas Group, LLC
c/o Mike Mercer
1000 East 14th Street, Suite 300
Plano, TX 75074